

**Pennsylvania Coalition  
Against Domestic Violence**

Financial Statements

Years Ended June 30, 2018 and 2017  
with Independent Auditor's Report

**MaherDuessel**  
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

YEARS ENDED JUNE 30, 2018 AND 2017

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## Independent Auditor's Report

**Board of Directors  
Pennsylvania Coalition  
Against Domestic Violence**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Pennsylvania Coalition Against Domestic Violence (Coalition), which comprise the statement of financial position as of June 30, 2018, 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 misstatements 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 Coalition as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Prior Period Financial Statements**

The financial statements of the Coalition as of June 30, 2017 were audited by other auditors whose report, dated January 17, 2018, expressed an unmodified opinion on those statements.

### **Other Matters**

#### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also not a required part of the financial statements. 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 10, 2019, on our consideration of the Coalition's internal control over financial

reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Coalition's 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 Coalition's internal control over financial reporting and compliance.

*Maheer Duessel*

Harrisburg, Pennsylvania  
January 10, 2019

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## STATEMENTS OF FINANCIAL POSITION

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ 475,894	\$ 508,331
Investments	1,038,673	1,080,653
Accounts receivable	6,918	5,174
Contracts receivable	1,508,364	6,282,255
Pledges receivable	-	7,250
Prepaid expenses	93,261	81,825
Furniture and equipment, net	36,736	51,424
Security deposit	21,851	21,851
<b>Total Assets</b>	<b>\$ 3,181,697</b>	<b>\$ 8,038,763</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 175,100	\$ 115,157
Accrued expenses	184,775	182,753
Deferred revenue	176,030	43,858
Subrecipients payable	1,002,368	5,676,110
Line of credit	-	350,000
Due to Commonwealth of Pennsylvania	74,350	148,700
<b>Total Liabilities</b>	<b>1,612,623</b>	<b>6,516,578</b>
<b>Net Assets:</b>		
Unrestricted, undesignated	474,764	420,266
Unrestricted, Board-designated	1,071,543	1,101,919
<b>Total Unrestricted Net Assets</b>	<b>1,546,307</b>	<b>1,522,185</b>
Temporarily restricted	22,767	-
<b>Total Net Assets</b>	<b>1,569,074</b>	<b>1,522,185</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,181,697</b>	<b>\$ 8,038,763</b>

The accompanying notes are an integral part of these financial statements.

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
<b>Revenues, Gains, and Other Support:</b>			
Contracts with government agencies	\$ 27,842,481	\$ -	\$ 27,842,481
Contract administration	445,033	-	445,033
Other grants	358,646	-	358,646
Contributions	129,737	23,928	153,665
Contracted services	-	-	-
Investment income	65,507	-	65,507
Interest	385	-	385
Training	2,500	-	2,500
Rent income	-	-	-
Miscellaneous income	17,759	-	17,759
Net assets released from restrictions	1,161	(1,161)	-
Total revenues, gains, and other support	28,863,209	22,767	28,885,976
<b>Expenses:</b>			
Salaries	1,838,307	-	1,838,307
Employee benefits	609,648	-	609,648
Consultants	314,170	-	314,170
Advertising	63,348	-	63,348
Accounting and auditing fees	19,000	-	19,000
Equipment rental and maintenance	80,190	-	80,190
Business insurance	13,556	-	13,556
Memberships	84,666	-	84,666
Miscellaneous	34,100	-	34,100
Occupancy	309,773	-	309,773
Office supplies	133,088	-	133,088
Meeting expense	15,410	-	15,410
Photocopy	1,402	-	1,402
Postage	8,804	-	8,804
Printing	164,564	-	164,564
Staff development	21,582	-	21,582
Subrecipient expense	24,944,762	-	24,944,762
Telephone	33,908	-	33,908
Travel - staff	61,009	-	61,009
Travel and conferences	73,072	-	73,072
Contributions	40	-	40
Depreciation	14,688	-	14,688
Total expenses	28,839,087	-	28,839,087
<b>Changes in Net Assets</b>	24,122	22,767	46,889
<b>Net Assets:</b>			
Beginning of year	1,522,185	-	1,522,185
End of year	\$ 1,546,307	\$ 22,767	\$ 1,569,074

The accompanying notes are an integral part of these financial statements.

