

**Pennsylvania Coalition Against
Domestic Violence**

Financial Statements

June 30, 2015



Pennsylvania Coalition Against Domestic Violence

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June 30, 2015

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Independent Auditor's Report

To the Board of Directors
Pennsylvania Coalition Against Domestic Violence
Harrisburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Pennsylvania Coalition Against Domestic Violence, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Pennsylvania Coalition Against Domestic Violence as of June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the 2014 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

The financial statements of the Pennsylvania Coalition Against Domestic Violence, as of and for the year ended June 30, 2014, were audited by other auditors whose reported dated March 30, 2015 expressed an unmodified opinion on those statements.

The grant agreement between the Commonwealth of Pennsylvania, Department of Human Services and the Pennsylvania Coalition Against Domestic Violence for the period January 1, 2017 to June 30, 2019 was drafted and signed by the Pennsylvania Coalition Against Domestic Violence on November 30, 2016. The agreement has not been fully executed by the Commonwealth of Pennsylvania, Department of Human Services pending required approvals under the Department's granting procedures.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the Pennsylvania Coalition Against Domestic Violence. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2017 on our consideration of the Pennsylvania Coalition Against Domestic Violence's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pennsylvania Coalition Against Domestic Violence's internal control over financial reporting and compliance.

RKH LLP

January 5, 2017
Harrisburg, Pennsylvania

Pennsylvania Coalition Against Domestic Violence

Statement of Financial Position

June 30, 2015

Assets

Cash and cash equivalents	\$	1,400,596
Accounts receivable		95,376
Contracts receivable		325,006
Pledges receivable		19,500
Prepaid expenses		47,618
Furniture and equipment, net		153,367
Security deposit		21,851
Total Assets	\$	2,063,314

Liabilities and Net Assets

Liabilities

Accounts payable	\$	237,635
Accrued expenses		229,592
Deferred revenue		145,327
Subrecipients payable		59,311
Due to Commonwealth of Pennsylvania		193,080

Total Liabilities		864,945
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Net Assets

Unrestricted, undesignated		1,073,869
Unrestricted, Board designated		45,000
Temporarily restricted		79,500

Total Net Assets		1,198,369
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Total Liabilities and Net Assets	\$	2,063,314
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Pennsylvania Coalition Against Domestic Violence

Statement of Activities

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support			
Contracts with government agencies	\$ 26,600,602	\$ -	\$ 26,600,602
Contract administration	371,849	-	371,849
Other grants	117,299	-	117,299
Contributions	197,206	19,500	216,706
Contracted services	37,746	-	37,746
Interest	3,310	-	3,310
Training	13,535	-	13,535
Rent income	111,401	-	111,401
Miscellaneous income	12,524	-	12,524
	<u>27,465,472</u>	<u>19,500</u>	<u>27,484,972</u>
Net assets released from restrictions	<u>24,500</u>	<u>(24,500)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>27,489,972</u>	<u>(5,000)</u>	<u>27,484,972</u>
Expenses			
Salaries	1,986,531	-	1,986,531
Employee benefits	669,364	-	669,364
Consultants	535,906	-	535,906
Advertising	70,973	-	70,973
Accounting and auditing fees	34,350	-	34,350
Equipment rental and maintenance	93,597	-	93,597
Fire and liability insurance	284	-	284
Directors and officers insurance	4,297	-	4,297
Library development	29,456	-	29,456
Memberships	32,961	-	32,961
Miscellaneous	1,701	-	1,701
Occupancy	288,432	-	288,432
Office supplies	58,464	-	58,464
Meeting expense	71,704	-	71,704
Photocopy	6,236	-	6,236
Postage	10,979	-	10,979
Printing	75,482	-	75,482
Settlement charges	148,700	-	148,700
Staff development	51,752	-	51,752
Subrecipients payable	23,277,547	-	23,277,547
Telephone	39,298	-	39,298
Travel - staff	100,143	-	100,143
Travel and conferences	67,067	-	67,067
Contributions	450	-	450
Depreciation	50,971	-	50,971
Total Expenses	<u>27,706,645</u>	<u>-</u>	<u>27,706,645</u>
Change in Net Assets	<u>(216,673)</u>	<u>(5,000)</u>	<u>(221,673)</u>
Net Assets at Beginning of Year	<u>1,335,542</u>	<u>84,500</u>	<u>1,420,042</u>
Net Assets at End of Year	<u>\$ 1,118,869</u>	<u>\$ 79,500</u>	<u>\$ 1,198,369</u>

See accompanying notes.

