

Pathways for Change, Inc.

*Financial Statements as of and for the Years
Ended June 30, 2016 and 2015 and
Independent Auditors' Report*

PATHWAYS FOR CHANGE, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 14

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pathways for Change, Inc.
Worcester, Massachusetts

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Pathways for Change, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Stowe & Degon LLC

September 21, 2016

PATHWAYS FOR CHANGE, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 90,406	\$ 157,414
Accounts receivable:		
Due from grantors	238,242	111,515
Prepaid expenses	30,671	18,981
Security deposits	5,385	5,385
Total Current Assets	<u>364,704</u>	<u>293,295</u>
BENEFICIAL INTEREST IN TRUST	<u>10,490</u>	<u>-</u>
PROPERTY AND EQUIPMENT:		
Office furniture and equipment	107,247	107,247
Accumulated depreciation	<u>(83,823)</u>	<u>(69,309)</u>
Total Property and Equipment	<u>23,424</u>	<u>37,938</u>
Total Assets	<u>\$ 398,618</u>	<u>\$ 331,233</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,672	\$ 19,393
Accrued expenses	<u>52,526</u>	<u>49,543</u>
Total Current Liabilities	<u>59,198</u>	<u>68,936</u>
NET ASSETS		
Unrestricted	280,880	260,397
Temporarily restricted	<u>58,540</u>	<u>1,900</u>
Total Net Assets	<u>339,420</u>	<u>262,297</u>
Total Liabilities and Net Assets	<u>\$ 398,618</u>	<u>\$ 331,233</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
SUPPORT, FEES AND GRANTS AND REVENUE:			
Support:			
United Way of North Central Massachusetts	\$ 34,900	\$ -	\$ 34,900
United Way - other	6,145	-	6,145
Contributions	31,676	68,500	100,176
In-kind contributions:			
Volunteer services - counseling and advocacy	211,395	-	211,395
Rent	7,950	-	7,950
Net assets released from restriction:			
Satisfaction of program restrictions	11,860	(11,860)	-
Total Support	<u>303,926</u>	<u>56,640</u>	<u>360,566</u>
Fees and Grants:			
Department of Public Health	571,954	-	571,954
Victims of Crime Act	255,348	-	255,348
Executive Office of Public Safety	105,526	-	105,526
Office of the Attorney General	83,101	-	83,101
Other	30,519	-	30,519
Total Fees and Grants	<u>1,046,448</u>	<u>-</u>	<u>1,046,448</u>
Revenue:			
Interest income	1,234	-	1,234
Change in beneficial interest in trust	490	-	490
Miscellaneous	1,109	-	1,109
Total Revenue	<u>2,833</u>	<u>-</u>	<u>2,833</u>
Total Support, Fees and Grants and Revenue	<u>1,353,207</u>	<u>56,640</u>	<u>1,409,847</u>
EXPENSES:			
Program services	1,146,919	-	1,146,919
Management and general	170,997	-	170,997
Fundraising	14,808	-	14,808
Total Expenses	<u>1,332,724</u>	<u>-</u>	<u>1,332,724</u>
Change in Net Assets	20,483	56,640	77,123
Net Assets, Beginning of Year	260,397	1,900	262,297
Net Assets, End of Year	<u>\$ 280,880</u>	<u>\$ 58,540</u>	<u>\$ 339,420</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
SUPPORT, FEES AND GRANTS AND REVENUE:			
Support:			
United Way of North Central Massachusetts	\$ 34,000	\$ -	\$ 34,000
United Way - other	6,653	-	6,653
Contributions	55,130	31,000	86,130
Special events - net of related expenses of \$11,272	39	-	39
In-kind contributions:			
Volunteer services - counseling and advocacy	143,077	-	143,077
Rent	7,950	-	7,950
Net assets released from restriction:			
Satisfaction of program restrictions	39,100	(39,100)	-
Total Support	285,949	(8,100)	277,849
Fees and Grants:			
Department of Public Health	517,898	-	517,898
Victims of Crime Act	185,016	-	185,016
Executive Office of Public Safety	67,398	-	67,398
Office of the Attorney General	43,461	-	43,461
Other	14,643	-	14,643
Total Fees and Grants	828,416	-	828,416
Revenue:			
Agency fees	1,625	-	1,625
Interest income	603	-	603
Miscellaneous	1,980	-	1,980
Total Revenue	4,208	-	4,208
Total Support, Fees and Grants and Revenue	1,118,573	(8,100)	1,110,473
EXPENSES:			
Program services	941,487	-	941,487
Management and general	139,306	-	139,306
Fundraising	13,332	-	13,332
Total Expenses	1,094,125	-	1,094,125
Change in Net Assets	24,448	(8,100)	16,348
Net Assets, Beginning of Year	235,949	10,000	245,949
Net Assets, End of Year	\$ 260,397	\$ 1,900	\$ 262,297

