

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2017 AND 2016

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016



Mission

*Delivering solutions to end domestic and
dating violence through intervention,
awareness and prevention.*

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Casa Myrna Vazquez, Inc.
and Affiliates
Boston, Massachusetts

We have audited the accompanying consolidated financial statements of Casa Myrna Vazquez, Inc. (a Massachusetts nonprofit organization) and Affiliates (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

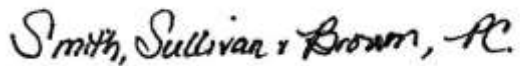
Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Casa Myrna Vazquez, Inc. and Affiliates as of June 30, 2017 and 2016 and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors
Casa Myrna Vazquez, Inc.
and Affiliates

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2017 on our consideration of Casa Myrna Vazquez, Inc. and Affiliates' 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 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 Casa Myrna Vazquez, Inc. and Affiliates' internal control over financial reporting and compliance.



Westborough, Massachusetts
November 7, 2017

CASA MYRNA VAZQUEZ, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|--|-------------------------|-------------------------|
| <u>ASSETS</u> | | |
| <u>CURRENT ASSETS:</u> | | |
| Cash | \$ 62,152 | \$ 143,353 |
| Accounts Receivable, Program Services | 755,871 | 563,675 |
| Gifts and Grants Receivable, Current | 69,000 | 90,655 |
| Prepaid Expenses | <u>11,227</u> | <u>8,359</u> |
| Total Current Assets | <u>898,250</u> | <u>806,042</u> |
| <u>PROPERTY AND EQUIPMENT, NET</u> | <u>1,012,245</u> | <u>1,079,469</u> |
| <u>LONG-TERM INVESTMENTS:</u> | | |
| Board Designated Investments | 1,557,500 | 1,404,087 |
| Endowment Investments | <u>447,548</u> | <u>386,623</u> |
| Total Long-Term Investments | <u>2,005,048</u> | <u>1,790,710</u> |
| <u>OTHER ASSETS:</u> | | |
| Gifts and Grants Receivable, Non-Current | - | 24,510 |
| Security Deposit | <u>10,000</u> | <u>10,000</u> |
| Total Other Assets | <u>10,000</u> | <u>34,510</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 3,925,543</u> | <u>\$ 3,710,731</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>CURRENT LIABILITIES:</u> | | |
| Note Payable, Line-of-Credit | \$ 250,000 | \$ 200,000 |
| Accounts Payable | 32,247 | 34,534 |
| Accrued Expenses | 26,238 | 23,489 |
| Accrued Payroll and Related Costs | 138,506 | 135,293 |
| Deferred Revenue | <u>19,021</u> | <u>-</u> |
| Total Current Liabilities | <u>466,012</u> | <u>393,316</u> |
| <u>LONG-TERM DEBT</u> | <u>202,783</u> | <u>202,783</u> |
| <u>TOTAL LIABILITIES</u> | <u>668,795</u> | <u>596,099</u> |
| <u>NET ASSETS:</u> | | |
| Unrestricted: | | |
| Operating | 296,939 | 237,731 |
| Board Designated | 1,566,132 | 1,415,849 |
| Property and Equipment | <u>809,462</u> | <u>876,686</u> |
| Total Unrestricted Net Assets | 2,672,533 | 2,530,266 |
| Temporarily Restricted Net Assets | 254,215 | 274,366 |
| Permanently Restricted Net Assets | <u>330,000</u> | <u>310,000</u> |
| Total Net Assets | <u>3,256,748</u> | <u>3,114,632</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 3,925,543</u> | <u>\$ 3,710,731</u> |

CASA MYRNA VAZQUEZ, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

| | 2017 | | | | 2016 | | | |
|--|----------------------------|--------------------------|--------------------------|----------------------------|----------------------------|--------------------------|--------------------------|----------------------------|
| | <u>TEMPORARILY</u> | | <u>PERMANENTLY</u> | | <u>TEMPORARILY</u> | | <u>PERMANENTLY</u> | |
| | <u>UNRESTRICTED</u> | <u>RESTRICTED</u> | <u>RESTRICTED</u> | <u>TOTAL</u> | <u>UNRESTRICTED</u> | <u>RESTRICTED</u> | <u>RESTRICTED</u> | <u>TOTAL</u> |
| <u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u> | | | | | | | | |
| <i>Program Revenues:</i> | | | | | | | | |
| Government Contracts and Grants | \$ 3,065,740 | \$ - | \$ - | \$ 3,065,740 | \$ 2,593,277 | \$ - | \$ - | \$ 2,593,277 |
| Rental Income and Other Program Revenues | 57,949 | - | - | 57,949 | 58,561 | - | - | 58,561 |
| Total Program Revenues | <u>3,123,689</u> | <u>-</u> | <u>-</u> | <u>3,123,689</u> | <u>2,651,838</u> | <u>-</u> | <u>-</u> | <u>2,651,838</u> |
| <i>Gifts, Grants and Contributions:</i> | | | | | | | | |
| Grants and Contributions | 423,390 | 404,931 | 20,000 | 848,321 | 415,126 | 256,800 | 25,000 | 696,926 |
| Special Events, Net of Direct Costs | 104,597 | - | - | 104,597 | 88,201 | - | - | 88,201 |
| Donated Goods and Services | 230,284 | - | - | 230,284 | 245,907 | - | - | 245,907 |
| Total Gifts, Grants and Contributions | <u>758,271</u> | <u>404,931</u> | <u>20,000</u> | <u>1,183,202</u> | <u>749,234</u> | <u>256,800</u> | <u>25,000</u> | <u>1,031,034</u> |
| <i>Other Revenues:</i> | | | | | | | | |
| Net Investment Income (Loss) | 228,472 | 40,925 | - | 269,397 | (361,419) | (65,880) | - | (427,299) |
| <i>Reclassification of Net Assets - Released from Restriction:</i> | | | | | | | | |
| Program Restrictions | 431,497 | (431,497) | - | - | 338,795 | (338,795) | - | - |
| Lapse of Time Restrictions | 34,510 | (34,510) | - | - | 24,029 | (24,029) | - | - |
| Total Net Assets Released from Restriction | <u>466,007</u> | <u>(466,007)</u> | <u>-</u> | <u>-</u> | <u>362,824</u> | <u>(362,824)</u> | <u>-</u> | <u>-</u> |
| <u>TOTAL SUPPORT, REVENUES</u> | | | | | | | | |
| <u>AND RECLASSIFICATIONS</u> | <u>4,576,439</u> | <u>(20,151)</u> | <u>20,000</u> | <u>4,576,288</u> | <u>3,402,477</u> | <u>(171,904)</u> | <u>25,000</u> | <u>3,255,573</u> |
| <u>FUNCTIONAL EXPENSES:</u> | | | | | | | | |
| <i>Program Services:</i> | | | | | | | | |
| Residential | 1,338,261 | - | - | 1,338,261 | 1,360,971 | - | - | 1,360,971 |
| The EVA Center | 479,983 | - | - | 479,983 | 315,631 | - | - | 315,631 |
| Supportive Services | 1,205,131 | - | - | 1,205,131 | 967,513 | - | - | 967,513 |
| Safelink, Education and Prevention | 764,786 | - | - | 764,786 | 677,156 | - | - | 677,156 |
| Total Program Services | <u>3,788,161</u> | <u>-</u> | <u>-</u> | <u>3,788,161</u> | <u>3,321,271</u> | <u>-</u> | <u>-</u> | <u>3,321,271</u> |
| <i>Supporting Services:</i> | | | | | | | | |
| Administrative | 375,917 | - | - | 375,917 | 405,631 | - | - | 405,631 |
| Fund Raising | 270,094 | - | - | 270,094 | 238,484 | - | - | 238,484 |
| Total Supporting Services | <u>646,011</u> | <u>-</u> | <u>-</u> | <u>646,011</u> | <u>644,115</u> | <u>-</u> | <u>-</u> | <u>644,115</u> |
| <u>TOTAL FUNCTIONAL EXPENSES</u> | <u>4,434,172</u> | <u>-</u> | <u>-</u> | <u>4,434,172</u> | <u>3,965,386</u> | <u>-</u> | <u>-</u> | <u>3,965,386</u> |
| <u>CHANGE IN NET ASSETS</u> | <u>142,267</u> | <u>(20,151)</u> | <u>20,000</u> | <u>142,116</u> | <u>(562,909)</u> | <u>(171,904)</u> | <u>25,000</u> | <u>(709,813)</u> |
| <u>NET ASSETS - BEGINNING OF YEAR</u> | <u>2,530,266</u> | <u>274,366</u> | <u>310,000</u> | <u>3,114,632</u> | <u>3,093,175</u> | <u>446,270</u> | <u>285,000</u> | <u>3,824,445</u> |
| <u>NET ASSETS - END OF YEAR</u> | <u>\$ 2,672,533</u> | <u>\$ 254,215</u> | <u>\$ 330,000</u> | <u>\$ 3,256,748</u> | <u>\$ 2,530,266</u> | <u>\$ 274,366</u> | <u>\$ 310,000</u> | <u>\$ 3,114,632</u> |