Pennsylvania Coalition Against Domestic Violence

Statement of Cash Flows
Year Ended June 30, 2015

Cash Flows from Operating Activities	
Change in net assets	\$ (221,673)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	50,971
(Increase) decrease in assets	
Accounts receivable	16,414
Contracts receivable	216,077
Pledges receivable	5,500
Prepaid expenses	38,421
Increase (decrease) in liabilities	
Accounts payable	95,178
Accrued expenses	(26,198)
Deferred revenue	7,338
Subrecipients payable	(287,394)
Due to Commonwealth of Pennsylvania	193,080
	<u>87,714</u>
Net Cash Provided by Operating Activities	<u>87,714</u>
Cash Flows from Investing Activities	
Purchase of furniture and equipment	<u>(33,644)</u>
Net Cash Used in Investing Activities	<u>(33,644)</u>
Net Increase in Cash and Cash Equivalents	54,070
Cash and Cash Equivalents at Beginning of Year	<u>1,346,526</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,400,596</u>

See accompanying notes.

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2015

Note 1 - Nature of Activities

The Pennsylvania Coalition Against Domestic Violence (the Coalition) was established in 1976 as the coordinating body of domestic violence programs in Pennsylvania. The objectives of the program are as follows:

- A. The development of a statewide network of direct service providing for the safety and welfare of domestic violence victims.
- B. The provisions of advocacy efforts to improve specific systems and institutions that deal directly with victims of domestic violence within local communities and at the state level.
- C. The provision of community education and prevention programs on local and statewide levels.
- D. The provision of training of personnel within the statewide network and in specific systems and institutions which deal directly with domestic violence victims.

The programs are funded primarily through contracts with the Pennsylvania Department of Human Services (DHS), U.S. Department of Health and Human Services and the U.S. Department of Justice. Programs are conducted primarily through contracts with various tax-exempt organizations throughout Pennsylvania.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash deposits, checking accounts, savings accounts and certificates of deposit.

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Accounts Receivable

Items recorded in accounts receivable consist of amounts due from the National Resource Center on Domestic Violence (NRCDV) for contracted services, cash advances, other costs paid on behalf of NRCDV and other miscellaneous receivables. Amounts are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

Pledges Receivable

Pledges or unconditional promises to give are recognized as revenues or a gain in the period received and as assets, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Coalition recognized promises to give of \$19,500 as of June 30, 2015. All promises to give are expected to be received within one year, therefore, no discount has been recognized.

Contracts Receivable

The Coalition records contracts receivable equal to the amount of unreimbursed expenses resulting from contracts with the DHS, U.S. Department of Health and Human Services, Pennsylvania Commission on Crime and Delinquency, and the U.S. Department of Justice. Amounts are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

Furniture and Equipment

Expenditures for the acquisition of furniture and equipment exceeding \$5,000 are capitalized at cost. The fair value of donated furniture and equipment at the date of the gift is similarly capitalized. Depreciation of furniture and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from three to ten years.

Because certain assets have been acquired for programs funded by federal or state moneys, proceeds from the sale or disposition of those assets may revert to the funding agency or the assets may be transferred to the funding agency, should the program be discontinued. The Coalition has not historically had any assets transferred back to the funding agency.

Maintenance and repairs of furniture and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of furniture and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Contributions (continued)

When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Coalition uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific contributions made. Management has determined that an allowance is not necessary at June 30, 2015.

Contributed services are recognized when the Coalition would typically purchase such services if they require specialized skills and the contributor possesses such skills.

Contributed property and equipment are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Coalition reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the present value of the estimated cash flows beyond one year. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution income.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates reflecting varying degrees of perceived risk. Management has concluded that no impairment adjustments were required during the year ended June 30, 2015.

