

Pathways for Change, Inc.

*Financial Statements as of and for the Years
Ended June 30, 2018 and 2017 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, 2018 AND 2017	
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.

We have audited the accompanying financial statements of Pathways for Change, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, 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, 2018 and 2017, 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.

A handwritten signature in black ink that reads "Stowe & Degon LLC".

September 19, 2018

PATHWAYS FOR CHANGE, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 80,676	\$ 108,207
Accounts receivable:		
Due from grantors	392,259	199,656
Prepaid expenses	14,416	21,927
Security deposits	7,851	7,851
	<u>495,202</u>	<u>337,641</u>
Total Current Assets		
	<u>495,202</u>	<u>337,641</u>
BENEFICIAL INTEREST IN TRUST	<u>20,188</u>	<u>15,736</u>
PROPERTY AND EQUIPMENT:		
Office furniture and equipment	150,121	170,465
Accumulated depreciation	<u>(102,752)</u>	<u>(100,265)</u>
	<u>47,369</u>	<u>70,200</u>
Total Property and Equipment		
	<u>47,369</u>	<u>70,200</u>
Total Assets	<u>\$ 562,759</u>	<u>\$ 423,577</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	\$ 100,000	\$ -
Accounts payable	26,253	26,742
Accrued expenses	51,286	54,149
	<u>177,539</u>	<u>80,891</u>
Total Current Liabilities		
	<u>177,539</u>	<u>80,891</u>
NET ASSETS		
Unrestricted	369,095	333,936
Temporarily restricted	16,125	8,750
	<u>385,220</u>	<u>342,686</u>
Total Net Assets		
	<u>385,220</u>	<u>342,686</u>
Total Liabilities and Net Assets	<u>\$ 562,759</u>	<u>\$ 423,577</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
SUPPORT, FEES AND GRANTS AND REVENUE:			
Support:			
United Way of North Central Massachusetts	\$ 19,609	\$ -	\$ 19,609
United Way - other	7,000	-	7,000
Contributions	74,118	19,000	93,118
Special events - net of related expenses of \$2,100	284	-	284
In-kind contributions:			
Volunteer services - counseling and advocacy	276,080	-	276,080
Rent	7,950	-	7,950
Net assets released from restriction:			
Satisfaction of program restrictions	11,625	(11,625)	-
Total Support	<u>396,666</u>	<u>7,375</u>	<u>404,041</u>
Fees and Grants:			
Department of Public Health	620,759	-	620,759
Victims of Crime Act	557,936	-	557,936
Executive Office of Public Safety	100,538	-	100,538
Department of Justice	88,952	-	88,952
Other	86,913	-	86,913
Total Fees and Grants	<u>1,455,098</u>	<u>-</u>	<u>1,455,098</u>
Revenue:			
Interest income	746	-	746
Change in beneficial interest in trust	853	-	853
Miscellaneous	1,433	-	1,433
Total Revenue	<u>3,032</u>	<u>-</u>	<u>3,032</u>
Total Support, Fees and Grants and Revenue	<u>1,854,796</u>	<u>7,375</u>	<u>1,862,171</u>
EXPENSES:			
Program services	1,632,577	-	1,632,577
Management and general	163,827	-	163,827
Fundraising	23,233	-	23,233
Total Expenses	<u>1,819,637</u>	<u>-</u>	<u>1,819,637</u>
Change in Net Assets	35,159	7,375	42,534
Net Assets, Beginning of Year	333,936	8,750	342,686
Net Assets, End of Year	<u>\$ 369,095</u>	<u>\$ 16,125</u>	<u>\$ 385,220</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
SUPPORT, FEES AND GRANTS AND REVENUE:			
Support:			
United Way of North Central Massachusetts	\$ 21,056	\$ -	\$ 21,056
United Way - other	6,653	-	6,653
Contributions	63,835	50,000	113,835
Special events - net of related expenses of \$3,005	2,233	-	2,233
In-kind contributions:			
Volunteer services - counseling and advocacy	311,513	-	311,513
Rent	7,950	-	7,950
Net assets released from restriction:			
Satisfaction of program restrictions	99,790	(99,790)	-
Total Support	<u>513,030</u>	<u>(49,790)</u>	<u>463,240</u>
Fees and Grants:			
Department of Public Health	566,560	-	566,560
Victims of Crime Act	523,973	-	523,973
Executive Office of Public Safety	90,847	-	90,847
Other	88,878	-	88,878
Total Fees and Grants	<u>1,270,258</u>	<u>-</u>	<u>1,270,258</u>
Revenue:			
Program fees	500	-	500
Interest income	884	-	884
Change in beneficial interest in trust	1,246	-	1,246
Miscellaneous	1,380	-	1,380
Total Revenue	<u>4,010</u>	<u>-</u>	<u>4,010</u>
Total Support, Fees and Grants and Revenue	<u>1,787,298</u>	<u>(49,790)</u>	<u>1,737,508</u>
EXPENSES:			
Program services	1,548,425	-	1,548,425
Management and general	166,356	-	166,356
Fundraising	19,461	-	19,461
Total Expenses	<u>1,734,242</u>	<u>-</u>	<u>1,734,242</u>
Change in Net Assets	53,056	(49,790)	3,266
Net Assets, Beginning of Year	280,880	58,540	339,420