The Accompanying Notes are an Integral Part of these Consolidated Financial Statements . . . Page 4

CASA MYRNA VAZQUEZ, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

(With Summarized Comparative Consolidated Totals for 2016)

| | PROGRAM SERVICES | | | | SUPPORTING SERVICES | | | TOTAL | |
|--|---------------------|-------------------|---------------------|------------------------------------|------------------------|-------------------|-------------------|---------------------|---------------------|
| | RESIDENTIAL | THE EVA CENTER | SUPPORTIVE SERVICES | SAFELINK, EDUCATION AND PREVENTION | TOTAL PROGRAM SERVICES | ADMINISTRATIVE | FUND-RAISING | 2017 | 2016 |
| <u>PERSONNEL AND RELATED COSTS:</u> | | | | | | | | | |
| Salaries | \$ 742,696 | \$ 175,098 | \$ 795,426 | \$ 504,770 | \$ 2,217,990 | \$ 177,562 | \$ 166,784 | \$ 2,562,336 | \$ 2,327,424 |
| Payroll Taxes | 69,422 | 15,235 | 68,342 | 44,810 | 197,809 | 14,930 | 13,705 | 226,444 | 210,203 |
| Fringe Benefits | 83,827 | 28,886 | 70,878 | 62,428 | 246,019 | 24,138 | 15,092 | 285,249 | 248,417 |
| Total Personnel and Related Costs | 895,945 | 219,219 | 934,646 | 612,008 | 2,661,818 | 216,630 | 195,581 | 3,074,029 | 2,786,044 |
| <u>OCCUPANCY:</u> | | | | | | | | | |
| Rent | 15,628 | 12,719 | 83,709 | 29,810 | 141,866 | 27,165 | 18,572 | 187,603 | 161,822 |
| Utilities | 46,701 | 4,052 | 14,607 | 5,931 | 71,291 | 3,517 | 3,170 | 77,978 | 69,476 |
| Depreciation Expense | 65,638 | - | - | - | 65,638 | 789 | - | 66,427 | 66,572 |
| Mortgage Interest | 6,083 | - | - | - | 6,083 | - | - | 6,083 | 6,083 |
| Repairs and Maintenance | 9,788 | 1,951 | 3,716 | 1,627 | 17,082 | 1,348 | 771 | 19,201 | 30,822 |
| Property Insurance | 5,864 | 2,767 | 5,379 | 4,199 | 18,209 | 913 | 902 | 20,024 | 18,242 |
| Total Occupancy | 149,702 | 21,489 | 107,411 | 41,567 | 320,169 | 33,732 | 23,415 | 377,316 | 353,017 |
| <u>OTHER EXPENSES:</u> | | | | | | | | | |
| Direct Care Subcontractors | - | - | 38,296 | 52,235 | 90,531 | - | - | 90,531 | 66,770 |
| Professional Fees | 19,471 | 36,429 | 14,627 | 7,305 | 77,832 | 74,061 | 3,866 | 155,759 | 125,624 |
| Volunteer Services | 31,921 | 114,233 | 25,415 | - | 171,569 | - | - | 171,569 | 199,999 |
| Community Outreach | - | - | - | - | - | 16 | 18,797 | 18,813 | 13,371 |
| Supplies and Materials | 67,600 | 6,725 | 4,020 | 5,424 | 83,769 | 2,547 | 3,323 | 89,639 | 115,302 |
| Telephone and Communications | 22,948 | 10,046 | 12,933 | 13,722 | 59,649 | 3,990 | 1,295 | 64,934 | 53,485 |
| Program Activities | 119,628 | 6,022 | 8,673 | 533 | 134,856 | 1 | 209 | 135,066 | 36,996 |
| Meals | 4,948 | 470 | 2,872 | 1,566 | 9,856 | 2,428 | 189 | 12,473 | 10,899 |
| Small Equipment and Equipment Rent | 7,852 | 47,774 | 7,370 | 5,732 | 68,728 | 2,618 | 1,392 | 72,738 | 67,467 |
| Equipment Depreciation | 1,038 | - | - | - | 1,038 | 9,859 | - | 10,897 | 16,643 |
| Insurance | 2,172 | 1,025 | 6,526 | 1,555 | 11,278 | 338 | 335 | 11,951 | 12,450 |
| Interest and Finance Charges | - | - | - | - | - | 9,038 | - | 9,038 | 1,933 |
| Printing and Postage | 822 | 680 | 4,032 | 2,120 | 7,654 | 767 | 797 | 9,218 | 11,700 |
| Travel | 8,744 | 8,734 | 24,240 | 18,363 | 60,081 | 5,110 | 2,292 | 67,483 | 49,047 |
| Dues and Subscriptions | 1,403 | 1,485 | 1,569 | 502 | 4,959 | 6,811 | 5,339 | 17,109 | 21,477 |
| Training | 3,108 | 4,341 | 10,989 | 1,299 | 19,737 | 970 | 274 | 20,981 | 9,397 |
| Development | - | 15 | - | - | 15 | - | 11,556 | 11,571 | - |
| Miscellaneous | 959 | 1,296 | 1,512 | 855 | 4,622 | 7,001 | 1,434 | 13,057 | 13,765 |
| Total Other Expenses | 292,614 | 239,275 | 163,074 | 111,211 | 806,174 | 125,555 | 51,098 | 982,827 | 826,325 |
| Total Functional Expenses | \$ 1,338,261 | \$ 479,983 | \$ 1,205,131 | \$ 764,786 | \$ 3,788,161 | \$ 375,917 | \$ 270,094 | \$ 4,434,172 | \$ 3,965,386 |

