

**Pennsylvania Coalition Against
Domestic Violence**

Financial Statements

June 30, 2016 and 2015



Pennsylvania Coalition Against Domestic Violence

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June 30, 2016 and 2015

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Pennsylvania Coalition Against Domestic Violence

Report Distribution List
June 30, 2016 and 2015

Board of Directors
Pennsylvania Coalition Against Domestic Violence
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Commonwealth of Pennsylvania
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Bureau of Audits
Special Audit Services Division
Forum Place 8th Floor
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Harrisburg, PA 17101

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100 Montgomery Street
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San Francisco, CA 94129-1718

Pennsylvania Commission on Crime and Delinquency
Grants Management Division
P.O. Box 1167
Harrisburg, PA 17108



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 the Pennsylvania Coalition Against Domestic Violence, which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 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, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RKL LLP

March 17, 2017
Harrisburg, Pennsylvania

Pennsylvania Coalition Against Domestic Violence

Statement of Financial Position

	June 30,	
	2016	2015
Assets		
Cash and cash equivalents	\$ 907,722	\$ 1,400,596
Investments	1,027,600	-
Accounts receivable	46,873	95,376
Contracts receivable	1,238,318	325,006
Pledges receivable	-	19,500
Prepaid expenses	87,442	47,618
Furniture and equipment, net	102,396	153,367
Security deposit	21,851	21,851
Total Assets	\$ 3,432,202	\$ 2,063,314
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 197,616	\$ 237,635
Accrued expenses	249,880	229,592
Deferred revenue	270,932	145,327
Subrecipients payable	956,918	59,311
Due to Commonwealth of Pennsylvania	148,700	193,080
Total Liabilities	1,824,046	864,945
Net Assets		
Unrestricted, undesignated	532,206	1,073,869
Unrestricted, Board designated	1,074,769	45,000
Temporarily restricted	1,181	79,500
Total Net Assets	1,608,156	1,198,369
Total Liabilities and Net Assets	\$ 3,432,202	\$ 2,063,314

See accompanying notes.

Pennsylvania Coalition Against Domestic Violence

Statement of Activities

	Year Ended June 30, 2016		
	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support			
Contracts with government agencies	\$ 26,050,485	\$ -	\$ 26,050,485
Contract administration	395,381	-	395,381
Other grants	177,763	-	177,763
Contributions	1,058,232	-	1,058,232
Contracted services	3,477	-	3,477
Investment income	28,757	-	28,757
Interest	3,471	-	3,471
Training	24,208	-	24,208
Rent income	104,854	-	104,854
Miscellaneous income	57,052	-	57,052
	<u>27,903,680</u>	-	<u>27,903,680</u>
Net assets released from restrictions	<u>78,319</u>	<u>(78,319)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>27,981,999</u>	<u>(78,319)</u>	<u>27,903,680</u>
Expenses			
Salaries	1,979,212	-	1,979,212
Employee benefits	624,707	-	624,707
Consultants	392,313	-	392,313
Advertising	101,960	-	101,960
Accounting and auditing fees	64,112	-	64,112
Equipment rental and maintenance	103,268	-	103,268
Directors and officers insurance	8,508	-	8,508
Memberships	66,395	-	66,395
Miscellaneous	10,935	-	10,935
Occupancy	295,932	-	295,932
Office supplies	62,320	-	62,320
Meeting expense	48,452	-	48,452
Photocopy	5,471	-	5,471
Postage	9,571	-	9,571
Printing	83,418	-	83,418
Staff development	8,845	-	8,845
Subrecipients payable	23,402,265	-	23,402,265
Telephone	37,196	-	37,196
Travel - staff	57,666	-	57,666
Travel and conferences	62,184	-	62,184
Contributions	18,192	-	18,192
Depreciation	50,971	-	50,971
	<u>27,493,893</u>	-	<u>27,493,893</u>
Total Expenses	<u>27,493,893</u>	-	<u>27,493,893</u>
Change in Net Assets	<u>488,106</u>	<u>(78,319)</u>	<u>409,787</u>
Net Assets at Beginning of Year	<u>1,118,869</u>	<u>79,500</u>	<u>1,198,369</u>
Net Assets at End of Year	<u>\$ 1,606,975</u>	<u>\$ 1,181</u>	<u>\$ 1,608,156</u>

See accompanying notes.