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2016

	Program Services	Management and General	Fundraising	Total
PAYROLL AND RELATED EXPENSES:				
Payroll	\$ 605,879	\$ 79,157	\$ 10,000	\$ 695,036
Employee benefits	66,341	9,413	1,156	76,910
Payroll taxes	47,634	6,785	853	55,272
In-kind/volunteer services	182,303	29,092	-	211,395
Total payroll and related expenses	<u>902,157</u>	<u>124,447</u>	<u>12,009</u>	<u>1,038,613</u>
OPERATING EXPENSES:				
Professional fees and consultants	37,224	16,850	400	54,474
Training and travel	27,937	172	5	28,114
Direct program costs	31,731	-	-	31,731
Program support	47,957	14,780	845	63,582
Occupancy expenses	78,532	11,625	1,371	91,528
Occupancy expenses in-kind	7,950	-	-	7,950
Other costs	500	1,718	-	2,218
Total operating expenses	<u>231,831</u>	<u>45,145</u>	<u>2,621</u>	<u>279,597</u>
Total expenses before depreciation	1,133,988	169,592	14,630	1,318,210
Depreciation	<u>12,931</u>	<u>1,405</u>	<u>178</u>	<u>14,514</u>
Total expenses	<u>\$ 1,146,919</u>	<u>\$ 170,997</u>	<u>\$ 14,808</u>	<u>\$ 1,332,724</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	Management and General	Fundraising	Total
PAYROLL AND RELATED EXPENSES:				
Payroll	\$ 509,366	\$ 57,925	\$ 8,275	\$ 575,566
Employee benefits	47,364	5,947	832	54,143
Payroll taxes	53,966	6,705	933	61,604
In-kind/volunteer services	117,235	25,842	-	143,077
Total payroll and related expenses	<u>727,931</u>	<u>96,419</u>	<u>10,040</u>	<u>834,390</u>
OPERATING EXPENSES:				
Professional fees and consultants	22,821	19,136	1,000	42,957
Training and travel	21,890	913	124	22,927
Direct program costs	21,233	-	-	21,233
Program support	48,346	11,951	553	60,850
Occupancy expenses	78,275	9,523	1,334	89,132
Occupancy expenses in-kind	7,950	-	-	7,950
Other costs	-	220	120	340
Total operating expenses	<u>200,515</u>	<u>41,743</u>	<u>3,131</u>	<u>245,389</u>
Total expenses before depreciation	928,446	138,162	13,171	1,079,779
Depreciation	13,041	1,144	161	14,346
Total expenses	<u>\$ 941,487</u>	<u>\$ 139,306</u>	<u>\$ 13,332</u>	<u>\$ 1,094,125</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

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

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 77,123	\$ 16,348
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Depreciation	14,514	14,346
Beneficial interest in trust	(10,490)	-
(Increase) decrease in:		
Accounts receivable - due from grantors	(126,727)	(33,130)
Prepaid expenses	(11,690)	10,138
Increase (decrease) in:		
Accounts payable	(12,721)	9,260
Accrued expenses	2,983	7,259
Net cash (used for) provided by operating activities	<u>(67,008)</u>	<u>24,221</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>-</u>	<u>(17,878)</u>
Net cash used for investing activities	<u>-</u>	<u>(17,878)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(67,008)	6,343
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>157,414</u>	<u>151,071</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 90,406</u>	<u>\$ 157,414</u>
SUPPLEMENTAL CASH FLOWS INFORMATION:		
Cash paid during year for interest	<u>\$ 122</u>	<u>\$ 4</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

1. ORGANIZATION

Pathways for Change, Inc. (the “Organization” or “PFC”) was founded in 1973. The Organization’s mission is to provide quality and multicultural services to those whose lives have been impacted by sexual violence and to provide education geared toward ending violence. The Organization receives its funding from the Federal Government, the Commonwealth of Massachusetts, the United Way of North Central Massachusetts, the United Way of Southbridge, Sturbridge and Charlton and grants from local foundations.