The Accompanying Notes are an Integral Part of these Consolidated Financial Statements . . . Page 5

CASA MYRNA VAZQUEZ, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>PROGRAM SERVICES</u> | | | | <u>SUPPORTING SERVICES</u> | | | <u>TOTAL FUNCTIONAL EXPENSES</u> |
|--|----------------------------|---------------------------|--------------------------------|---|---------------------------------------|-----------------------------|--------------------------|--|
| | <u>RESIDENTIAL</u> | <u>THE EVA CENTER</u> | <u>SUPPORTIVE SERVICES</u> | <u>SAFELINK, EDUCATION AND PREVENTION</u> | <u>TOTAL PROGRAM SERVICES</u> | <u>ADMINIS- TRATIVE</u> | <u>FUND- RAISING</u> | |
| <u>PERSONNEL AND RELATED COSTS:</u> | | | | | | | | |
| Salaries | \$ 770,832 | \$ 154,917 | \$ 608,829 | \$ 447,370 | \$ 1,981,948 | \$ 193,886 | \$ 151,590 | \$ 2,327,424 |
| Payroll Taxes | 70,378 | 13,449 | 54,691 | 40,556 | 179,074 | 17,162 | 13,967 | 210,203 |
| Fringe Benefits | 72,666 | 7,674 | 74,435 | 41,244 | 196,019 | 39,914 | 12,484 | 248,417 |
| Total Personnel and Related Costs | <u>913,876</u> | <u>176,040</u> | <u>737,955</u> | <u>529,170</u> | <u>2,357,041</u> | <u>250,962</u> | <u>178,041</u> | <u>2,786,044</u> |
| <u>OCCUPANCY:</u> | | | | | | | | |
| Rent | 18,600 | 8,445 | 66,775 | 25,801 | 119,621 | 25,721 | 16,480 | 161,822 |
| Utilities | 44,432 | 1,134 | 11,675 | 4,888 | 62,129 | 4,506 | 2,841 | 69,476 |
| Depreciation Expense | 64,994 | - | - | - | 64,994 | 1,578 | - | 66,572 |
| Mortgage Interest | 6,083 | - | - | - | 6,083 | - | - | 6,083 |
| Repairs and Maintenance | 21,202 | 887 | 4,229 | 2,067 | 28,385 | 1,503 | 934 | 30,822 |
| Property Insurance | 5,524 | 2,362 | 4,964 | 3,608 | 16,458 | 1,084 | 700 | 18,242 |
| Total Occupancy | <u>160,835</u> | <u>12,828</u> | <u>87,643</u> | <u>36,364</u> | <u>297,670</u> | <u>34,392</u> | <u>20,955</u> | <u>353,017</u> |
| <u>OTHER EXPENSES:</u> | | | | | | | | |
| Direct Care Subcontractors | - | - | 1,235 | 65,535 | 66,770 | - | - | 66,770 |
| Professional Fees | 30,346 | 10,160 | 14,626 | 10,068 | 65,200 | 58,059 | 2,365 | 125,624 |
| Volunteer Services | 56,263 | 91,076 | 43,647 | - | 190,986 | 9,013 | - | 199,999 |
| Community Outreach | - | 1,589 | - | - | 1,589 | 333 | 11,449 | 13,371 |
| Supplies and Materials | 91,025 | 1,741 | 5,882 | 2,535 | 101,183 | 5,580 | 8,539 | 115,302 |
| Telephone and Communications | 21,798 | 6,395 | 8,610 | 12,233 | 49,036 | 3,358 | 1,091 | 53,485 |
| Program Activities | 22,853 | 3,003 | 10,490 | - | 36,346 | - | 650 | 36,996 |
| Meals | 4,399 | 161 | 1,645 | 1,208 | 7,413 | 3,365 | 121 | 10,899 |
| Small Equipment and Equipment Rental | 37,530 | 7,580 | 13,571 | 4,539 | 63,220 | 3,122 | 1,125 | 67,467 |
| Equipment Depreciation | 1,670 | - | - | - | 1,670 | 14,973 | - | 16,643 |
| Insurance | 2,224 | 951 | 7,104 | 1,453 | 11,732 | 436 | 282 | 12,450 |
| Interest and Finance Charges | - | - | - | - | - | 1,933 | - | 1,933 |
| Printing and Postage | 650 | 186 | 3,441 | 1,306 | 5,583 | 518 | 5,599 | 11,700 |
| Travel | 9,867 | 1,369 | 20,826 | 9,183 | 41,245 | 5,471 | 2,331 | 49,047 |
| Dues and Subscriptions | 4,271 | 1,065 | 3,998 | 1,836 | 11,170 | 8,158 | 2,149 | 21,477 |
| Training | 1,331 | 81 | 5,483 | 1,433 | 8,328 | 816 | 253 | 9,397 |
| Miscellaneous | 2,033 | 1,406 | 1,357 | 293 | 5,089 | 5,142 | 3,534 | 13,765 |
| Total Other Expenses | <u>286,260</u> | <u>126,763</u> | <u>141,915</u> | <u>111,622</u> | <u>666,560</u> | <u>120,277</u> | <u>39,488</u> | <u>826,325</u> |
| Total Functional Expenses | <u>\$ 1,360,971</u> | <u>\$ 315,631</u> | <u>\$ 967,513</u> | <u>\$ 677,156</u> | <u>\$ 3,321,271</u> | <u>\$ 405,631</u> | <u>\$ 238,484</u> | <u>\$ 3,965,386</u> |

The Accompanying Notes are an Integral Part of these Consolidated Financial Statements . . . Page 6