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
<b>Revenues, Gains, and Other Support:</b>			
Contracts with government agencies	\$ 28,630,065	\$ -	\$ 28,630,065
Contract administration	428,844	-	428,844
Other grants	296,004	-	296,004
Contributions	89,019	-	89,019
Contracted services	2,000	-	2,000
Investment income	80,683	-	80,683
Interest	1,206	-	1,206
Training	27,292	-	27,292
Rent income	28,721	-	28,721
Miscellaneous income	74,063	-	74,063
Net assets released from restrictions	1,181	(1,181)	-
Total revenues, gains, and other support	29,659,078	(1,181)	29,657,897
<b>Expenses:</b>			
Salaries	1,725,989	-	1,725,989
Employee benefits	548,778	-	548,778
Consultants	558,972	-	558,972
Advertising	127,207	-	127,207
Accounting and auditing fees	67,610	-	67,610
Equipment rental and maintenance	82,750	-	82,750
Business insurance	13,663	-	13,663
Memberships	47,558	-	47,558
Miscellaneous	8,963	-	8,963
Occupancy	306,065	-	306,065
Office supplies	112,214	-	112,214
Meeting expense	70,927	-	70,927
Photocopy	7,870	-	7,870
Postage	9,462	-	9,462
Printing	75,639	-	75,639
Staff development	14,221	-	14,221
Subrecipient expense	25,799,395	-	25,799,395
Telephone	29,988	-	29,988
Travel - staff	54,251	-	54,251
Travel and conferences	30,999	-	30,999
Contributions	375	-	375
Depreciation	50,972	-	50,972
Total expenses	29,743,868	-	29,743,868
<b>Changes in Net Assets</b>	(84,790)	(1,181)	(85,971)
<b>Net Assets:</b>			
Beginning of year	1,606,975	1,181	1,608,156
End of year	\$ 1,522,185	\$ -	\$ 1,522,185

The accompanying notes are an integral part of these financial statements.



# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 46,889	\$ (85,971)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,688	50,972
Net realized and unrealized gains on investments	(40,622)	(54,851)
(Increase) decrease in assets:		
Accounts receivable	(1,744)	41,699
Contracts receivable	4,773,891	(5,043,937)
Pledges receivable	7,250	(7,250)
Prepaid expenses	(11,436)	5,617
Increase (decrease) in liabilities:		
Accounts payable	59,943	(82,459)
Accrued expenses	2,022	(67,127)
Deferred revenue	132,172	(227,074)
Subrecipients payable	(4,673,742)	4,719,192
Due to Commonwealth of Pennsylvania	(74,350)	-
Net cash provided by (used in) operating activities	<u>234,961</u>	<u>(751,189)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(467,292)	(18,773)
Sale of investments	549,894	20,571
Net cash provided by investing activities	<u>82,602</u>	<u>1,798</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from line of credit	-	350,000
Payments on line of credit	(350,000)	-
Net cash provided by (used in) financing activities	<u>(350,000)</u>	<u>350,000</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<u>(32,437)</u>	<u>(399,391)</u>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	508,331	907,722
End of year	<u>\$ 475,894</u>	<u>\$ 508,331</u>

The accompanying notes are an integral part of these financial statements.

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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### 1. Nature of Activities

The Pennsylvania Coalition Against Domestic Violence (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 provision of advocacy efforts to improve specific systems and institutions that deal directly with victims of domestic violence within local communities and at the statewide 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), the 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.

### 2. Summary of Significant Accounting Policies

#### 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. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred.

#### 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

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# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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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.

### Cash and Cash Equivalents

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

### Investments

Investments are reported at fair value in the statements of financial position. Investment income and losses, including interest and dividends, are included in the statements of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted by donor or law.

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. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 – Quoted market prices in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available, but traded less frequently, and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 – Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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In determining the appropriate levels, the Coalition performs a detailed analysis of the assets and liabilities that are subject to fair value measurement. At June 30, 2018 and 2017, the Coalition has no Level 2 or Level 3 investments.

### 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.

### Contracts Receivable

The Coalition records contracts receivable equal to the amount of unreimbursed expenses resulting from contracts. Amounts are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

### Promises to Give

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 contributions revenue. As of June 30, 2018 and 2017, the Coalition has no promises to give.

### 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 furniture and equipment have been acquired for programs funded by federal or state contracts, 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.

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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Maintenance and repairs of furniture and equipment are expensed as incurred, 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 a gain or loss is included in the statement of activities.

### 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, 2018 and 2017.

### Subrecipients Payable

The Coalition provides state and federal awards to subrecipients to support domestic violence programs. During the years ended June 30, 2018 and 2017, the Coalition provided state and federal awards to subrecipients of \$24,944,762 and \$25,799,395, respectively. Subrecipients submit requests for reimbursement to the Coalition for eligible program expenses. The Coalition had amounts payable to the subrecipients of \$1,002,368 and \$5,676,110 at June 30, 2018 and 2017, respectively.