The Organization’s programs consist of the following:

- ***The Multicultural and Multilingual Counseling and Advocacy Program*** – supported in part by the Massachusetts Department of Public Health, a VOCA grant administered by the Massachusetts Office of Victims’ Assistance, and a VAWA grant administered by the Massachusetts Office of Safety & Security, provides direct supportive services and counseling to survivors of, and those directly affected by, sexual violence throughout 47 cities and towns in Central Massachusetts. These free and confidential services are offered to any individual over the age of 11 and are offered in English, Spanish, Portuguese and American Sign Language. Services include a 24-hour hotline, medical accompaniment and advocacy, court accompaniment, safety planning, and group and individual support counseling.
- ***The Deaf Survivors Programs (DSP)*** – born through a collaboration of three agencies, this program brings together expertise and experience in: 1) survivors’ services, prevention and education; 2) the deaf community and culture; 3) the deaf independent living movement. This program, built within the structure of the Organization, as the lead agency, and based on the expertise and experience of Our Deaf Sisters’ Center and The Deaf/Hard of Hearing Independent Living Program of The Center for Living and Working, established the first culturally appropriate and accessible counseling and advocacy program for deaf survivors of sexual assault, sexual abuse, and domestic violence in the Commonwealth of Massachusetts.
- ***The Sexual Assault Youth Education (SAYE) Program*** – supported by the Massachusetts Department of Health, the United Way of North Central Massachusetts, the United Way of Southbridge, Sturbridge and Charlton and several private foundations. Operating throughout Central Massachusetts in cooperation with local school systems, the program uses a four-level, social ecological model developed by the Center for Disease Control to better explain sexual violence and potential strategies for prevention. This model considers the complex interplay between individual, relationship, community, and societal factors, and allows the Organization to address risks and protective factors from multiple domains. The SAYE program has incorporated the development of comprehensive prevention strategies through a continuum of activities that address all levels of the social ecological model.
- ***The Males Advocating Change (MAC) Program*** – works to develop the peer leadership potential of young males in addressing the male culture of violence, and particularly sexual violence towards women and children. Often programs focus on how women and girls can avoid abuse by boyfriends or husbands or sexual assault by strangers or acquaintances. While this work is valuable, these are risk-reduction, not prevention strategies: they teach women and girls how to avoid victimization, but they do not work to reduce the number of males who perpetrate violence.

1. ORGANIZATION (CONTINUED)

Capitalizing on young males identified through exposure to the SAYE program, MAC works to engage middle school, high school, and college aged males throughout Central Massachusetts in the primary prevention of sexual and dating violence, harassment, and bullying. The training is focused on an innovative "bystander" model that empowers each young man to take an active role in promoting a positive peer culture.

The overall goal of the Organization's prevention effort is to change social norms within the community to reduce the perpetration of sexual violence. Activities are organized around three objectives: 1) Promotion of healthy, respectful, developmentally-appropriate relationships and sexuality based on the human rights of sexual autonomy and bodily integrity, 2) Promotion of community-wide responsibility for consistently supportive responses to survivors and for holding abusers accountable, 3) Sexual assault prevention community organizing and leadership utilizing culturally-appropriate strategies of community development, education, mobilization and professional training.

As part of an overall strategy to reduce the incidence of sexual violence, activities reflect current principles of effective primary prevention strategies. Rather than focusing on limiting negative behavior and experiences, the Organization focuses on building community resiliency and protective factors within the general adolescent community and specific sub-populations.

- ***The Youth Access to Support and Services Project (YASS)*** – In 2015, the Organization, The Boston Area Rape Crisis Center and the Center for Hope and Healing received funding from the Massachusetts Attorney General's Office to create the Youth Access to Support and Services Project (YASS). Through YASS, the Organization is able to provide specialized services to adolescents in order to reduce the negative mental health impacts of sexual violence.

Adolescents experience the highest rates of sexual violence in the country, yet they are a population least likely to seek services after an assault. Fear of retaliation, judgement, or simply not being believed keeps many adolescent survivors from ever coming forward. YASS creates safe spaces for adolescent survivors and for all young people by providing professional trainings and technical assistance to youth serving organizations, schools, and colleges. YASS trainings help professionals recognize sexual violence, respond appropriately, and refer youth to local rape crisis centers.