CASA MYRNA VAZQUEZ, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|---|-------------------------|--------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Change in Net Assets | \$ 142,116 | \$ (709,813) |
| <i>Adjustments to Reconcile the Above to Net Cash Used by Operating Activities:</i> | | |
| Depreciation Expense | 77,324 | 83,215 |
| Net Investment (Income) Loss | (269,397) | 427,299 |
| Permanently Restricted Contributions | (20,000) | (25,000) |
| <i>(Increase) Decrease in Current Assets:</i> | | |
| Accounts Receivable, Program Services | (192,196) | (335,588) |
| Gifts and Grants Receivable | 21,655 | 67,345 |
| Prepaid Expenses | (2,868) | 3,661 |
| <i>Increase (Decrease) in Current Liabilities:</i> | | |
| Accounts Payable | (2,287) | (3,082) |
| Accrued Expenses | 2,749 | (550) |
| Accrued Payroll and Related Costs | 3,213 | (49,999) |
| Deferred Revenue | 19,021 | (7,500) |
| <i>(Increase) Decrease in Other Assets:</i> | | |
| Gifts and Grants Receivable | 24,510 | 24,029 |
| Net Adjustment | <u>(338,276)</u> | <u>183,830</u> |
| <u>NET CASH USED BY OPERATING ACTIVITIES</u> | <u>(196,160)</u> | <u>(525,983)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | |
| Proceeds from Sale of Investments, Net of Reinvestments | 55,059 | 115,686 |
| Investment Income from Operating Funds | - | 50 |
| Acquisition of Property and Equipment | <u>(10,100)</u> | <u>(28,193)</u> |
| Net Cash Flows from Investing Activities | <u>44,959</u> | <u>87,543</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | |
| Contributions Restricted for Long-Term Investment | 20,000 | 25,000 |
| Advances on Line-of-Credit, Net of Repayments | <u>50,000</u> | <u>200,000</u> |
| Net Cash Flows from Financing Activities | <u>70,000</u> | <u>225,000</u> |
| <u>NET DECREASE IN CASH BALANCES</u> | <u>(81,201)</u> | <u>(213,440)</u> |
| <u>CASH BALANCES - BEGINNING OF YEAR</u> | <u>143,353</u> | <u>356,793</u> |
| <u>CASH BALANCES - END OF YEAR</u> | <u>\$ 62,152</u> | <u>\$ 143,353</u> |
| <i>Supplemental Disclosures :</i> | | |
| Interest Paid | <u>\$ 15,121</u> | <u>\$ 8,017</u> |

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE 1 ORGANIZATION AND AFFILIATIONS

Casa Myrna Vazquez, Inc. (“Casa Myrna”, “CMV” or the “Organization”) was incorporated in 1976 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. Casa Myrna Vazquez, Inc. has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

CMV is the sole beneficiary of certain trusts which hold certain land and buildings and the related liabilities (See Note 3).

NOTE 2 PROGRAM SERVICES

Casa Myrna was founded in 1977 as a volunteer-run shelter in Boston’s South End for abused women and their children. The agency added residential and programmatic capacity over the years in response to emerging needs. Today, Casa Myrna serves over 1,300 survivors a year and answers nearly 30,000 calls by multilingual advocates at our SafeLink hotline, the Massachusetts statewide domestic violence hotline. In addition, Casa Myrna provides domestic and dating violence awareness and prevention by educating teens and adults across the state through workshops, seminars, trainings, social media, engagement with the media and annual ad campaigns on mass transit systems. Because we believe every relationship should be safe and healthy, *Casa Myrna’s mission is to deliver solutions to end domestic and dating violence through intervention, awareness and prevention.*

Casa Myrna’s programs include:

Residential Programs:

All of Casa Myrna’s residential programs are congregate, home-like environments. Each family has their own room, and shares the kitchens, bathrooms, living, dining and children’s play space areas. All participants receive comprehensive supportive services. Each night, Casa Myrna can house up to 24 survivors and 35 children.

Mary Lawson Foreman Emergency Program:

The Mary L. Foreman Emergency Program is Casa Myrna’s first shelter, opened at our founding in 1977 to respond to the needs of domestic violence survivors in the South End neighborhood of Boston. The program provides safety and emergency shelter for up to 10 survivors and 13 children who have been made homeless by domestic violence. While in the program, survivors have access to all of Casa Myrna’s supportive services. After completing initial assessments, survivors work with agency staff and community-based service providers to plan their next steps, including moving on to transitional and permanent housing.

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(Continued)

NOTE 2 *(Continued)*

Transitional Living Program:

Casa Myrna’s Transitional Living Program (“TLP”) provides longer-term housing and supportive services for up to 6 survivors and 9 children. Most have already been through at least one emergency shelter placement, and are now working to secure permanent housing, increase their income, and solidify the gains they have made that will sustain futures free of violence and abuse. Due to federal housing funding cuts, Casa Myrna closed the Transitional Living Program in May 2017.

Teen Parenting Program:

The Teen Parenting Program (“TPP”) is both an emergency and transitional residential program for pregnant and parenting young adults who are survivors of domestic and family violence. TPP accommodates up to 8 survivors and 13 children. While at TPP, young parents receive intensive support, complete their education, attend job training or other professional skills-building programs, and participate in nightly group meetings on topics ranging from parenting and nurturing to understanding the dynamics of abusive relationships.

Supportive Domestic Violence Services:

Through our comprehensive provision of supportive services, Casa Myrna helps survivors acquire safety, overcoming the trauma they have experienced and developing skills for long-term self-sufficiency. Being independent, physically, financially and emotionally from their abusers signifies to survivors that they have moved beyond the trauma in their lives. We provide a comprehensive range of services, free of charge and available in Spanish, English and other languages, to help survivors reach their short and long-term goals, as they define them. Supportive services are available to all survivors in Casa Myrna’s residential programs and to survivors living in the community. Supportive services include:

Legal Advocacy Program:

The Legal Advocacy Program (“LAP”) seeks to address the unmet legal needs of survivors of domestic violence by serving as a culturally competent point of access for survivors who, due to linguistic, cultural, and economic barriers, would not be able to access representation through traditional mainstream channels. Initially established to provide emergency legal services, the program has expanded its capacity to include full representation in Probate and Family Court matters related to abuse prevention/order of protection, child custody, immigration, and housing. In addition LAP provides community legal clinics and operates a Legal HelpLine available to advocates and survivors throughout the Commonwealth.

Counseling Services:

Counseling Services provides individual counseling and group support to survivors of domestic violence, as well as referrals to outside therapeutic resources. The Coordinator also provides trainings on the issue of domestic violence to other stakeholders, including social service provider groups, faith-based organizations and community health centers. The program is staffed by a licensed social worker, counseling advocates and graduate interns majoring in social work or clinical psychology from area universities.

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(Continued)

NOTE 2 *(Continued)*

Housing Advocacy and Stabilization:

Housing Specialists work with survivors who have been made homeless by domestic violence or who are at risk of ongoing abuse in their current living situations. Specialists help survivors assess their housing needs, and provide support in identifying, applying for, securing and maintaining safe permanent, affordable housing. The program also helps secure donations of household items and assistance with moving expenses and rent. In recent years, Casa Myrna has expanded our housing services to include a Rapid Rehousing Program where survivors move quickly from homelessness to permanent housing with rental support from Casa Myrna.

SOAR (Stability, Opportunity, Achievement, Results):

Casa Myrna's economic development program helps survivors set and pursue educational, vocational and employment goals, and supports them in budgeting, saving and planning for their financial self-sufficiency. In addition to individual support, an Economic Stability Specialist provides six-session workshop series throughout Boston that help survivors review their credit histories, repair bad credit, open savings or checking accounts and master the realities of budgeting and sound financial planning. The program also helps secure funding for expenses related to education and training.

