

Pathways for Change, Inc.

*Financial Statements as of and for the Years
Ended June 30, 2019 and 2018 and
Independent Auditors' Report*

PATHWAYS FOR CHANGE, INC.

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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, 2019 and 2018, 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, 2019 and 2018, 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 19, 2019

PATHWAYS FOR CHANGE, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

ASSETS	2019	2018
CURRENT ASSETS:		
Cash and cash equivalents	\$ 217,122	\$ 80,676
Due from grantors	317,638	392,259
Prepaid expenses	<u>13,517</u>	<u>14,416</u>
Total current assets	<u>548,277</u>	<u>487,351</u>
BENEFICIAL INTEREST IN TRUST	<u>31,592</u>	<u>20,188</u>
PROPERTY AND EQUIPMENT:		
Office furniture and equipment	122,406	150,121
Accumulated depreciation	<u>(94,848)</u>	<u>(102,752)</u>
Total property and equipment	<u>27,558</u>	<u>47,369</u>
OTHER ASSETS	<u>7,851</u>	<u>7,851</u>
TOTAL ASSETS	<u>\$ 615,278</u>	<u>\$ 562,759</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	\$ -	\$ 100,000
Accounts payable	36,242	26,253
Accrued expenses	57,659	51,286
Current portion of long-term debt	<u>14,322</u>	<u>-</u>
Total current liabilities	<u>108,223</u>	<u>177,539</u>
LONG-TERM DEBT, NET OF CURRENT PORTION	<u>83,359</u>	<u>-</u>
Total liabilities	<u>191,582</u>	<u>177,539</u>
NET ASSETS:		
Without donor restrictions	408,741	369,095
With donor restrictions	<u>14,955</u>	<u>16,125</u>
Total net assets	<u>423,696</u>	<u>385,220</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 615,278</u>	<u>\$ 562,759</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES:			
REVENUES, FEES AND GRANTS:			
United Way of North Central Massachusetts	\$ 21,297	\$ -	\$ 21,297
United Way - other	7,000	-	7,000
Contributions	85,337	7,000	92,337
Special events - net of related expenses of \$13,945	6,519	-	6,519
Interest income	1,172	-	1,172
Program fees	1,553	-	1,553
In-kind contributions:			
Volunteer services - counseling and advocacy	247,149	-	247,149
Rent	7,950	-	7,950
Net assets released from restriction (Note 3)	8,170	(8,170)	-
Total revenues	<u>386,147</u>	<u>(1,170)</u>	<u>384,977</u>
Fees and Grants:			
Department of Public Health	706,268	-	706,268
Victims of Crime Act	848,095	-	848,095
Executive Office of Public Safety	140,040	-	140,040
Department of Justice	152,073	-	152,073
Other	45,083	-	45,083
Total fees and grants	<u>1,891,559</u>	<u>-</u>	<u>1,891,559</u>
Total revenues, fees and grants	<u>2,277,706</u>	<u>(1,170)</u>	<u>2,276,536</u>
EXPENSES:			
Program services	2,042,591	-	2,042,591
Management and general	175,225	-	175,225
Fundraising	21,548	-	21,548
Total expenses	<u>2,239,364</u>	<u>-</u>	<u>2,239,364</u>
Change in net assets from operations	<u>38,342</u>	<u>(1,170)</u>	<u>37,172</u>
NONOPERATING ACTIVITIES:			
Change in beneficial interest in trust	1,304	-	1,304
Change in net assets	39,646	(1,170)	38,476
NET ASSETS - BEGINNING	<u>369,095</u>	<u>16,125</u>	<u>385,220</u>
NET ASSETS - ENDING	<u>\$ 408,741</u>	<u>\$ 14,955</u>	<u>\$ 423,696</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES:			
REVENUES, FEES AND GRANTS:			
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
Miscellaneous	1,433	-	1,433
Interest income	746	-	746
In-kind contributions:			
Volunteer services - counseling and advocacy	276,080	-	276,080
Rent	7,950	-	7,950
Net assets released from restriction (Note 3)	11,625	(11,625)	-
Total revenues	<u>398,845</u>	<u>7,375</u>	<u>406,220</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>
Total revenues, fees and grants	<u>1,853,943</u>	<u>7,375</u>	<u>1,861,318</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 from operations	34,306	7,375	41,681
NONOPERATING ACTIVITIES:			
Change in beneficial interest in trust	853	-	853
Change in net assets	35,159	7,375	42,534
NET ASSETS - BEGINNING	<u>333,936</u>	<u>8,750</u>	<u>342,686</u>
NET ASSETS - ENDING	<u>\$ 369,095</u>	<u>\$ 16,125</u>	<u>\$ 385,220</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total
PAYROLL AND RELATED EXPENSES:				
Payroll	\$ 1,089,818	\$ 95,882	\$ 16,019	\$ 1,201,719
Employee benefits	157,888	17,079	1,895	176,862
Payroll taxes	84,689	8,789	1,249	94,727
In-kind/volunteer services	247,149	-	-	247,149
Total payroll and related expenses	<u>1,579,544</u>	<u>121,750</u>	<u>19,163</u>	<u>1,720,457</u>
OPERATING EXPENSES:				
Professional fees and consultants	169,836	28,152	-	197,988
Training and travel	39,128	1,462	8	40,598
Direct program costs	45,706	1,084	-	46,790
Program support	72,470	10,645	596	83,711
Occupancy expenses	109,948	8,558	1,402	119,908
Occupancy expenses in-kind	7,950	-	-	7,950
Interest and bank charges	-	2,007	144	2,151
Total operating expenses	<u>445,038</u>	<u>51,908</u>	<u>2,150</u>	<u>499,096</u>
Total expenses before depreciation	2,024,582	173,658	21,313	2,219,553
Depreciation	<u>18,009</u>	<u>1,567</u>	<u>235</u>	<u>19,811</u>
Total expenses	<u>\$ 2,042,591</u>	<u>\$ 175,225</u>	<u>\$ 21,548</u>	<u>\$ 2,239,364</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	<u>18,605</u>	<u>1,546</u>	<u>180</u>	<u>20,331</u>
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.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 38,476	\$ 42,534
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	19,811	20,331
Beneficial interest in trust	(11,404)	(4,452)
Decrease (increase) in:		
Due from grantors	74,621	(192,603)
Prepaid expenses	899	7,511
Increase (decrease) in:		
Accounts payable	9,989	2,011
Accrued expenses	6,373	(2,863)
Net cash provided by (used for) operating activities	<u>138,765</u>	<u>(127,531)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments) proceeds on line of credit, net	(100,000)	100,000
Proceeds from long-term debt	100,000	-
Payments on long-term debt	<u>(2,319)</u>	<u>-</u>
Net cash (used for) provided by financing activities	<u>(2,319)</u>	<u>100,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	136,446	(27,531)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>80,676</u>	<u>108,207</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 217,122</u>	<u>\$ 80,676</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid during year for interest	<u>\$ 1,997</u>	<u>\$ 210</u>
NON-CASH INVESTING ACTIVITIES:		
Write-off of property and equipment and related accounts payable	<u>\$ -</u>	<u>\$ 2,500</u>