- ***Worcester Outreach and Engagement Services for Sex Trafficking Victims*** – In 2016, the Organization contracted with the City of Worcester to provide street outreach to victims of commercial sex trafficking. Human trafficking is one of the fastest growing criminal industries in the world, fueled in large part by the lucrative business of trafficking women and girls for commercial sexual exploitation. Commercial sexual exploitation takes many forms, and the relationship between prostitution and trafficking for sex purposes can be complicated. However, "pimp-controlled prostitution" is indistinguishable from trafficking. This program provides outreach and engagement services to benefit female victims of sex trafficking and commercial sex exploitation in the City of Worcester. It provides easily accessible, non-judgmental, and confidential services, which support women in harm reduction, assessing needs, planning care and reviewing progress as it ensures that their needs are met in areas such as child protection, housing, medical care, criminal justice and mental health.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting – The Organization prepares its financial statements on the accrual method of accounting in accordance with U.S. generally accepted accounting principles. Revenue from reimbursement type grants is recognized when the related service is provided. Contributions are recorded in accordance with donor stipulations when promised or received. Expenses are recognized as the obligations are incurred versus when paid.

Basis of Presentation – The net assets of the Organization and changes therein are reported in three net assets categories as follows:

Unrestricted Net Assets – Included in unrestricted net assets are amounts that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted Net Assets – Temporarily restricted net assets include amounts resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted Net Assets – Permanently restricted net assets are amounts resulting from contributions and other inflows of assets whose use by the Organization is restricted by donor-imposed stipulation that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization does not have any permanently restricted net assets.

Cash and cash equivalents – Cash and cash equivalents include cash on hand and money market balances at financial institutions which may exceed federally insured limits. The Organization has not experienced, nor does it anticipate, any losses in such accounts.

Due from Grantors – The amounts due from grantors represent revenue contracted for the current year that was not received prior to June 30, 2016 and 2015. A provision for doubtful accounts has not been established as management considers all amounts to be collectible.

Property and Equipment – Property and equipment are recorded at cost. The Organization has maintained a capitalization policy for assets over \$2,500. Items not meeting the capitalization criteria are expensed in the year of acquisition. Depreciation of property and equipment is computed utilizing the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years.

In-kind Contributions – Donated materials and services are reflected as contributions and expenses in the accompanying statements at their estimated values on the date of receipt.

Donated Property and Equipment – Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization releases temporarily restricted net assets to unrestricted net assets at that time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give – Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Expense Allocation – Expenses by function have been allocated among program and supporting services classifications on the basis of estimates made by the Organizations' management.

Advertising – Advertising costs are expensed as incurred. Advertising costs in 2016 and 2015 amounted to \$2,995 and \$3,195, respectively.

Income Tax Status – The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state income taxes. Donors may deduct contributions made to the Organization within the Internal Revenue Code requirements.

The Organization is subject to audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2012.

Use of Accounting 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification – Certain 2015 amounts have been reclassified to conform to the 2016 presentation.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2016	2015
Medical accompaniment	\$ 1,900	\$ 1,900
Medical advocacy	3,140	-
Males advocating change	8,500	-
Game change for domestic violence	<u>45,000</u>	<u>-</u>
Total	<u>\$ 58,540</u>	<u>\$ 1,900</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2016 and 2015 by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors as follows:

	2016	2015
Capital improvements	\$ 500	\$ 15,000
Advocacy services	7,360	21,000
Deaf survivors supplies	4,000	-
Medical accompaniment	-	3,100
	<hr/>	<hr/>
Total	<u>\$ 11,860</u>	<u>\$ 39,100</u>

5. BENEFICIAL INTEREST IN TRUST

In March 2016, an anonymous donor set up the Brigham Hill Fund (the “Fund”) with Greater Worcester Community Foundation (“GWCF”) for which the Organization is the sole beneficiary. The donor made an unrestricted contribution of \$10,000 into the Fund. The purpose of the Fund is to provide additional financial support for the Organization. Distributions from the Fund are made at the discretion of the Organization. In accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 958-605, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, the initial contribution to the Fund is reflected as an asset of the Organization (“Beneficial interest in trust”) and is included in unrestricted net assets on the Statement of Financial Position. The change in market value is recorded as an unrestricted change in beneficial interest in trust on the Statement of Activities. The Organization does not yet have a policy for determining when and how often to distribute funds, but intends to create a policy in the near future. There were no distributions from the Fund for the year ended June 30, 2016. As of June 30, 2016, the Fund had a fair market value of \$10,490.