Community Advocacy:

Through the Community Advocacy Program, Community Advocacy Specialists provide an immediate point of access for survivors throughout Boston. Specialists connect with survivors in our office and at partner sites, including health centers, district courts, homeless shelters, schools and the Boston Family Justice Center. Specialists provide safety planning, advocacy, access to Casa Myrna's supportive services, and linkages to other resources. Community Advocacy Specialists are also a critical source of information and support to staff at these organizations to help them identify warning signs and risk factors related to domestic violence. Last year, Casa Myrna expanded the Community Advocacy Program to include a Youth Specialist. The Youth Specialist provides advocacy for and support to young survivors of dating and domestic violence.

Children's Services:

The Children's Services Program works to address the complex needs of children of all ages who have witnessed the abuse of their parent, helping them heal and recover from the trauma they have experienced. The program is based on the belief that strengthening the bond between parent and child is critically important to the healing process in the aftermath of domestic violence.

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(Continued)

NOTE 2 *(Continued)*

EVA Center:

In 2016, the EVA Center became a project of Casa Myrna. The EVA Center is a survivor led, social justice oriented non-profit whose mission is to empower women who have experienced sexual exploitation (prostitution, sex trafficking) to find solutions to the issues they face and exit the commercial sex industry. The EVA Center also works to challenge public perceptions and strongly advocate for specialized, survivor led, strength based programming that increases awareness of the many socio-economic and situational factors contributing to women and girls' entry into the sex trade. In 2017, Casa Myrna expanded the EVA Center to include a housing program and additional advocacy and legal services to survivors of commercial sexual exploitation.

SafeLink Hotline:

SafeLink is Massachusetts' statewide, 24/7, toll-free domestic violence hotline. Answering an average of 70-90 calls a day, or over 28,000 calls annually, SafeLink's multi-lingual advocates provide survivors with information, crisis intervention, safety planning and referrals to domestic violence organizations in their own communities. They also assist callers who may be friends, family, co-workers and human service providers, by providing education and resources about domestic violence. A critical component of SafeLink is the statewide Bed Update, which provides real-time information on the availability of space in domestic violence shelters across the state.

Education, Outreach and Awareness:

By raising the visibility of the issue, Casa Myrna hopes to increase attention, awareness, understanding and discussion - all of which are vital to eradicating domestic and dating violence. Casa Myrna works with youth, college students, and adults in a variety of settings to discuss topics such as patterns of control that lead to abuse, gender stereotypes, racism, poverty, community violence, the media's influence in promoting violence and disrespect, how language can contribute to the problem, and domestic violence in the family. Through public education, work with the media, engaging presentations and interactive workshops, Casa Myrna teaches the public how to recognize the warning signs of controlling, abusive and potentially dangerous intimate relationships, and provides resources on supporting survivors and ending domestic violence. Since 2008, our education and outreach work has included bi-annual statewide ad campaigns on mass transit systems throughout Massachusetts in both Spanish and English.

This fiscal year, Casa Myrna expanded our work to include a new teen dating violence prevention initiative. Through a partnership with the Boston Public Health Commission's Start Strong program, Casa Myrna created a youth peer leader program to raise awareness about the issue and educate Boston youth on healthy relationships and dating abuse.

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(Continued)

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's consolidated financial statements are described below to enhance the usefulness of the consolidated financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

Basis of Accounting:

The Organization's policy is to maintain its books and prepare its consolidated financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

Principles of Consolidation:

These consolidated financial statements include the accounts of CMV and certain trusts in which CMV is the sole beneficiary. These trusts hold certain land and buildings and the related liabilities. The trusts are under common control by the Board of Directors of CMV. For the years presented, there were no financial transactions within the trusts and all activities represent the activities of Casa Myrna Vazquez, Inc.

Fair Value of Financial Instruments:

The Organization reports its fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

- Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(Continued)

NOTE 3 *(Continued)*

The primary use of fair value measures in the Organization's consolidated financial statements are:

- Initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give
- Recurring measurement of investments

There have been no changes to this valuation methodology.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as listed below:

Unrestricted Net Assets - consists of assets, public support and program revenues which are available and used for operations, programs, and capital expenditures. Unrestricted net assets represents the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Organization includes funds which represent unrestricted resources designated by the Board of Directors for specific purposes.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the Organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets.

Accounts Receivable, Program Services:

Accounts Receivable, Program Services represents amounts which are due from government funded program service contracts and subcontracts. These amounts are considered fully collectible; consequently, these financial statements do not contain a provision for uncollectible accounts receivable from contracts. Therefore, if accounts become uncollectible, a provision will be established when that determination is made. For the years presented, CMV did not report any loss from uncollectible accounts receivable.

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(Continued)

NOTE 3 *(Continued)*

Gifts and Grants Receivable:

Gifts and Grants Receivable reflects the balance due on grant commitments, which management considers to be fully collectible. Therefore, there is no provision for uncollectible grants receivable, and there were no losses arising from uncollectible promises to give for the years presented. If amounts are subsequently deemed uncollectible, a provision will be established when that determination is made. Receivables are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. As of June 30, 2016, the Organization's non-current contributions were due in two years.

Property and Equipment:

Property, equipment, furnishing and improvement purchases in excess of \$5,000 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment.

Depreciation of property and equipment is computed using the straight-line method, and is charged to activities over the following estimated useful lives of the assets:

| <u>Asset Category</u> | <u>Life</u> |
|-------------------------|--------------|
| Buildings | 40 years |
| Building Improvements | 5 - 40 years |
| Furniture and Equipment | 3 - 7 years |

Investments:

The Organization maintains an investment portfolio which includes cash equivalents and marketable debt and equity securities in the form of professionally managed mutual funds. As required by the *FASB Accounting Standards Codification*TM, investments are reported at fair value, including unrealized gains and losses which are recognized in the current period Consolidated Statements of Activities.

Investments are classified as short or long-term depending upon the nature of the investments and the intentions of management. *Board Designated Investments* are intended for the acquisition of a new facility, and therefore, are presented as long-term, non-current assets. *Endowment Investments* represents permanently restricted net assets; accordingly, the investments are classified as long-term regardless of the investment liquidity.

Endowment Funds:

As required by the Commonwealth of Massachusetts, the Organization follows the guidance of the Uniform Prudent Management of Institutional Funds Acts ("UPMIFA"). UPMIFA establishes law for the management of investment of donor-restricted endowment funds.

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(Continued)

NOTE 3 *(Continued)*

The Organization's spending policy for endowment funds provides that up to 3% of the fair value of such investments may be released annually for purposes of general operating spending. The 3% is calculated using the average market value of the pool over the last 20 quarters, or as many periods as are available, in order to help to reduce the volatility of this income stream.

Pursuant to this policy, the amount which may be released is determined during the year and funds are disbursed from the investment funds to the Organization's operating accounts. Management's interpretation of state law is that the Organization may appropriate as much of the net appreciation as is prudent considering the Organization's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. In accordance with UPMIFA, the Organization considers the following factors in making a determination of whether to invest or appropriate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Income and appreciation earned on endowment investments are classified as temporarily restricted until appropriated for expenditure by the Board of Directors. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Massachusetts law requires the Organization to retain as a fund of perpetual duration. For the years presented, there were no funds of this nature. As required by the *FASB Accounting Standards Codification*TM, when applicable, deficiencies of this nature are reported in unrestricted net assets.