### Net Assets

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Coalition and changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Coalition and/or the passage of time.

Permanently restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Coalition. The Coalition has no permanently restricted net assets.

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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### Contract Revenue

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

### Contributions

All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Amounts designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted net assets.

When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements 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, 2018 and 2017.

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

### Expense Allocation

The costs associated with various programs have been summarized on a functional basis in Note 11.

### Income Taxes

As a not-for-profit organization, the Coalition is generally exempt from federal and state income taxes pursuant to section 501(c)(3) of the Internal Revenue Code. The Coalition is subject to federal and state income taxes on unrelated business income.

The Coalition annually files Form 990 in the U.S. Federal jurisdiction. The Coalition's Form 990 is not subject to examination through the year ended June 30, 2014.

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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### Pending Standards Update

Accounting Standards Update (ASU) 2014-09, "*Revenue from Contracts with Customers*," is effective for the Coalition's financial statements for the year ending June 30, 2020 (as amended by ASU 2015-14). This amendment provides guidance for revenue recognition related to contracts with the transfer of promised goods or services to customers and related disclosures.

ASU 2016-02, "*Leases (Topic 842)*," is effective for the Coalition's financial statements for the year ending June 30, 2021. This amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*," is effective for the Coalition's financial statements for the year ending June 30, 2019. This amendment aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The ASU changes the net asset classification, how underwater donor-restricted endowment funds are treated, will increase the information available about liquidity and the availability of resources, requires financial statements for not-for-profits to provide expenses both by nature and function, as well as an analysis of those expenses by both nature and function, along with disclosure of the methods used to allocate those costs among the various functions, and standardizes how organizations present investment returns and what expenses should be netted against those returns. There are qualitative and quantitative requirements in a number of areas, including net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. Early application of the amendments in the ASU is allowed.

ASU 2018-08, "*Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*," is effective for the Coalition's financial statements for the year ending June 30, 2020. This amendment clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendment clarifies how an entity determines whether a resource provider is participating in an exchange transaction. Early application of the amendments in the ASU is allowed.

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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Management has not yet determined the impact of these amendments on the Coalition's financial statements.

### Reclassification

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

### Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

### **3. Concentration of Credit Risk**

The Coalition maintains its cash in bank deposit accounts, 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 its cash and cash equivalents.

### **4. Investments**

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

	<u>2018</u>	<u>2017</u>
Money market funds	\$ 25,774	\$ 11,282
Common stock	217,907	218,960
Exchange traded funds	383,417	330,740
Mutual funds	411,575	519,671
	<u>\$ 1,038,673</u>	<u>\$ 1,080,653</u>



# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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

	2018	2017
Interest and dividends	\$ 24,885	\$ 25,832
Net realized and unrealized gains on investments	40,622	54,851
	<u>\$ 65,507</u>	<u>\$ 80,683</u>

Fair value measurements and hierarchy are as follows at June 30:

	Level	2018	2017
Money market funds	1	\$ 25,774	\$ 11,282
Common stock:			
Basic materials	1	7,718	14,302
Consumer cyclical	1	38,605	41,133
Consumer defensive	1	27,846	45,816
Financial services	1	7,607	-
Healthcare	1	38,103	53,186
Industrials	1	46,064	44,253
Technology	1	51,964	20,270
Exchange traded funds:			
Emerging markets	1	55,636	13,270
Tactical	1	103,908	129,719
Small blend	1	33,050	-
Mid-cap blend	1	-	51,735
Foreign large blend	1	91,463	43,799
Intermediate government	1	99,360	-
Long government	1	-	92,217
Mutual funds:			
Small cap	1	24,921	29,335
Mid cap	1	27,730	31,324
Developed markets	1	43,982	49,018
Emerging markets	1	-	53,027
Hedged	1	-	25,889
Absolute return	1	35,965	43,818
International	1	-	8,227
Multisector bond	1	48,513	45,438
Intermediate-term bond	1	230,464	233,595
		<u>\$ 1,038,673</u>	<u>\$ 1,080,653</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017, there were no significant transfers between fair value levels.

### 5. Furniture and Equipment

Furniture and equipment consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 237,074	\$ 256,015
Leasehold improvements	<u>146,928</u>	<u>146,928</u>
	384,002	402,943
Accumulated depreciation	<u>(347,266)</u>	<u>(351,519)</u>
Furniture and equipment, net	<u>\$ 36,736</u>	<u>\$ 51,424</u>

Depreciation expense was \$14,688 and \$50,972 for the years ended June 30, 2018 and 2017, respectively.

