

Domestic Violence Center of Chester County

Financial Statements
Years Ended June 30, 2020 and 2019



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DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

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INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Domestic Violence Center of Chester County
West Chester, Pennsylvania**

We have audited the accompanying financial statements of Domestic Violence Center of Chester County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, 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.

Auditor's 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 Domestic Violence Center of Chester County as of June 30, 2020 and 2019, 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.

BBD 2020

**Philadelphia, Pennsylvania
October 28, 2020**

DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 814,157	\$ 349,711
Accounts receivable		
Government grants	519,153	432,937
Contributions	29,528	50,058
Prepaid expenses	<u>19,027</u>	<u>16,200</u>
Total current assets	<u>1,381,865</u>	<u>848,906</u>
OTHER ASSETS		
Property and equipment, net	2,081,194	2,167,098
Due from affiliate	749,434	748,142
Beneficial interest in assets held by community foundation	<u>172,150</u>	<u>168,817</u>
Total other assets	<u>3,002,778</u>	<u>3,084,057</u>
Total assets	<u>\$ 4,384,643</u>	<u>\$ 3,932,963</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of notes payable	\$ 187,655	\$ 20,306
Accounts payable and accrued expenses	220,108	156,223
Advances	<u>36,750</u>	<u>59,315</u>
Total current liabilities	444,513	235,844
OTHER LIABILITIES		
Notes payable, net of current portion	<u>198,122</u>	<u>32,970</u>
Total liabilities	<u>642,635</u>	<u>268,814</u>
NET ASSETS		
Without donor restrictions	3,352,525	3,352,324
With donor restrictions	<u>389,483</u>	<u>311,825</u>
Total net assets	<u>3,742,008</u>	<u>3,664,149</u>
Total liabilities and net assets	<u>\$ 4,384,643</u>	<u>\$ 3,932,963</u>

See accompanying notes

DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

STATEMENT OF ACTIVITIES

Year ended June 30, 2020 with comparative totals for 2019

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2020	2019
REVENUE AND SUPPORT				
Contributions	\$ 584,890	\$ 185,500	\$ 770,390	\$ 533,488
Government grants	1,943,724	-	1,943,724	1,608,093
Special events, net of expenses of \$7,181 in 2020 and \$22,622 in 2019	2,209	-	2,209	90,174
Client service income	9,717	-	9,717	7,803
Investment income	3,625	-	3,625	4,211
Rental income	43,800	-	43,800	27,190
Change in value of beneficial interest in assets held by community foundation	-	433	433	5,091
Other	29,502	-	29,502	6,798
Net assets released from restrictions	108,275	(108,275)	-	-
Total revenue and support	<u>2,725,742</u>	<u>77,658</u>	<u>2,803,400</u>	<u>2,282,848</u>
EXPENSES				
Program services				
Adult counseling	499,322	-	499,322	323,708
Children's services	81,023	-	81,023	72,862
Housing	714,762	-	714,762	677,657
Legal services	676,181	-	676,181	604,936
Public education	361,918	-	361,918	290,606
Support services				
Management and general	176,592	-	176,592	190,677
Development	215,743	-	215,743	211,584
Total expenses	<u>2,725,541</u>	<u>-</u>	<u>2,725,541</u>	<u>2,372,030</u>
CHANGE IN NET ASSETS	201	77,658	77,859	(89,182)
NET ASSETS				
Beginning of year	<u>3,352,324</u>	<u>311,825</u>	<u>3,664,149</u>	<u>3,753,331</u>
End of year	<u>\$ 3,352,525</u>	<u>\$ 389,483</u>	<u>\$3,742,008</u>	<u>\$3,664,149</u>