The Organization takes a conservative approach to investing its endowment funds, which are maintained in publicly traded mutual funds and cash equivalents.

Revenue Recognition:

CMV is the recipient of various federal, state and local government funded service contracts. These contracts are administered on either a cost reimbursement basis or on a unit-of-service basis; accordingly, the funding sources are billed as eligible costs are incurred or units-of-service are provided, and program service revenues along with the related receivables are recorded in the period during which the costs were incurred and the services were delivered. These service contracts and federal awards are subject to an annual renewal process and future funding is not guaranteed.

CMV operates two transitional housing facilities which are subsidized by the Massachusetts Rental Voucher Program ("MRVP"). Rental income consists of funds received from the tenants and from the MRVP through the Boston Housing Authority. Under this program, the tenants are responsible for a portion of their rent which is determined using a formula prescribed by the Boston Housing Authority and HUD regulations for supportive housing services. Revenue from rent is recognized when earned based upon occupancy dates.

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(Continued)

NOTE 3 *(Continued)*

Contributions, Gifts and Grants:

As required by the *FASB Accounting Standards Codification*TM, contributions are required to be recorded as receivables and revenues and the Center is required to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. Contributions may include gifts of cash, stock, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Goods and Services:

As required by the *FASB Accounting Standards Codification*TM, the Organization maintains a policy whereby the value of the donated goods and services which create or enhance nonfinancial assets; require a specialized skill; and/or which would have otherwise been purchased by the Organization are recognized as revenue and expense on the Consolidated Statements of Activities and are listed as expenses on the Consolidated Statements of Functional Expenses.

Functional Expenses:

CMV allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based upon space and time usage. Supporting services are those related to operating and managing Casa Myrna Vazquez, Inc. and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative - includes all activities related to Casa Myrna Vazquez, Inc.'s internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for Casa Myrna's programs. Fund raising expenses also include the indirect costs of special fund raising events, while direct event costs are netted against the event proceeds. For the years presented, total fund raising expenses, including both direct and indirect event costs, were \$301,364 and \$261,952, respectively.

CASA MYRNA VAZQUEZ, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(Continued)

NOTE 3 (Continued)

Recent Accounting Guidance:

In August 2016, the FASB issued ASC Update No. 2016-14, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*, with the goal of improving not-for-profit financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in financial statements and notes about the function and nature of expenses, liquidity, financial performance, and cash flows. This guidance will be effective for this Organization beginning after December 15, 2017 and is not expected to have a material effect on the Organization's financial position or change in net assets.

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. In August 2015, the FASB issued ASC Update No. 2015-14, (Topic 606) *Revenue from Contracts with Customers*, which deferred the effective date of ASC Update No. 2014-09 by one year. This guidance will be effective for this Organization beginning after December 15, 2018 and is not expected to have a material effect on the Organization's financial position or change in net assets.

NOTE 4 INVESTMENTS

As of June 30, 2017 and 2016, CMV's investment portfolio consists of the following:

| <u>Investment Type</u> | <u>June 30, 2017</u> | | | |
|------------------------|----------------------|-------------------------|--------------------------|-----------------------------|
| | <u>Cost Basis</u> | <u>Unrealized Gains</u> | <u>Unrealized Losses</u> | <u>Fair Value (Level 1)</u> |
| Money Market Funds | \$ 52,605 | \$ - | \$ - | \$ 52,605 |
| Bond Mutual Funds | 331,809 | - | (6,057) | 325,752 |
| Equity Mutual Funds | <u>1,436,180</u> | <u>190,511</u> | <u>-</u> | <u>1,626,691</u> |
| Totals | <u>\$1,820,594</u> | <u>\$190,511</u> | <u>\$(6,057)</u> | <u>\$2,005,048</u> |
| | | | | |
| <u>Investment Type</u> | <u>June 30, 2016</u> | | | |
| | <u>Cost Basis</u> | <u>Unrealized Gains</u> | <u>Unrealized Losses</u> | <u>Fair Value (Level 1)</u> |
| Money Market Funds | \$ 50,153 | \$ - | \$ - | \$ 50,153 |
| Bond Mutual Funds | 269,005 | 2,820 | - | 271,825 |
| Equity Mutual Funds | <u>1,486,826</u> | <u>-</u> | <u>(18,094)</u> | <u>1,468,732</u> |
| Totals | <u>\$1,805,984</u> | <u>\$2,820</u> | <u>\$(18,094)</u> | <u>\$1,790,710</u> |

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(Continued)

NOTE 4 (Continued)

Financial Statement Classification:

| | <u>2017</u> | <u>2016</u> |
|------------------------------|--------------------|--------------------|
| Board Designated Investments | \$1,557,500 | \$1,404,087 |
| Endowment Investments | <u>447,548</u> | <u>386,623</u> |
| Total | <u>\$2,005,048</u> | <u>\$1,790,710</u> |

Investment gains and losses consist of the following:

| | <u>2017</u> | <u>2016</u> |
|--|------------------|--------------------|
| Net Unrealized Gains (Losses) on Investments | \$199,729 | \$ (61,321) |
| Net Realized Gains (Losses) on Investments | 57,173 | (513,897) |
| Interest and Dividends | 31,477 | 147,919 |
| Investment Fees | <u>(18,982)</u> | <u>-</u> |
| Net Investment Return | <u>\$269,397</u> | <u>\$(427,299)</u> |

The Organization uses the following ways to determine the fair value of its investments:

Money Market Funds: Determined by the published net asset value (“NAV”) per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

Mutual Funds: Determined at the published NAV unit at the end of the last trading day of the fiscal year, which is the basis for the transactions at that date. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares held by the Organization at year end. NAV is quoted in an active market.

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of the Organization’s property and equipment as of June 30, 2017 and 2016:

| <u>Asset Category</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value 2017</u> |
|----------------------------|--------------------|-------------------------------------|--------------------------------|
| Land | \$ 81,134 | \$ - | \$ 81,134 |
| Buildings and Improvements | 2,529,949 | 1,603,370 | 926,579 |
| Furniture and Equipment | <u>233,255</u> | <u>228,723</u> | <u>4,532</u> |
| Total | <u>\$2,844,338</u> | <u>\$1,832,093</u> | <u>\$1,012,245</u> |

| <u>Asset Category</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value 2016</u> |
|----------------------------|--------------------|-------------------------------------|--------------------------------|
| Land | \$ 81,134 | \$ - | \$ 81,134 |
| Buildings and Improvements | 2,519,848 | 1,536,943 | 982,905 |
| Furniture and Equipment | <u>233,255</u> | <u>217,825</u> | <u>15,430</u> |
| Total | <u>\$2,834,237</u> | <u>\$1,754,768</u> | <u>\$1,079,469</u> |

CASA MYRNA VAZQUEZ, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(Continued)

NOTE 6 LINE-OF-CREDIT

Casa Myrna has a \$250,000 revolving line-of-credit with Commerce Bank. Borrowings on the line-of-credit bear interest at the Wall Street Journal prime rate plus 0.50%, which was 4.75% and 3.75% as of June 30, 2017 and 2016, respectively. The note is collateralized by a security interest in substantially all assets of the Organization. As of June 30, 2017 and 2016, the Organization had outstanding borrowings of \$250,000 and \$200,000, respectively, on the line-of-credit.