### 6. Line of Credit

The Coalition maintains a \$1,000,000 line of credit with a financial institution. As of June 30, 2018 and 2017, the balance was \$0 and \$350,000, respectively. Borrowings under the line of credit bear interest at a rate equal to the Wall Street Journal's prime rate (5.00% and 4.25% at June 30, 2018 and 2017, 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.

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

### 7. Due to Commonwealth of Pennsylvania

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

	<u>2018</u>	<u>2017</u>
Audit settlement costs	<u>\$ 74,350</u>	<u>\$ 148,700</u>

### 8. Net Assets

Net assets as of June 30, 2018 consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
No More Campaign - Board-designated	\$ 17,743	\$ -
Dameron Stoddard Endowment - Board-designated	1,053,800	-
Alexy Fund	-	12,201
Heilner Fund	-	10,566
Invested in furniture and equipment	36,736	-
Other	438,028	-
Total	<u>\$ 1,546,307</u>	<u>\$ 22,767</u>

Net assets as of June 30, 2017 consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
No More Campaign - Board-designated	\$ 19,096	\$ -
Dameron Stoddard Endowment - Board-designated	1,082,823	-
Invested in furniture and equipment	51,424	-
Other	368,842	-
Total	<u>\$ 1,522,185</u>	<u>\$ -</u>

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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### 9. Contracted Services and Rent Income

The Coalition and the National Resource Center on Domestic Violence (NRC DV) 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 NRC DV was effective from October 1, 2011 through September 30, 2016 and included increases of 2.50% annually. For the year ended June 30, 2017, total annual rent income amounted to \$28,271. This agreement was not renewed.

### 10. Retirement Plan

For the years ended June 30, 2018 and 2017, 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, 2018 and 2017, the Coalition contributed \$57,601 and \$60,389, respectively.

### 11. Functional Expenses

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

	<u>2018</u>	<u>2017</u>
Program activities	\$ 27,470,374	\$ 28,397,720
Management and administrative	1,158,605	992,031
Fundraising	184,343	307,112
Lobbying	<u>25,765</u>	<u>47,005</u>
	<u>\$ 28,839,087</u>	<u>\$ 29,743,868</u>

### 12. Lease Commitments

The Coalition is committed to lease agreements for the use of office space and office equipment. Expenses under the lease agreements for the years ended June 30, 2018 and

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# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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2017 were \$312,413 and \$315,635, respectively. Future minimum annual lease payments under operating leases consist of the following for the years ending June 30:

2019	\$	338,340
2020		346,229
2021		182,376
2022		2,868
2023		2,868
Thereafter		239
	\$	<u>872,920</u>

On January 1, 2011, the Coalition entered into a new lease agreement for a Harrisburg office that will expire on December 31, 2020. Office rental expense under this lease agreement included in the financial statements totaled \$307,805 and \$300,372 for the years ended June 30, 2018 and 2017, respectively.

### 13. Contingencies

#### 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.

# PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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### 14. Significant Funding Agencies

The Coalition's contract revenue for the years ended June 30, 2018 and 2017 includes \$27,842,481 and \$28,630,065, respectively, of revenue resulting from contracts with government agencies.

Revenues from the DHS totaled \$26,804,377 and \$27,609,754, which approximated 93% and 93% of total revenues, gains, and other support for the years ended June 30, 2018 and 2017, respectively. Contracts receivable from the DHS were \$976,692 and \$6,081,238 at June 30, 2018 and 2017, respectively. A significant reduction in the level of this support would have a material effect on the Coalition's programs.

### 15. Related Party Transactions

Various Board members work for the Coalition's subrecipients. Transactions with these related parties consisted of the following during the year ended and as of June 30, 2018:

<u>Subrecipient Organization</u>	<u>Expense</u>	<u>Payable (Receivable)</u>
Centre County Women's Resource Center	\$ 533,631	\$ 8,409
Domestic Violence Services of Southwestern PA	790,683	42,686
HAVIN, Inc.	306,426	35,158
SafeNet Domestic Violence Safety Network	655,166	7,906
Survivors, Inc.	495,349	(20,129)

Transactions with these related parties consisted of the following during the year ended and as of June 30, 2017:

<u>Subrecipient Organization</u>	<u>Expense</u>	<u>Payable (Receivable)</u>
Centre County Women's Resource Center	\$ 355,608	\$ 56,900
Domestic Violence Services of Southwestern PA	790,683	134,992
HAVIN, Inc.	307,616	26,586
SafeNet Domestic Violence Safety Network	650,166	120,231
Survivors, Inc.	497,703	121,188

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