See accompanying notes

DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

STATEMENT OF ACTIVITIES

Year ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 469,488	\$ 64,000	\$ 533,488
Government grants	1,608,093	-	1,608,093
Special events, net of expenses of \$22,622	90,174	-	90,174
Client service income	7,803	-	7,803
Investment income (loss)	4,314	(103)	4,211
Rental income	27,190	-	27,190
Change in value of beneficial interest in assets held by community foundation	-	5,091	5,091
Other	6,798	-	6,798
Net assets released from restrictions	<u>167,252</u>	<u>(167,252)</u>	<u>-</u>
Total revenue and support	<u>2,381,112</u>	<u>(98,264)</u>	<u>2,282,848</u>
EXPENSES			
Program services			
Adult counseling	323,708	-	323,708
Children's services	72,862	-	72,862
Housing	677,657	-	677,657
Legal services	604,936	-	604,936
Public education	290,606	-	290,606
Support services			
Management and general	190,677	-	190,677
Development	<u>211,584</u>	<u>-</u>	<u>211,584</u>
Total expenses	<u>2,372,030</u>	<u>-</u>	<u>2,372,030</u>
CHANGE IN NET ASSETS	9,082	(98,264)	(89,182)
NET ASSETS			
Beginning of year	<u>3,343,242</u>	<u>410,089</u>	<u>3,753,331</u>
End of year	<u>\$ 3,352,324</u>	<u>\$ 311,825</u>	<u>\$ 3,664,149</u>

See accompanying notes

DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020 with comparative totals for 2019

	Program Services					Support Services		Totals	
	Adult Counseling	Children's Services	Housing	Legal Services	Public Education	Management and General	Development	2020	2019
Personnel									
Salaries	\$ 299,813	\$ 61,919	\$ 372,418	\$ 472,359	\$ 256,150	\$ 75,074	\$ 168,572	\$ 1,706,305	\$ 1,451,651
Payroll taxes	23,934	5,024	29,565	37,452	20,350	6,816	13,313	136,454	114,018
Employee benefits	31,203	5,012	41,162	69,157	33,021	26,004	18,659	224,218	217,573
Total personnel expenses	<u>354,950</u>	<u>71,955</u>	<u>443,145</u>	<u>578,968</u>	<u>309,521</u>	<u>107,894</u>	<u>200,544</u>	<u>2,066,977</u>	<u>1,783,242</u>
Client assistance	34,747	25	35,860	-	-	318	-	70,950	43,745
Computer expense	7,358	1,581	18,054	11,092	8,649	8,021	5,457	60,212	49,794
Depreciation	5,784	1,457	86,347	4,337	5,214	12,274	986	116,399	112,513
Equipment maintenance and lease	949	200	1,920	1,499	1,303	805	540	7,216	8,038
Insurance	1,294	745	13,129	4,693	804	3,601	352	24,618	22,741
Interest	-	-	2,801	-	-	-	-	2,801	4,038
Office supplies and expenses	1,792	1,242	6,394	2,958	6,171	15,533	3,059	37,149	37,414
Postage	176	66	1,034	187	134	531	1,625	3,753	3,988
Printing and books	47	27	468	51	29	195	13	830	9,106
Professional fees	58,730	987	17,022	51,059	16,407	14,345	903	159,453	99,184
Rent	23,177	-	-	8,005	5,475	-	-	36,657	29,156
Shelter operations									
Facility operations	1,965	1,076	53,025	2,252	1,167	7,690	438	67,613	94,984
Utilities	3,488	1,235	28,442	2,469	1,442	3,185	438	40,699	35,143
Staff conferences and training	549	28	330	3,146	274	598	298	5,223	8,586
Telephone	4,310	399	6,717	4,340	3,301	1,602	785	21,454	19,829
Travel	6	-	74	1,125	2,027	-	305	3,537	10,529
Total non-personnel expenses	<u>144,372</u>	<u>9,068</u>	<u>271,617</u>	<u>97,213</u>	<u>52,397</u>	<u>68,698</u>	<u>15,199</u>	<u>658,564</u>	<u>588,788</u>
Total expenses	<u>\$ 499,322</u>	<u>\$ 81,023</u>	<u>\$ 714,762</u>	<u>\$ 676,181</u>	<u>\$ 361,918</u>	<u>\$ 176,592</u>	<u>\$ 215,743</u>	<u>\$ 2,725,541</u>	<u>\$ 2,372,030</u>