NOTE 7 MORTGAGE DEBT

Casa Myrna has an interest only note payable to the City of Boston's Department of Neighborhood Development in the amount of \$202,783. Interest of 3% is payable annually through April 2022, at which time any unpaid principal and interest are due. This note is secured by a first mortgage on land and a building which houses the Teen Parenting Program, located in Dorchester, MA. The balance of the note is classified as non-current debt in the accompanying Consolidated Statements of Financial Position.

NOTE 8 RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

As of June 30, 2017 and 2016, unrestricted net assets were designated by the Board of Directors for the following projects and purposes:

| <u>Board Designation</u> | <u>2017</u> | <u>2016</u> |
|--|--------------------|--------------------|
| Real Estate Acquisition | \$1,557,500 | \$1,404,087 |
| Program Participant Education Expenses | <u>8,632</u> | <u>11,762</u> |
| Total | <u>\$1,566,132</u> | <u>\$1,415,849</u> |

As of June 30, 2017 and 2016, temporarily restricted net assets consisted of the following balances:

| <u>Nature of Restriction</u> | <u>2017</u> | <u>2016</u> |
|---------------------------------------|------------------|------------------|
| Appreciation on Endowment Investments | \$117,548 | \$ 76,623 |
| Time Restricted, General Operations | 42,500 | 49,510 |
| Teen Parenting Program | 20,833 | 44,900 |
| SafeLink Program | - | 25,000 |
| Community Outreach and Advocacy | 20,000 | - |
| The EVA Center and Exit Program | 53,334 | 50,000 |
| Supportive Services | <u>-</u> | <u>28,333</u> |
| Total | <u>\$254,215</u> | <u>\$274,366</u> |

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(Continued)

NOTE 8 (Continued)

For the years presented, net assets were released from restriction for the following programs and purposes:

| <u>Nature of Restriction</u> | <u>2017</u> | <u>2016</u> |
|-------------------------------------|------------------|------------------|
| Time Restricted, General Operations | \$ 34,510 | \$ 24,029 |
| Teen Parenting Program | 126,215 | 151,900 |
| SafeLink Hotline | 65,000 | 27,081 |
| Community Outreach and Advocacy | 78,333 | 10,000 |
| The EVA Center and Exit Program | 101,949 | - |
| Legal Advocacy | 60,000 | 50,000 |
| Capital Projects | - | 51,904 |
| Supportive Services | - | 11,667 |
| SOAR Program | - | 20,000 |
| Computer and Technology Upgrades | - | 16,243 |
| Total | <u>\$466,007</u> | <u>\$362,824</u> |

The composition of and changes in donor-designated endowment net assets for the years ended June 30, 2017 and 2016 were as follows:

| | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total Endowment Net Assets</u> |
|-------------------------------------|-----------------------------------|-----------------------------------|---------------------------------------|
| Endowment Net Assets, June 30, 2015 | \$142,503 | \$285,000 | \$427,503 |
| Investment Income | 24,757 | - | 24,757 |
| Net Appreciation (Depreciation) | (90,637) | - | (90,637) |
| Contributions | - | <u>25,000</u> | <u>25,000</u> |
| Endowment Net Assets, June 30, 2016 | <u>76,623</u> | 310,000 | 386,623 |
| Investment Income | 3,529 | - | 3,529 |
| Net Appreciation (Depreciation) | 37,396 | - | 37,396 |
| Contributions | - | <u>20,000</u> | <u>20,000</u> |
| Endowment Net Assets, June 30, 2017 | <u>\$117,548</u> | <u>\$330,000</u> | <u>\$447,548</u> |

NOTE 9 GOVERNMENT FUNDED CONTRACTS

Commonwealth of Massachusetts - Department of Children and Families (“DCF”) and Department of Public Health (“DPH”):

For many years, Casa Myrna has contracted with the DCF in several purchase-of-service arrangements under Domestic Violence Programs that provides for funding for the emergency shelter, the teen residential program, the SafeLink Hotline program, and community-based service programs. Effective October 1, 2016, the administration and funding of these contracts was transferred to DPH; however, the contract terms, scope of service, conditions and budgets remained intact. Casa Myrna continues to collaborate with the Domestic Violence Unit within DCF; however, the programmatic, funding and contract oversight resides with DPH. The aggregate funding from contracts amounted to \$1,605,600 in FY 2017 and \$1,632,333 in FY 2016. These contracts are administered on a cost reimbursement basis for the SafeLink Hotline program; unit rates per bed/room nights for the residential programs; and hourly rates for the community based service programs.

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(Continued)

NOTE 9 *(Continued)*

U.S. Department of Justice (“DOJ”):

During the years presented, Casa Myrna was the recipient of three direct federal awards through the DOJ Office on Violence Against Women. The first award was funded under the federal Legal Assistance for Victims Grant Program and had a three-year term expiring September 30, 2016 with total funding of \$500,000. A new, two-year award was received effective October 1, 2016 with total funding of \$600,000. These grants support CMV’s Legal Advocacy program in a collaboration with the Domestic Violence Institute at Northeastern University School of Law and Roxbury Community College. The third award is funded under the Grant Program to Address Children and Youth Experiencing Domestic and Sexual Assault and Engage Men and Boys as Allies and has a three-year term beginning in October 2015 with total funding of \$450,000.

CMV receives additional DOJ funds under the Victims of Crime Act (“VOCA”) under cost-reimbursement contracts through the Massachusetts Office for Victim Assistance (“MOVA”). Three new VOCA funded contracts were executed through MOVA with maximum annual budgets of \$1,155,105 and \$669,826 for the years ended June 30, 2017 and 2016, respectively. The contracts significantly expanded Casa Myrna’s programming capacity for legal advocacy, community-based advocacy and an exit program for survivors of commercial sexual exploitation. These contracts provided funding totaling \$712,702 and \$477,683, respectively, for the years ended June 30, 2017 and 2016.

Total revenue received through DOJ funded programs was \$1,227,393 and \$710,287 for the years ended June 30, 2017 and 2016, respectively.

U.S. Department of Housing and Urban Development (“HUD”):

Casa Myrna received federal funding from HUD through the City of Boston’s Department of Neighborhood Development (“DND”) under the Continuum of Care Program and Emergency Solutions Grants which amounted to \$156,941 for the year ended June 30, 2016. These contracts were administered on a cost reimbursement basis. The Continuum of Care contracts provided funding for the adult and teen residential programs, and funding was discontinued on January 31, 2016. In FY 2016, a new contract was issued by the City of Boston through HUD for Rapid Rehousing with a contract period of November 1, 2015 - October 31, 2017 and a maximum obligation of \$232,300 for the two-year period. This contract provided funding totaling \$159,112 and \$32,502, respectively, for the years ended June 30, 2017 and 2016.