Subrecipients Payable

The Coalition provides state and federal awards to subrecipients to support domestic violence programs. During the year ended June 30, 2015, the Coalition provided state and federal awards to subrecipients of \$23,277,547. Subrecipients submit requests for reimbursement to the Coalition for eligible program expenses. The Coalition had amounts payable to the subrecipients of \$59,311 at June 30, 2015.

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements
June 30, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Coalition accounts for contract revenues in the statement of activities to the extent that expenses have been incurred for the purpose specified by the contract agency during the period. All funds received in advance of incurring eligible expenses are accounted for as deferred revenue in the statement of financial position.

Income Taxes

As a not-for-profit organization, the Coalition is generally exempt from federal and state income taxes. The Coalition is subject to federal and state income taxes on unrelated business income.

The Coalition recognizes penalties and interest accrued related to income tax liabilities in the provision (benefit) for income taxes in its statement of activities. For the year ended June 30, 2015, there were no accruals for the payment of penalties and interest.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statement of financial position, along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

The Coalition files informational Form 990 in the U.S. Federal jurisdiction. The Coalition's informational Form 990 is not subject to examination through the year ended June 30, 2011.

Note 3 - Furniture and Equipment

Furniture and equipment consists of the following at June 30, 2015:

Furniture and equipment	\$ 410,291
Accumulated depreciation	<u>(256,924)</u>
	<u>\$ 153,367</u>

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2015

Note 4 - Unrestricted Net Assets, Board Designated

Unrestricted net assets were designated by the Board of Directors as follows at June 30, 2015:

No More Campaign	<u>\$ 45,000</u>
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During 2015, the Board approved the expenditure of a portion of these designated funds.

Note 5 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2015:

Statewide public awareness campaigns	\$ 60,000
Giving circle	<u>19,500</u>
	<u>\$ 79,500</u>

Note 6 - Note Payable

The Coalition maintains a \$250,000 line of credit with a financial institution. As of June 30, 2015, there was a zero balance on the line of credit. Borrowings under the line bear interest at an annual rate equal to the bank's prime rate (3.25% at June 30, 2015). Furniture and equipment, accounts receivable and contract rights are pledged as collateral. The line of credit automatically renews each year until terminated by either party.

Note 7 - Due to Commonwealth of Pennsylvania

Funds due to the Commonwealth of Pennsylvania at June 30, 2015 consist of the following:

Unexpended funds	\$ 44,380
Audit settlement costs	<u>148,700</u>
	<u>\$ 193,080</u>

Note 8 - Contracted Services and Rent Income

The Coalition and the NRCDV entered into multiple agreements related to the sublease of office space, use of information technology staff and use of finance department staff.

The sublease agreement between the Coalition and the NRCDV is effective from October 1, 2011 through September 30, 2016 and includes increases of 2.50% annually. For the year ended June 30, 2015, total annual rent income amounted to \$111,401.

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2015

Note 8 - Contracted Services and Rent Income (continued)

On October 1, 2011, the NRCDV entered into an agreement with the Coalition for monthly financial management and information technology services provided by the staff of the Coalition. The agreement expired September 30, 2014. Total contracted services revenue related to this agreement was \$37,746 for the year ended June 30, 2015.

Note 9 - Retirement Plan

For the year ended June 30, 2015, the Coalition contributed 4% of each full-time employee's salary to a tax-sheltered annuity. The annuity qualifies as tax deferred under Section 403(b) of the Internal Revenue Code. For the year ended June 30, 2015, the Coalition contributed \$71,600.

Note 10 - Lease Commitments

The Coalition is committed to lease agreements for the use of office space and office equipment. The amount of payments under the lease agreements for the year ended June 30, 2015 was \$321,659. Future minimum annual lease payments under operating leases consist of the following for the years ending June 30:

2016	\$	327,942
2017		305,304
2018		311,580
2019		315,579
2020		323,468
Thereafter		<u>27,288</u>
	\$	<u>1,611,161</u>

Office rental expense included in the total lease agreement payments totaled \$285,899 for the year ended June 30, 2015. On January 1, 2011, the Coalition entered into a new lease agreement for a Harrisburg office, which will expire on December 31, 2020.