See accompanying notes

DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2019

	Program Services					Support Services		Total
	Adult Counseling	Children's Services	Housing	Legal Services	Public Education	Management and General	Development	
Personnel								
Salaries	\$ 190,574	\$ 51,987	\$ 339,945	\$ 409,569	\$ 204,360	\$ 90,976	\$ 164,240	\$ 1,451,651
Payroll taxes	14,105	4,195	27,018	32,569	15,798	7,220	13,113	114,018
Employee benefits	28,670	1,106	32,631	79,509	26,550	35,921	13,186	217,573
Total personnel expenses	<u>233,349</u>	<u>57,288</u>	<u>399,594</u>	<u>521,647</u>	<u>246,708</u>	<u>134,117</u>	<u>190,539</u>	<u>1,783,242</u>
Client assistance	29,133	-	14,001	611	-	-	-	43,745
Computer expense	10,173	2,936	11,617	9,816	2,007	6,792	6,453	49,794
Depreciation	5,299	2,146	84,889	5,354	5,311	8,334	1,180	112,513
Equipment maintenance and lease	429	1,147	1,743	1,570	114	1,265	1,770	8,038
Insurance	1,474	686	12,569	4,530	704	2,444	334	22,741
Interest	-	-	4,038	-	-	-	-	4,038
Office supplies and expenses	4,641	1,474	4,817	3,440	14,527	5,184	3,331	37,414
Postage	113	35	117	313	141	1,054	2,215	3,988
Printing and books	245	78	295	257	5,940	958	1,333	9,106
Professional fees	3,546	1,630	39,701	32,580	4,666	16,026	1,035	99,184
Rent	19,434	-	-	8,448	1,274	-	-	29,156
Shelter operations								
Facility operations	4,609	2,149	74,110	5,373	1,755	5,718	1,270	94,984
Utilities	3,744	1,532	21,051	4,051	907	3,045	813	35,143
Staff conferences and training	1,757	-	602	1,962	1,190	2,813	262	8,586
Telephone	5,086	812	6,490	3,425	1,642	1,719	655	19,829
Travel	676	949	2,023	1,559	3,720	1,208	394	10,529
Total non-personnel expenses	<u>90,359</u>	<u>15,574</u>	<u>278,063</u>	<u>83,289</u>	<u>43,898</u>	<u>56,560</u>	<u>21,045</u>	<u>588,788</u>
Total expenses	<u>\$ 323,708</u>	<u>\$ 72,862</u>	<u>\$ 677,657</u>	<u>\$ 604,936</u>	<u>\$ 290,606</u>	<u>\$ 190,677</u>	<u>\$ 211,584</u>	<u>\$ 2,372,030</u>

See accompanying notes

DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

STATEMENTS OF CASH FLOWS

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 77,859	\$ (89,182)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Loss on disposal of property and equipment	-	290
Depreciation	116,399	112,513
Change in value in beneficial interest in assets held by community foundation	(433)	(5,091)
(Increase) decrease in		
Accounts receivable	(68,586)	(184,720)
Prepaid expenses	(2,827)	(2,072)
Increase (decrease) in		
Accounts payable and accrued expenses	63,885	(56,331)
Advances	(22,565)	59,315
Net cash provided by (used for) operating activities	<u>163,732</u>	<u>(165,278)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(30,495)	(54,136)
Deposit with community foundation	(2,900)	(11,350)
Net advances to affiliate	(1,292)	(72,289)
Net cash used for investing activities	<u>(34,687)</u>	<u>(137,775)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	352,800	-
Repayment of notes payable	(20,299)	(19,064)
Contributions restricted for endowment purposes	2,900	11,350
Net cash provided by (used for) financing activities	<u>335,401</u>	<u>(7,714)</u>
Net change in cash	464,446	(310,767)
CASH		
Beginning of year	<u>349,711</u>	<u>660,478</u>
End of year	<u>\$ 814,157</u>	<u>\$ 349,711</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 2,801</u>	<u>\$ 4,038</u>
Purchase of property and equipment in accounts payable and accrued expenses	<u>\$ 12,328</u>	<u>\$ -</u>

See accompanying notes

DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

(1) NATURE OF OPERATIONS

The mission of the Domestic Violence Center of Chester County ("**DVCCC**") is to provide intervention, education, outreach, advocacy and programs to prevent, reduce, and remedy domestic violence in Chester County.