In FY 2017 and FY 2016, additional contract funding of \$35,000 per year was received under the Community Development Block Grant Program, also administered by the City of Boston, and provided funding for Casa Myrna’s economic development program.

Total funds received through HUD sources amounted to \$194,112 and \$224,433 for the years ended June 30, 2017 and 2016, respectively.

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(Continued)

NOTE 10 SPECIAL FUND RAISING EVENTS

Special event revenue is reflected on the Consolidated Statements of Activities net of the direct costs of the events, while the indirect event costs are reported as fund raising expenses on the Consolidated Statements of Functional Expenses. A summary of the events is presented below:

| | <u>2017</u> | <u>2016</u> |
|---|------------------|------------------|
| Community of Conscience Breakfast Sponsorships and Event Proceeds | \$126,798 | \$103,875 |
| Less: Direct Event Costs | <u>(31,270)</u> | <u>(23,468)</u> |
| Net Revenue | 95,528 | 80,407 |
| Other Events | <u>9,069</u> | <u>7,794</u> |
| Special Events, Net of Direct Costs | <u>\$104,597</u> | <u>\$ 88,201</u> |

NOTE 11 DONATED GOODS AND SERVICES

For the years presented, the Organization recognized the following in-kind contributions in the consolidated financial statements:

| <u>Description</u> | <u>2017</u> | <u>2016</u> |
|----------------------------|------------------|------------------|
| Food | \$ 13,215 | \$ 6,760 |
| Program Supplies | 35,400 | 39,148 |
| Mental Health Interns | 31,921 | 56,263 |
| Legal Interns | 25,415 | 43,647 |
| Legal Services | - | 9,013 |
| Exit Program Legal Interns | 114,233 | 91,076 |
| Facility Improvements | <u>10,100</u> | - |
| Total | <u>\$230,284</u> | <u>\$245,907</u> |

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(Continued)

NOTE 12 OPERATING LEASES

Facility:

The Organization leases space for its programs and administrative office under an operating lease agreement that expires on June 30, 2018, with a renewal option through June 30, 2019. The facility lease requires the Organization to maintain certain insurance coverage and pay for its proportionate share of real estate taxes. A security deposit of \$10,000 was paid in connection with the lease and is included in *Security Deposit* in the accompanying Consolidated Statements of Financial Position.

Equipment:

The Organization leases certain office equipment under operating leases that expire at various dates through August 2021. Total equipment lease expense was \$27,790 and \$19,855 for the years ended June 30, 2017 and 2016, respectively, and is included in *Small Equipment and Equipment Rental* in the accompanying Consolidated Statements of Functional Expenses.

Future minimum lease payments for the remainder of the lease terms are as follows:

| <u>Fiscal Year Ending</u> | <u>Facility</u> | <u>Equipment</u> | <u>Total Lease Obligation</u> |
|---------------------------|------------------|------------------|-----------------------------------|
| June 30, 2018 | \$192,840 | \$15,150 | \$207,990 |
| June 30, 2019 | - | 10,173 | 10,173 |
| June 30, 2020 | - | 8,724 | 8,724 |
| June 30, 2021 | - | <u>1,196</u> | <u>1,196</u> |
| Total | <u>\$192,840</u> | <u>\$35,243</u> | <u>\$228,083</u> |

NOTE 13 EMPLOYEE BENEFIT PLAN

Casa Myrna Vazquez, Inc. maintains a 403(b) retirement savings plan covering all eligible employees. The plan allows eligible employees of the Organization to defer a percentage of their earnings from current taxation by investing in mutual funds. For the years ended June 30, 2017 and 2016, the Board of Directors authorized a match of 50%, up to 4% of eligible compensation; therefore, an expense of \$20,445 and \$22,734, respectively, was recognized and reported as *Fringe Benefits* in the accompanying Consolidated Statements of Functional Expenses.

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NOTE 14 CONCENTRATIONS

Cash and Investments:

The Organization is subject to concentrations in credit risk relating to cash and investments. For each of the years presented, the Organization's cash deposits are held primarily in one bank. Cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. While cash balances may periodically exceed FDIC coverage, the Organization has not experienced any losses on uninsured cash balances, and Management considers credit risk on cash to be low. There were no cash balances in excess of FDIC coverage as of June 30, 2017 and 2016.

The Organization invests in professionally managed money market funds and mutual funds. The Organization's investments are exposed to various risks, such as fluctuations in market value, and credit risk. Thus, it is at least reasonably possible that changes in the near term could materially affect investment balances. The brokerage service is a member of the Securities Investor Protection Corporation ("SIPC") which protects securities customers of its members up to \$500,000, including \$250,000 for claims of cash. The Organization's investment performance is reviewed by the Board of Directors on a periodic basis.

Contract Revenue and Accounts Receivable:

Approximately 35% and 51% of support and revenues and 19% and 37% of accounts receivable from program services are related to contracts with the Commonwealth of Massachusetts DCF and DPH as of and for the years ended June 30, 2017 and 2016, respectively. Additionally, as of June 30, 2017 and 2016, 56% and 52%, respectively, of accounts receivable from program services are related to VOCA funded contracts through MOVA. These contracts are subject to possible audit by the appropriate government agencies. In the opinion of Management, the results of such audits, if any, will not have a material effect on the consolidated financial position of CMV as of June 30, 2017 and 2016, or on its change in net assets for the years then ended.

Gifts and Grants Receivable:

As of June 30, 2017 and 2016, amounts due from two organizations accounted for 93% and 86% of *Gifts and Grants Receivable*, respectively.

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NOTE 15 CONTINGENCIES

Surplus Revenue Retention:

The Commonwealth of Massachusetts Operational Services Division's ("OSD") regulation, 808 CMR 1.19(3), *Not-for-Profit Surplus Revenue Retention*, allows social service providers to retain a surplus up to twenty percent of total revenues attributable to or generated by Commonwealth agreements for the provision of social services to clients of the Commonwealth and to use such surplus revenue for charitable purposes of the Organization. Amounts that exceed the threshold may be subject to recoupment by the Commonwealth. Management concludes that Casa Myrna is in compliance with the OSD requirements.

Legal Matters:

In the ordinary course of the Organization's business, the Organization is from time-to-time involved in lawsuits. The Organization denies any wrong doing in these cases and is taking the appropriate legal steps in defense of these disputes. It is the Organization's position that any potential settlement would not be material to the accompanying consolidated financial statements.

NOTE 16 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the consolidated financial statements. Therefore, Management has evaluated subsequent events through November 7, 2017, the date which the consolidated financial statements were available for issue and noted the following event which met the disclosure criteria:

Sale of Building:

In connection with the termination of the Transitional Living Program as discussed in Note 2, the Organization listed the residential property associated with this program for sale in September 2017. The Organization has accepted an offer at the asking price of \$500,000, and a purchase and sales agreement is currently under negotiation. The sale of the building is expected to be completed at the end of November 2017. As of June 30, 2017, the carrying value of the property was approximately \$91,000, and there was no debt associated with this property. All proceeds from the sale will be recorded as additions to the *Board Designated Investments*.