6. SHORT-TERM DEBT

During 2015, the Organization entered into a line of credit agreement with a financial institution. The agreement allows for borrowing of up to \$35,000 as a working capital line of credit, which is due on demand with interest at 1% above prime rate (4.50% at June 30, 2016). The line of credit is secured by all assets of the Organization and is reviewed annually. There were no borrowings on the line of credit agreement as of June 30, 2016 and 2015.

7. RETIREMENT PLAN

After one year of employment, all employees who work at least thirty hours per week are eligible to participate in the Organization’s contributory retirement plan. Employees are allowed to make salary reduction contributions. Five percent (5%) of eligible employee’s annual compensation is contributed by the Organization into the retirement fund. Contributions to the retirement plan amounted to \$23,995 and \$17,397 for 2016 and 2015, respectively.

8. IN-KIND CONTRIBUTIONS

The Organization has recognized and recorded the following in-kind contributions as both support and program services as follows for the year ended June 30:

	2016	2015
Payroll - counseling, advocacy, and administration	\$ 211,395	\$ 143,077
Rent	<u>7,950</u>	<u>7,950</u>
	<u>\$ 219,345</u>	<u>\$ 151,027</u>

The Organization received 14,596 and 11,923 hours during 2016 and 2015, respectively, in volunteer services. From July 1, 2015 to November 30, 2015, the Organization received 5,535 in-kind hours valued at \$12 per hour. Effective December 1, 2015, the hourly value increased to \$16 and the Organization received 9,061 in-kind volunteer hours from December 2015 to June 30, 2016. The value of the in-kind volunteer hours received in fiscal year ending June 30, 2015 was \$12 for the entire year. The 2016 increase in hourly rate was based on the Victims of Crime Act (“VOCA”) guidelines.

9. CONCENTRATION OF CREDIT RISK

The Organization recognizes funding from the following major sources at June 30:

	2016		2015	
	% of Total Revenue	% of Total Due from Grantors	% of Total Revenue	% of Total Due from Grantors
Department of Public Health	41%	38%	44%	37%
Victims of Crime Act	18%	17%	17%	28%

10. COMMITMENTS

Effective August 1, 2014, the Organization entered into a five-year lease agreement for office space in Worcester ending July 31, 2019. The annual base rent of \$71,821 is payable in monthly installments of \$5,985, in advance, on or before the first business day of each and every month of the term. Base rent is scheduled to increase 3% annually. The Organization may extend the lease term for all or a portion of the leased space for two successive renewal terms of five years at the Organization’s sole determination.

Total office space expense under the office space lease amounted to \$73,796 and \$71,647 in 2016 and 2015, respectively.

The Organization leases office space in Fitchburg under a month-to-month lease agreement. Monthly rent is \$200. Total office space expense under this lease agreement amounted to \$2,400 in 2016 and 2015.

10. COMMITMENTS (CONTINUED)

Effective February 2014, the Organization leased office equipment under an operating lease expiring February 2017. The lease agreement requires monthly payments of \$360. The total operating expense associated with the office equipment and service agreement lease was \$4,317 in both 2016 and 2015.

Future minimum lease payments required to be made in accordance with existing operating lease agreements at June 30, 2016 are as follows:

	Amount
2017	\$ 78,888
2018	78,920
2019	80,639
2020	<u>6,736</u>
	<u>\$ 323,296</u>

11. SUBSEQUENT EVENT

In September 2016 the Organization and an independent third party entered into a lease agreement for additional office space located in Worcester, MA. The lease agreement is scheduled to start on October 1, 2016 and terminate on July 31, 2019. The monthly rent of \$1,233 is payable in advance on or before the first business day of each and every month of the term. Base monthly rent is scheduled to increase 3% in August 2017 and 2018. The Organization may extend the least term for all or a portion of the lease space for two successive renewal terms of five years at the Organization's sole discretion.

The Organization has evaluated all subsequent events through September 21, 2016, the date the financial statements were available to be issued.

* * * * *