DVCCC is the only organization in Chester County that has the contract with the PA Department of Human Services and the PA Coalition Against Domestic Violence to provide services to victims and their dependent children that present their primary victimization as domestic violence which includes family and/or relationship violence such as intimate partner violence, dating violence, human trafficking and/or elderly family. DVCCC provides equal program services and employment without regard to race, gender, color, creed, age, national origin, sexual identity, sexual orientation, disability, economic, social or marital status or political or religious belief. Services are provided at a main confidential location and at Outreach Offices in Kennett Square, Jennersville, Oxford, Coatesville, Phoenixville and the Chester County Justice Center.

The Domestic Violence Center of Chester County began as the YWCA Women's Resource Center ("**WRC**"), to serve as an information and referral service for Chester County women. Once this service became known, it started receiving a flood of calls from women in situations of violence. The directors of WRC, finding no organization in the area to which the victims could be referred, reorganized the organization as the Domestic Violence Center of Chester County in 1976 focusing on domestic violence intervention and prevention. Since we opened our doors, we have served more than 59,000 victims of domestic abuse, reaching over 4,000 individuals each year through our programs.

DVCCC provides the following programs:

Adult Counseling

The adult counseling program is designed to empower victims and strengthen families affected by the trauma of domestic violence. Services are provided via 24-hour crisis hotline, individual and group trauma-informed counseling. Referrals to other service organizations are provided as needed.

Housing

The housing program is designed to meet basic needs. DVCCC has four housing programs: Emergency Shelter/Safe House; Bridge Transitional Housing; Garfield Commons Apartments (4 one bedroom units); Phase IV Independent Living (13 three bedroom townhomes). These programs are designed to give the clients a foundation so they can strengthen their ability to become safe and financially independent, with the goal of steady employment and permanent housing.

Legal Services

The legal services program is designed to strengthen families. Services include legal options counseling, advice and representation in Protection from Abuse cases, custody, support, bankruptcy, immigration and other civil matters.

Children's Services

The children's services programs are designed to empower victims and strengthen families. The programs seeks to mediate the effects of domestic violence on children of survivors by providing age appropriate and bilingual safety plans; individual and group counseling, parenting skills and workshops, and school liaison services to assist children who have to leave or enroll in a school due to their situation of domestic violence.

Public Education and Training

This program is designed to promote social responsibility by developing a coordinated community response to domestic violence. DVCCC proactively seeks out opportunities to provide information on recognizing abusive relationships and the wide range of services available to victims. A strong focus of our education is dating violence awareness presentations to high schools and colleges.

DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Coaching Boys Into Men (CBIM)

This program is designed to use the power of sports to promote an environment of respect, integrity, and non-violence to high school athletes. DVCCC trains local high school coaches on how to implement the Coaching Boys Into Men curriculum. The 12-week program fits into the sports season and provides each coach with a guide for addressing several important social issues through weekly conversations with their athletes. Topics covered include disrespectful behavior toward women and girls, technology and respect, understanding consent, relationship abuse, modeling respect and equality, among many more. The concept of CBIM is based on the fact that since athletes are in a unique position in their high schools as leaders who can influence a change in the culture of their school and even their community, the program can provide a framework for these young men to become positive role models.

Lethality Assessment Program ("LAP")

This program is designed to help identify victims of domestic violence who are at the greatest risk of being killed, for the purpose of getting them out of harm's way, if necessary, and encouraging them to contact DVCCC while the police are on scene. This is an evidenced-based program in collaboration with the Chester County District Attorney and Chester County police departments. To date DVCCC has trained and partnered with 42 county police departments, two university security departments, and the Chester County Sheriff's staff to implement the LAP program.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses when incurred.

Basis of Presentation

DVCCC reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of DVCCC and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "***net assets released from restrictions***". Contributions and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

This category also includes net assets that are subject to donor-imposed restrictions that neither expire by passage of time nor can be satisfied by actions of DVCCC.

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Fair Value Measurements of Assets and Liabilities

Accounting principles generally accepted in the United States of America ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of DVCCC. Unobservable inputs reflect DVCCC's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that DVCCC has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect DVCCC's own assumptions.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined there was no valuation allowance necessary at June 30, 2020 and 2019. DVCCC does not charge interest on outstanding balances.