See notes to financial statements.

PATHWAYS FOR CHANGE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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 12 and are offered in English, Spanish, Portuguese, Vietnamese and American Sign Language. Services include a 24-hour hotline, medical accompaniment and advocacy, police station and court accompaniment, safety planning, information and referral 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 Survivors’ 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 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 (BARCC) and the Center for Hope and Healing (CHH) 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, judgment, 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*** – Since 2016, the Organization has provided 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 throughout Greater 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

Basis of Presentation – The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity.

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Accounting principle adoption – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. The Organization was required to implement ASU 2016-14 as of July 1, 2018. Changes resulting from the implementation have been applied retroactively to all periods presented.

Measure of operations – The statement of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization’s ongoing services to those whose lives have been impacted by sexual violence and to provide education geared toward ending violence. Nonoperating activities are limited to the beneficial interest in trust change in fair value and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents – For purposes of the Statement of Cash Flows, the Organization considers highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit and money market accounts which at times 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, 2019 and 2018. 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 \$5,000. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition – The Organization recognizes fees and grants from federal, state and local agencies when earned. Contributions and gifts are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of assets other than cash are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Advertising costs – Advertising costs are expensed as incurred. Advertising costs in 2019 and 2018 amounted to \$30 and \$2,000, respectively.

Income tax status – The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Functional expense allocation – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising. Such allocations are determined by management on the basis of estimates of time and effort.

Subsequent Events – The Organization has evaluated all subsequent events through September 19, 2019, the date the financial statements were available to be issued.