Note 11 - Functional Expenses

Expenses reported on a functional basis are as follows for the year ended June 30, 2015:

Program activities	\$	26,327,740
Management and administrative		1,136,986
Fund-raising		<u>241,919</u>
	\$	<u>27,706,645</u>

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2015

Note 12 - Contingencies

Concentrations of Credit Risk

Cash and Cash Equivalents

The Coalition maintains its cash in a bank deposit account which may exceed federally insured limits. The Coalition has not experienced any losses in such accounts. The Coalition believes it is not exposed to any significant credit risk on cash.

Regulated Environment

The Coalition operates in a heavily regulated environment which is subject to directives, rules and regulations of federal, state and local regulatory agencies. Such directives, rules and regulations are subject to change with little notice and sometimes funding is inadequate to pay for the related cost to comply with any additional burden.

Audit

The grants received by the Coalition are subject to audit by federal and state governments. As of the date of this report, management is unaware of any material adjustment that will be required as a result of such audits.

Litigation

The Coalition is involved in litigation arising in the course of business. Management believes that any total ultimate liability would not have a material effect on the Coalition's financial position.

Note 13 - Significant Funding Agencies

The Coalition's contract revenue for June 30, 2015 includes \$26,600,602 of revenue resulting from contracts with government agencies.

Revenues from the DHS totaled \$24,864,026, which approximated 90% of total revenues, gains and other support for the year ended June 30, 2015. A significant reduction in the level of this support would have a material effect on the Coalition's programs.

On November 30, 2016, an agreement between the DHS and the Coalition was presented to and signed by the Coalition. The term of the agreement shall be from January 1, 2017 to June 30, 2019, with an optional two-year term extension. The total amount of the grant is \$68,812,667. As of the date of the auditor's report, the agreement had not been fully executed by the Commonwealth of Pennsylvania and all approvals required by the Commonwealth of Pennsylvania granting procedures had not been obtained.

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2015

Note 14 - Related Party Transactions

The Coalition has had, and may be expected to have in the future, transactions in the ordinary course of business with directors and organizations with which they are associated on substantially the same terms as those prevailing at the time for comparable transactions with others. The aggregate amounts of these transactions are not significant to the financial statements.

Note 15 - Restatement of 2014 Financial Statements

The 2014 financial statements were restated to correct accounts receivable, contracts receivable, and furniture and equipment. The following financial statement line items for the year ended June 30, 2014 were affected by this restatement:

	Statement of Net Position at June 30, 2014		
	Previously Stated	Restated	Effect of Change
Assets			
Cash and cash equivalents	\$ 1,343,965	\$ 1,346,526	\$ 2,561
Accounts receivable	126,702	111,790	(14,912)
Contracts receivable	554,188	541,083	(13,105)
Furniture and equipment, net	103,965	170,694	66,729
Total Assets	\$ 2,128,820	\$ 2,170,093	\$ 41,273
Liabilities			
Deferred revenue	\$ 87,989	\$ 137,989	\$ 50,000
Net Assets, Unrestricted, Undesignated	\$ 1,275,233	\$ 1,266,506	\$ (8,727)
	Statement of Activities for the Year Ended June 30, 2014		
Revenues			
Contracts with government agencies	\$ 24,691,891	\$ 24,666,435	\$ (25,456)
Other grants, unrestricted	203,726	153,726	(50,000)
Total Revenues	\$ 24,895,617	\$ 24,820,161	\$ (75,456)
Expenses			
Equipment rental and maintenance	\$ 166,753	\$ 100,024	\$ (66,729)
Net Assets at End of Year, Unrestricted	\$ 1,344,269	\$ 1,335,542	\$ (8,727)

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2015

Note 16 - Subsequent Events

The Coalition has evaluated subsequent events through January 5, 2017. This date is the date the financial statements were available to be issued. The following event subsequent to June 30, 2015 was noted:

During September 2015, the maximum borrowing on the line of credit was increased to \$1,000,000. All of the other terms of the line of credit were unchanged.

No other material events subsequent to June 30, 2015 were noted.