Property and Equipment

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at 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 and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, DVCCC reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 5 to 40 years.

DVCCC reviews and evaluates its property and equipment for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets. If the carrying value exceeds the cash flows, then recorded amounts of the assets are reduced to their fair value.

Beneficial Interest in Assets Held by Community Foundation

The beneficial interest in assets held by community foundation is reported at the fair value of the assets maintained in the endowment funds (**See Note 5**).

DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Government Grants

Government grants received in support of DVCCC's programs are recognized as revenue as the related expenses are incurred.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as "**net assets without donor restrictions.**"

Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied.

Donated Services

DVCCC receives a significant amount of contributed time from volunteers and the Board of Directors, without compensation. The financial statements do not reflect the value of these contributed services since these services do not meet the criteria for recognition.

Rental Income

Revenue from the rental property, under a short-term operating lease, is recognized when the rent is due. Rent received in advance is deferred to the period earned.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated, based on estimates of time and effort.

Concentration of Credit Risk

Financial instruments that potentially subject DVCCC to concentration of credit risk are cash and accounts receivable. DVCCC maintains its cash accounts at a single financial institution in Chester County. At times, these accounts may exceed federally-insured limits. DVCCC has not experienced any losses in these accounts. The composition of accounts receivable is described in the accompanying statements of financial position. Substantially all of the accounts receivable at June 30, 2020 are expected to be collected by June 30, 2021.

Income Tax Status

DVCCC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and no provision or liability for income taxes is required.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. DVCCC believes that it had no uncertain tax positions as defined in GAAP.

DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Accounting Pronouncements Adopted

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and accounting guidance for contributions received and made and assists entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance, and in determining whether a contribution is conditional. The Organization adopted ASU 2018-08 on January 1, 2019.

(3) PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Held for operations		
Land	\$ 70,000	\$ 70,000
Building	288,887	288,887
Building improvements	1,320,947	1,320,947
Furniture and equipment	355,964	325,469
Vehicles	-	8,800
	<u>2,035,798</u>	<u>2,014,103</u>
Less accumulated depreciation	<u>(1,530,035)</u>	<u>(1,473,892)</u>
	<u>505,763</u>	<u>540,211</u>
Held for lease		
Land and building	1,989,118	1,989,118
Less accumulated depreciation	<u>(413,687)</u>	<u>(362,231)</u>
	<u>1,575,431</u>	<u>1,626,887</u>
Total property and equipment	<u>\$ 2,081,194</u>	<u>\$ 2,167,098</u>

(4) DUE FROM AFFILIATE

DVCCC has developed Phase IV Housing, a low-income housing rental project consisting of two buildings and thirteen units located in West Chester, Pennsylvania. The project was constructed and is owned by Domestic Violence Center Phase IV, L.P. (the "**Partnership**"). The general partner of the partnership is Domestic Violence Center Phase IV, LLC (the "**Company**"), with a .01% ownership interest. DVCCC is the sole member of the Company. The Company has had no financial activity since its inception other than its ownership interest in the Partnership, the balance of which was insignificant at June 30, 2020 and 2019.

In connection with the project, DVCCC made loans and advances to the Partnership in order to finance a portion of the construction costs. In addition, DVCCC makes advances to the Partnership in order to finance the Partnership's operating deficits. DVCCC's receivable from the Partnership at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Loan for construction costs	\$ 260,010	\$ 256,485
Loan for construction cost overrun	206,454	206,454
Advances for operating deficits	<u>359,751</u>	<u>352,441</u>
	826,215	815,380
Less allowance for uncollectible portion	<u>(76,781)</u>	<u>(67,238)</u>
	<u>\$ 749,434</u>	<u>\$ 748,142</u>

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June 30, 2020 and 2019

The loans to the Partnership for construction costs include two mortgage notes receivable. The first note in the amount of \$75,000 earns interest at the rate of 4.70% and is due in November 2034. The accrued interest receivable on this note was \$55,010 at June 30, 2020 and \$51,485 at June 30, 2019. The second note in the amount of \$130,000 is non-interest bearing and is due in November 2034.

The loan for the construction cost overrun and advances for operating deficits are non-interest bearing and have no formal repayment schedule.