Net Assets, End of Year	<u>\$ 333,936</u>	<u>\$ 8,750</u>	<u>\$ 342,686</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Management and General	Fundraising	Total
PAYROLL AND RELATED EXPENSES:				
Payroll	\$ 810,863	\$ 87,888	\$ 15,603	\$ 914,354
Employee benefits	126,850	11,706	2,335	140,891
Payroll taxes	70,055	8,209	1,408	79,672
In-kind/volunteer services	264,731	11,349	-	276,080
Total payroll and related expenses	<u>1,272,499</u>	<u>119,152</u>	<u>19,346</u>	<u>1,410,997</u>
OPERATING EXPENSES:				
Professional fees and consultants	83,195	20,208	1,325	104,728
Training and travel	34,436	817	-	35,253
Direct program costs	54,413	2,939	1,119	58,471
Program support	56,042	9,745	261	66,048
Occupancy expenses	105,437	9,171	1,002	115,610
Occupancy expenses in-kind	7,950	-	-	7,950
Interest and bank charges	-	249	-	249
Total operating expenses	<u>341,473</u>	<u>43,129</u>	<u>3,707</u>	<u>388,309</u>
Total expenses before depreciation	1,613,972	162,281	23,053	1,799,306
Depreciation	18,605	1,546	180	20,331
Total expenses	<u>\$ 1,632,577</u>	<u>\$ 163,827</u>	<u>\$ 23,233</u>	<u>\$ 1,819,637</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Management and General	Fundraising	Total
PAYROLL AND RELATED EXPENSES:				
Payroll	\$ 786,677	\$ 75,991	\$ 13,906	\$ 876,574
Employee benefits	92,292	8,675	1,898	102,865
Payroll taxes	68,083	6,706	1,282	76,071
In-kind/volunteer services	281,606	29,907	-	311,513
Total payroll and related expenses	<u>1,228,658</u>	<u>121,279</u>	<u>17,086</u>	<u>1,367,023</u>
OPERATING EXPENSES:				
Professional fees and consultants	60,048	19,460	-	79,508
Training and travel	34,415	4,462	-	38,877
Direct program costs	36,603	-	-	36,603
Program support	66,126	12,605	1,215	79,946
Occupancy expenses	99,337	7,126	1,030	107,493
Occupancy expenses in-kind	7,950	-	-	7,950
Interest and bank charges	-	400	-	400
Total operating expenses	<u>304,479</u>	<u>44,053</u>	<u>2,245</u>	<u>350,777</u>
Total expenses before depreciation	1,533,137	165,332	19,331	1,717,800
Depreciation	15,288	1,024	130	16,442
Total expenses	<u>\$ 1,548,425</u>	<u>\$ 166,356</u>	<u>\$ 19,461</u>	<u>\$ 1,734,242</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 42,534	\$ 3,266
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Depreciation	20,331	16,442
Beneficial interest in trust	(4,452)	(5,246)
(Increase) decrease in:		
Accounts receivable - due from grantors	(192,603)	38,586
Prepaid expenses	7,511	8,744
Security deposits	-	(2,466)
Increase (decrease) in:		
Accounts payable	2,011	20,070
Accrued expenses	(2,863)	1,623
	<u>(127,531)</u>	<u>81,019</u>
Net cash (used for) provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>-</u>	<u>(63,218)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	<u>100,000</u>	<u>-</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(27,531)	17,801
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>108,207</u>	<u>90,406</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 80,676</u>	<u>\$ 108,207</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid during year for interest	<u>\$ 210</u>	<u>\$ 141</u>
NON-CASH INVESTING ACTIVITIES:		
Write-off of property and equipment and related accounts payable	<u>\$ 2,500</u>	<u>\$ -</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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 (UWNCM), the United Way of Southbridge, Sturbridge & Charlton (UWSSC), individual donations and grants from private 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 (MDPH), a VOCA grant administered by the Massachusetts Office of Victims’ Assistance (MOVA), and a Violence Against Women Act (VAWA) grant administered by the Massachusetts Office of Safety & Security (EOPSS), this program 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 survivors’ services, prevention and education, the deaf community and culture, and 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 MDPH, UWNCM, UWSSC 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 human 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, 2018 and 2017. 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 an unconditional promise to give to the Organization. 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 Organization’s management.

Advertising – Advertising costs are expensed as incurred. Advertising costs in 2018 and 2017 amounted to \$2,000 and \$2,500, respectively.

Income Tax Status – The Organization is exempt from federal and state income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. 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 2014.

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.