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	(216,673)	(5,000)	(221,673)
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

	Years Ended June 30,	
	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ 409,787	\$ (221,673)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	50,971	50,971
Net unrealized gains on investments	(24,522)	-
(Increase) decrease in assets		
Accounts receivable	48,503	16,414
Contracts receivable	(913,312)	216,077
Pledges receivable	19,500	5,500
Prepaid expenses	(39,824)	38,421
Increase (decrease) in liabilities		
Accounts payable	(40,019)	95,178
Accrued expenses	20,288	(26,198)
Deferred revenue	125,605	7,338
Subrecipients payable	763,838	(287,394)
Due to Commonwealth of Pennsylvania	89,389	193,080
Net Cash Provided by Operating Activities	510,204	87,714
Cash Flows from Investing Activities		
Purchase of investments	(1,003,078)	-
Purchase of furniture and equipment	-	(33,644)
Net Cash Used in Investing Activities	(1,003,078)	(33,644)
Net Increase (Decrease) in Cash and Cash Equivalents	(492,874)	54,070
Cash and Cash Equivalents at Beginning of Year	1,400,596	1,346,526
Cash and Cash Equivalents at End of Year	\$ 907,722	\$ 1,400,596

See accompanying notes.

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2016 and 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, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Accounts Receivable

Items recorded in accounts receivable consist of 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. 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.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss, including gains and losses on investments, interest and dividends, is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

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 had 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.

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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, 2016 and 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 is 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 years ended June 30, 2016 and 2015.

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Subrecipients Payable

The Coalition provides state and federal awards to subrecipients to support domestic violence programs. During the years ended June 30, 2016 and 2015, the Coalition provided state and federal awards to subrecipients of \$23,402,265 and \$23,277,547, respectively. Subrecipients submit requests for reimbursement to the Coalition for eligible program expenses. The Coalition had amounts payable to the subrecipients of \$956,918 and \$59,311 for the years ended June 30, 2016 and 2015, respectively.

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 years ended June 30, 2016 and 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, 2012.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018.

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The guidance is effective for fiscal years beginning after December 15, 2019.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make certain improvements that address many, but not all, of the identified issues about the current financial reporting for not-for-profit entities. The standard improves current requirements related to net asset classifications, liquidity assessment, expense reporting consistency and methods used to present cash flows from operations. This guidance is effective for fiscal years beginning after December 15, 2017.

The Coalition is currently evaluating the impact of the pending adoption of the new standards on the financial statements.

Note 3 - Investments

The following is a summary of the Coalition's investments which are stated at fair value at June 30:

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 43,538	\$ -
Common stocks and exchange traded funds	265,080	-
Mutual funds	346,116	-
Fixed income funds	372,866	-
	<u>\$ 1,027,600</u>	<u>\$ -</u>

Investment income is as follows for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 4,235	\$ -
Net unrealized gains on investments	24,522	-
	<u>\$ 28,757</u>	<u>\$ -</u>

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2016 and 2015

Note 4 - Fair Value of Financial Instruments

The Coalition defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement. Fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Fair value measurements are disclosed by level within that hierarchy. Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Coalition performs a detailed analysis of the assets and liabilities that are subject to fair value measurement. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of June 30:

Fair Value Measurements at June 30, 2016				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common Stock and Exchange Traded Funds				
Basic materials	\$ 12,995	\$ -	\$ -	\$ 12,995
Consumer cyclical	33,319	-	-	33,319
Consumer defensive	54,799	-	-	54,799
Healthcare	45,242	-	-	45,242
Industrials	46,362	-	-	46,362
Tactical	60,848	-	-	60,848
Technology	11,515	-	-	11,515
Mutual Funds				
Mid cap	70,142	-	-	70,142
Small cap	25,237	-	-	25,237
Global real estate	25,432	-	-	25,432
Hedged	48,790	-	-	48,790
Absolute return	30,213	-	-	30,213
Energy infrastructure	28,012	-	-	28,012
International	118,290	-	-	118,290
Fixed Income Funds				
Core bond	129,503	-	-	129,503
Mortgage backed bond	95,659	-	-	95,659
Intermediate term bond	50,000	-	-	50,000
U.S. government	97,704	-	-	97,704
	\$ 984,062	\$ -	\$ -	\$ 984,062

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2016 and 2015

Note 4 - Fair Value of Financial Instruments (continued)

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended June 30, 2016 and 2015, there were no significant transfers between fair value levels.