Management believes that DVCCC will recover its receivable from the Partnership whenever the housing project is sold, and has established an allowance for the portion of the receivable that it has estimated to be uncollectible. The amount of the allowance was \$76,781 at June 30, 2020 and \$67,238 at June 30, 2019.

(5) BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

DVCCC has entered into an agreement with the Chester County Community Foundation (the "**Foundation**") to establish two endowment funds to support the operating, program and capital needs of DVCCC.

As is standard with community foundation agreements, DVCCC has irrevocably relinquished its right to the amounts transferred to the Foundation in exchange for future distributions of the endowment funds' earnings. However, the endowment funds and distributions from the endowment funds are subject to the Foundation's ultimate control and discretion.

The terms of the agreement allow for the Foundation to make distributions to DVCCC in an amount equal to 5% of the current fair value of the endowment fund. DVCCC did not receive any distributions from the Foundation in 2020 and 2019.

(6) LINE OF CREDIT

DVCCC has a \$249,999 bank line of credit that expires May 2021. Advances under the credit line are payable on demand, bear interest at the Wall Street Journal's prime rate plus .25% with a floor rate of 4.00%, and are secured by a mortgage on DVCCC's real estate used for operations. There were no advances outstanding under the credit line at June 30, 2020 and 2019.

(7) NOTE PAYABLE

The note payable at June 30, 2020 and 2019 includes of a term note payable to a bank. The note is due in monthly installments of \$1,925, including interest at 6.25% through December 2021, and is secured by a mortgage on DVCCC's real estate held for lease.

In April 2020, DVCCC received a loan of \$352,800, under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan is payable in 18 monthly installments from November 2020 to April 2022. The loan bears interest at 1%, is unsecured, is guaranteed by the Small Business Administration. According to the terms of the PPP, all or a portion of the loan may be forgiven if the funds are used for payroll costs (and at least 60% of the forgiven amount must have been used for payroll), interest on certain other outstanding debt, rent and utilities

Scheduled principal payments on the note payable at June 30, 2020 are as follows:

<u>Year ending June 30,</u>	
2021	\$ 187,655
2022	<u>198,122</u>
	<u>\$ 385,777</u>

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June 30, 2020 and 2019

Interest expense was \$2,081 and \$5,206 for the year ended June 30, 2020 and 2019, respectively.

(8) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 and 2019 consisted of contributions received that were restricted for the following purposes:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30, 2020</u>
Purpose restrictions				
Adult counseling	\$ 5,000	\$ -	\$ 5,000	\$ -
Early care/children's services	24,073	1,500	-	25,573
COVID relief	-	50,000	22,825	27,175
Public education	-	12,500	-	12,500
Housing	<u>26,000</u>	<u>16,000</u>	<u>16,700</u>	<u>25,300</u>
	<u>55,073</u>	<u>80,000</u>	<u>44,525</u>	<u>90,548</u>
Time restrictions				
Operations	<u>73,750</u>	<u>105,500</u>	<u>63,750</u>	<u>115,500</u>
To be held in perpetuity	128,823	185,500	108,275	206,048
Beneficial interest in assets held by community foundation	59,332	105	-	59,437
Endowment	<u>123,670</u>	<u>328</u>	<u>-</u>	<u>123,998</u>
	<u>183,002</u>	<u>433</u>	<u>-</u>	<u>183,435</u>
	<u>\$ 311,825</u>	<u>\$ 185,933</u>	<u>\$ 108,275</u>	<u>\$ 389,483</u>
	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30, 2019</u>
Purpose restrictions				
Adult counseling	\$ -	\$ 5,000	\$ -	\$ 5,000
Early care/children's services	24,073	-	-	24,073
Property and equipment	32,252	-	32,252	-
Housing	<u>8,000</u>	<u>34,000</u>	<u>16,000</u>	<u>26,000</u>
	<u>64,325</u>	<u>39,000</u>	<u>48,252</u>	<u>55,073</u>
Time restrictions				
Operations	<u>167,750</u>	<u>25,000</u>	<u>119,000</u>	<u>73,750</u>
To be held in perpetuity				
Beneficial interest in assets held by community foundation	56,214	3,118	-	59,332
Endowment	<u>121,800</u>	<u>1,870</u>	<u>-</u>	<u>123,670</u>
	<u>178,014</u>	<u>4,988</u>	<u>-</u>	<u>183,002</u>
	<u>\$ 410,089</u>	<u>\$ 68,988</u>	<u>\$ 167,252</u>	<u>\$ 311,825</u>