Subsequent Events – The Organization has evaluated all subsequent events through September 19, 2018, the date the financial statements were available to be issued.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2018	2017
Hotline assistance	\$ -	\$ 5,750
WAASE fiscal sponsorship	-	3,000
Advocacy services	4,125	-
Males Advocating Change	<u>12,000</u>	<u>-</u>
Total	<u>\$ 16,125</u>	<u>\$ 8,750</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2018 and 2017 by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors as follows:

	2018	2017
Capital improvements	\$ -	\$ 15,000
Advocacy services	2,875	20,540
Hotline assistance	5,750	19,250
Game change for domestic violence	-	45,000
WAASE Sponsorship	3,000	-
Total	<u>\$ 11,625</u>	<u>\$ 99,790</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. Funds are distributed at the discretion of the Board of Directors which may be utilized for program expenses unless restricted for specific purposes by the donor(s). A distribution of \$400 was made from the fund for the year ended June 30, 2018. There were no distributions from the Fund for the year ended June 30, 2017. The Organization received unrestricted contributions of \$4,000 in 2018 and 2017 which was transferred to the fund in 2018 and 2017. The fair market value of the Fund was \$20,188 at June 30, 2018 and \$15,736 at June 30, 2017.

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 \$100,000 as a working capital line of credit. The line of credit is due on demand with interest at 1% above the Wall Street Journal prime rate (6.00% at June 30, 2018). The line of credit is secured by all assets of the Organization and is reviewed annually. The Organization had borrowings of \$100,000 as of June 30, 2018. There were no borrowings on the line of credit agreement as of June 30, 2017.

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. The Organization contributes five percent (5%) of eligible employee’s annual compensation to the retirement fund. Contributions to the retirement plan amounted to \$37,036 and \$29,900 for 2018 and 2017, 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:

	2018	2017
Payroll - counseling, advocacy, and administration	\$ 276,080	\$ 311,513
Rent	<u>7,950</u>	<u>7,950</u>
	<u>\$ 284,030</u>	<u>\$ 319,463</u>

The Organization received approximately 15,338 and 17,306 hours in volunteer services during 2018 and 2017, respectively. The value of an in-kind volunteer hourly rate was based on the Victims of Crime Act ("VOCA") guidelines and was \$18 in 2018 and 2017.

9. CONCENTRATION OF CREDIT RISK

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

	2018		2017	
	% of Total Revenue	% of Total Due from Grantors	% of Total Revenue	% of Total Due from Grantors
Department of Public Health	33%	25%	33%	21%
Victims of Crime Act	30%	37%	30%	51%
Executive Office of Public Safety and Security	**	11%	**	15%
Department of Justice	**	23%	**	**

** Not greater than 10%

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 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.

Effective October 1, 2016, the Organization entered into a thirty-four month lease agreement for additional office space in Worcester ending July 31, 2019. The annual base rent of \$14,799 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% annually. The Organization may extend the lease 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 leases office space in Fitchburg under a month-to-month lease agreement. Monthly rent is \$200.

10. COMMITMENTS (CONTINUED)

Total office space expense under the office space leases amounted to \$97,030 and \$87,676 in 2018 and 2017, respectively.

Effective February 2014, the Organization leased office equipment under an operating lease expiring February 2017. The lease agreement required monthly payments of \$360. This lease agreement was terminated in 2017.

Effective February 2017, the Organization leased office equipment under an operating lease expiring February 2020. The lease agreement requires monthly payments of \$538.

The total operating expense associated with both leased office equipment agreements was \$6,456 and \$5,031 in 2018 and 2017, respectively.

Future minimum lease payments required to be made in accordance with existing operating lease agreements at June 30, 2018 are as follows:

	Amount
2019	\$ 102,757
2020	<u>12,349</u>
	<u>\$ 115,106</u>

11. RELATED-PARTY TRANSACTIONS

In 2018 and 2017, the Organization paid \$7,885 and \$53,023, respectively, for computer services and/or equipment provided by a company whose owner is the son of the Organization’s Director of Operations.

The purchase of computer equipment and services is subject to a formal bid and decision process as required by the Organization’s procurement policy. Management selects vendors and bids that are believed to be of most benefit and value to the Organization.

12. FISCAL SPONSOR

In March 2017, the Organization entered into a fiscal sponsorship agreement with the Worcester Alliance Against Sexual Exploitation (“WAASE”). The Organization maintains legal and fiduciary responsibility for all activities of WAASE. Revenue for WAASE is reported as contributions on the statement of activities. Total revenue for WAASE was \$0 and \$3,000 in 2018 and 2017, respectively. Total expense for WAASE was \$3,000 and \$0 in 2018 and 2017, respectively. A total of \$3,000 was included as temporarily restricted net assets for this program as of June 30, 2017.

13. CONTINGENCIES

In the normal course of providing services, the Organization may become involved in litigation or other claims. Management is not aware of any claims that will have a material adverse effect on the financial condition of the Organization.

* * * * *