Note 5 - Furniture and Equipment

Furniture and equipment consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 402,943	\$ 410,291
Accumulated depreciation	<u>(300,547)</u>	<u>(256,924)</u>
	<u>\$ 102,396</u>	<u>\$ 153,367</u>

Note 6 - Unrestricted Net Assets, Board Designated

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

	<u>2016</u>	<u>2015</u>
No More Campaign	\$ 45,000	\$ 45,000
Dameron Stoddard Endowment	<u>1,029,769</u>	<u>-</u>
	<u>\$ 1,074,769</u>	<u>\$ 45,000</u>

Note 7 - Temporarily Restricted Net Assets

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

	<u>2016</u>	<u>2015</u>
Statewide public awareness campaigns	\$ 1,181	\$ 60,000
Giving circle	<u>-</u>	<u>19,500</u>
	<u>\$ 1,181</u>	<u>\$ 79,500</u>

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2016 and 2015

Note 8 - Note Payable

The Coalition maintains a \$1,000,000 line of credit with a financial institution. As of June 30, 2016 and 2015, there was a zero balance on the line of credit. Borrowings under the line of credit bear interest at an annual rate equal to the bank's prime rate (3.50% and 3.25% at June 30, 2016 and 2015, respectively). 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 9 - Due to Commonwealth of Pennsylvania

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

	<u>2016</u>	<u>2015</u>
Unexpended funds	\$ -	\$ 44,380
Audit settlement costs	<u>148,700</u>	<u>148,700</u>
	<u>\$ 148,700</u>	<u>\$ 193,080</u>

Note 10 - Contracted Services and Rent Income

The Coalition and the National Resource Center on Domestic Violence (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 years ended June 30, 2016 and 2015, total annual rent income amounted to \$104,854 and \$111,401, respectively. This agreement was not renewed.

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 11 - Retirement Plan

For the years ended June 30, 2016 and 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 years ended June 30, 2016 and 2015, the Coalition contributed \$72,072 and \$71,600, respectively.

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2016 and 2015

Note 12 - 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 years ended June 30, 2016 and 2015 was \$322,264 and 321,659, respectively. Future minimum annual lease payments under operating leases consist of the following for the years ending June 30:

2017	\$	315,594
2018		321,870
2019		325,869
2020		333,758
2021		37,578
		<u>37,578</u>
	\$	<u>1,334,669</u>

On January 1, 2011, the Coalition entered into a new lease agreement for a Harrisburg office which will expire on December 31, 2020. Office rental expense under this lease agreement included in the financial statements totaled \$293,046 and \$285,899 for the years ended June 30, 2016 and 2015, respectively.

Note 13 - Functional Expenses

Expenses reported on a functional basis are as follows for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Program activities	\$ 25,550,762	\$ 26,327,740
Management and administrative	1,582,887	1,136,986
Fund-raising	292,439	241,919
Lobbying	67,805	-
	<u>\$ 27,493,893</u>	<u>\$ 27,706,645</u>

Note 14 - 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.

Pennsylvania Coalition Against Domestic Violence

Notes to Financial Statements

June 30, 2016 and 2015

Note 14 - Contingencies (continued)

Concentrations of Credit Risk (continued)

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 15 - Significant Funding Agencies

The Coalition's contract revenue for June 30, 2016 and 2015 includes \$26,050,485 and \$26,600,602, respectively, of revenue resulting from contracts with government agencies.

Revenues from the DHS totaled \$24,990,704 and \$24,864,026, which approximated 90% of total revenues, gains and other support for the years ended June 30, 2016 and 2015, respectively. A significant reduction in the level of this support would have a material effect on the Coalition's programs.

Note 16 - 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 - Subsequent Events

The Coalition has evaluated subsequent events through March 17, 2017. This date is the date the financial statements were available to be issued. No material events subsequent to June 30, 2016 were noted.