Distributions from the community foundation are unrestricted. During 2016, DVCCC commenced an endowment campaign with a goal of raising \$1,000,000. The income from the endowment is unrestricted. At June 30, 2017, DVCCC had not yet established investment and spending policies for its endowment assets; and therefore the contributions received were segregated in an interest-bearing savings account. DVCCC transferred \$2,900 and \$11,350 of contributions to an account established at a community foundation in 2018 (See Note 5) during the year ended June 30, 2020 and 2019, respectively.

DOMESTIC VIOLENCE CENTER OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Endowment assets at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 460	\$ 460
Beneficial interest in assets held by community foundation	112,713	109,485
Contributions receivable	<u>10,825</u>	<u>13,725</u>
	<u>\$ 123,998</u>	<u>\$ 123,670</u>

(9) OPERATING LEASES

DVCCC leases four Pennsylvania satellite offices located in Coatesville, Kennett Square, West Grove, and Oxford. The lease for the office in Coatesville expires June 2025. The leases for the offices in Kennett Square and West Grove expired November 2019 and then continue on a month to month basis. The lease for the office in Oxford is on a month-to-month basis. Rent expense for the satellite offices was \$36,657 for 2020 and \$29,156 for 2019.

The minimum annual lease commitments under these leases is \$13,076 for 2021, \$7,197 for 2022, \$7,269 for 2023, \$7,342 for 2024 and \$7,415 for 2025.

(10) RETIREMENT PLAN

DVCCC maintains a 401(k) defined contribution plan for the benefit of full and part-time employees. DVCCC contributes 50% of the first 4% of eligible employee contributions. DVCCC's contributions to the plan were \$16,418 for 2020 and \$12,035 for 2019.

(11) ASSETS MEASURED AT FAIR VALUE

The following table presents information about DVCCC's assets that are measured at fair value and the valuation inputs used to value them:

<u>Description</u>	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2020</u>				
Contributions receivable	\$ 29,528	\$ -	\$ 29,528	\$ -
Beneficial interest in assets held by community foundation	<u>172,150</u>	<u>-</u>	<u>-</u>	<u>172,150</u>
	<u>\$ 201,678</u>	<u>\$ -</u>	<u>\$ 29,528</u>	<u>\$ 172,150</u>
<u>June 30, 2019</u>				
Contributions receivable	\$ 50,058	\$ -	\$ 50,058	\$ -
Beneficial interest in assets held by community foundation	<u>168,817</u>	<u>-</u>	<u>-</u>	<u>168,817</u>
	<u>\$ 218,875</u>	<u>\$ -</u>	<u>\$ 50,058</u>	<u>\$ 168,817</u>

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June 30, 2020 and 2019

The changes to level 3 assets for the years ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 168,817	\$ 152,376
Deposit	2,900	11,350
Change in value	<u>433</u>	<u>5,091</u>
Balance at end of year	<u>\$ 172,150</u>	<u>\$ 168,817</u>

(12) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects DVCCC's financial assets as of June 30, 2020 and 2019 and the amounts available within one year.

	<u>2020</u>	<u>2019</u>
Cash	\$ 814,157	\$ 349,711
Contributions receivable	29,528	50,058
Government grants receivable	<u>519,153</u>	<u>432,937</u>
Total financial assets	1,362,838	832,706
Less amounts with donor restrictions	<u>(206,873)</u>	<u>(146,881)</u>
Financial assets available within one year	<u>\$ 1,155,965</u>	<u>\$ 685,825</u>

As part of DVCCC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. DVCCC invests cash in excess of its requirements in a money market savings account and has a line of credit available. See Note 6 about DVCCC's line of credit.

(13) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October XX, 2020, the date on which the financial statements were available to be issued. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our clients and employees, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain. No other material subsequent events have occurred since June 30, 2020 that require recognition or disclosure in the financial statements.