3. NET ASSETS

Net assets with donor restrictions are as follows at June 30, 2019 and 2018:

With donor restriction – temporarily restricted net assets are available for the following purposes:

	2019	2018
Advocacy services	\$ 2,955	\$ 4,125
Males Advocating Change	<u>12,000</u>	<u>12,000</u>
Total	<u>\$ 14,955</u>	<u>\$ 16,125</u>

3. NET ASSETS (CONTINUED)

Net assets released from net assets with donor restrictions are as follows:

	2019	2018
Advocacy services	\$ 8,170	\$ 2,875
Hotline assistance	-	5,750
WAASE Sponsorship	-	3,000
	<hr/>	<hr/>
Total	\$ 8,170	\$ 11,625
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4. 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 without restriction net assets on the Statement of Financial Position. The change in market value is recorded as a without restriction 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, 2019. The Organization received without restriction contributions of \$10,100 and \$4,000 in 2019 and 2018, respectively, which were transferred to the fund in 2019 and 2018. The fair market value of the Fund was \$31,592 at June 30, 2019 and \$20,188 at June 30, 2018.

5. 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 (6.50% at June 30, 2019). The line of credit is secured by all assets of the Organization and is reviewed annually. There was no outstanding balance on the line of credit as of June 30, 2019. The Organization had borrowings of \$100,000 as of June 30, 2018.

6. LONG-TERM DEBT

Long-term debt consisted of the following as of June 30, 2019:

In April 2019, the Organization entered into a \$100,000 promissory note with its primary financial institution. The note, which bears interest at 6.15% requires monthly payments of \$1,669, including principal and interest. The note is secured by all assets of the Organization and the note matures in April 2025.

	\$ 97,681
Less current portion	(14,322)
Long-term debt, net of current portion	\$ 83,359

Aggregate maturities of long-term debt over the next five years are as follows:

2020	\$	14,322
2021		15,257
2022		16,236
2023		17,278
2024		18,383
Thereafter		16,205
	\$	97,681

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 \$42,187 and \$37,036 for 2019 and 2018, 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:

	2019	2018
Payroll - counseling, advocacy, and administration	\$ 247,149	\$ 276,080
Rent	7,950	7,950
	\$ 255,099	\$ 284,030

The Organization received approximately 13,731 and 15,338 hours in volunteer services during 2019 and 2018, respectively. The value of an in-kind volunteer hourly rate was based on the Victims of Crime Act (“VOCA”) guidelines and was \$18 in 2019 and 2018.

9. CONCENTRATION OF CREDIT RISK

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

	2019		2018	
	% of Total Revenue	% of Total Due from Grantors	% of Total Revenue	% of Total Due from Grantors
Department of Public Health	31%	25%	33%	25%
Victims of Crime Act	37%	50%	30%	37%
Executive Office of Public Safety and Security	**	**	**	11%
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.

Effective August 1, 2019, the Organization combined office space lease agreements under a five-year lease agreement ending July 31, 2024 with similar terms of the previous two agreements. 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.

The Organization leases office space in Fitchburg under a month-to-month lease agreement. Monthly rent is \$200.

Total office space expense under the office space leases amounted to \$98,834 and \$97,030 in 2019 and 2018, respectively.

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 the leased office equipment agreement was \$6,456 in 2019 and 2018.

10. COMMITMENTS (CONTINUED)

Future minimum lease payments required to be made in accordance with existing operating lease agreements at June 30, 2019 are as follows:

2020	\$	109,677
2021		109,102
2022		112,371
2023		115,746
2024		119,218
Thereafter		<u>9,959</u>
	\$	<u>109,677</u>

11. AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at June 30, 2019:

Financial assets at year end:

Cash and cash equivalents	\$	217,122
Due from grantors		<u>317,638</u>
Total financial assets		534,760

Less net assets with purpose restrictions to be met in less than a year		<u>14,955</u>
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Financial assets available to meet general expenditures over the next twelve months	\$	<u>519,805</u>
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The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$550,000).

The Organization has available a \$100,000 line-of-credit with its primary financial institution.

12. RELATED-PARTY TRANSACTIONS

In 2019 and 2018, the Organization paid \$9,926 and \$7,885, 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.

13. 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. There was no revenue in 2019 and 2018. Total expense for WAASE was \$0 and \$3,000 in 2019 and 2018, respectively.

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