<u>CASA MYRNA VAZQUEZ, INC.</u> <u>AND AFFILIATES</u>

CONSOLIDATED FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2020 AND 2019



CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200 🝿 Westborough, Massachusetts 01581 Tel: 508.871.7178 Fax: 508.871.7179 www.ssbcpa.com <u>CASA MYRNA VAZQUEZ, INC.</u> <u>AND AFFILIATES</u>

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



<u>Mission</u>

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

www.casamyrna.org

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200 🝿 Westborough, Massachusetts 01581 Tel: 508.871.7178 Fax: 508.871.7179 www.ssbcpa.com

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, 2020 and 2019, 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, 2020 and 2019 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 December 8, 2020 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 solely 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 Casa Myrna Vazquez, Inc. and Affiliates' 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.

Smith, Sullivan , Brown, AC.

Westborough, Massachusetts December 8, 2020

CASA MYRNA VAZQUEZ, INC. AND AFFILIATES CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2020

(With Summarized Comparative Totals for 2019)

ASSETS		
	2020	<u>2019</u>
CURRENT ASSETS:		
Cash	\$ 364,756	\$ 139,508
Accounts Receivable	1,492,836	941,269
Gifts and Grants Receivable, Current	99,813 11,377	136,313
Prepaid Expenses Total Current Assets	1,968,782	20,064 1,237,154
Total Current Assets	1,908,782	1,237,134
PROPERTY AND EQUIPMENT, NET	6,007,295	6,116,393
LONG-TERM INVESTMENTS:		
Board Designated Investments	1,076,041	966,555
Endowment Investments	612,258	566,333
Total Long-Term Investments	1,688,299	1,532,888
OTHER ASSETS:		
Program Initiative Reserves	200,000	-
Endowment Cash	-	20,000
Gifts and Grants Receivable	-	100,000
Security Deposit		10,000
Total Other Assets	200,000	130,000
TOTAL ASSETS	\$ 9,864,376	\$ 9,016,435
LIABILITIES AND NET ASS	<u>SETS</u>	
CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	\$ 82,761	\$ 82,226
Accounts Payable and Accrued Expenses	189,914	107,496
Accrued Payroll and Related Costs	292,474	182,429
Tenant Security Deposits	10,908	10,908
Conditional Grant Advance	674,279	
Total Current Liabilities	1,250,336	383,059
LONG-TERM DEBT, NET OF CURRENT PORTION	4,484,969	4,559,307
TOTAL LIABILITIES	5,735,305	4,942,366
NET ASSETS:		
Without Donor Restrictions:		
Operating	511,586	696,117
Program Initiative Reserves	200,000	-
Board Designated	1,076,041	968,592
Invested in Property and Equipment	1,439,565	1,474,860
Total Without Donor Restrictions	3,227,192	3,139,569
With Donor Restrictions	901,879	934,500
Total Net Assets	4,129,071	4,074,069
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,864,376</u>	<u>\$ 9,016,435</u>

CASA MYRNA VAZQUEZ, INC. AND AFFILIATES CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

(With Summarized Comparative Totals for 2019) 2020 2019 WITHOUT WITH WITHOUT WITH DONOR DONOR DONOR DONOR RESTRICTIONS RESTRICTIONS TOTAL RESTRICTIONS RESTRICTIONS TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS: Support and Revenues: Government Contracts and Grants \$ 4,906,308 \$ \$ 4,906,308 \$ 4,130,039 \$ \$ 4,130,039 Other Program Revenues 25,404 25,404 2.132 2,132 -1,600,840 454,766 Gifts, Grants and Contributions 574,410 1,026,430 711,789 1,166,555 Special Event Proceeds 160,944 -160,944 92,019 92,019 Less: Direct Cost of Benefits to Donors (23,080)(23,080)----Donated Goods and Services 265,668 265,668 422,651 422,651 -Net Investment Return 25,925 61,388 65,132 45,289 110,421 35,463 Rental Income, Net 4.577 4,577 5,451 5,451 --Interest Income 4,631 4,631 ----Reclassification of Net Assets - Released from Restrictions: Program Restrictions 1,063,476 (1,063,476)337,727 (337,727) --21,500 (21,500) 47,500 (47,500) Lapse of Time Restrictions --TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS 7,062,381 (32,621) 7,029,760 5,534,337 371,851 5,906,188 EXPENSES: Program Services: Residential 2,031,844 2,031,844 1,310,352 1,310,352 The EVA Center 1,243,628 1,243,628 836,407 836,407 2,074,158 2,074,158 1,674,033 1,674,033 Supportive Services Safelink, Education and Prevention 886,127 886,127 915,978 915,978 Total Program Services 6,235,757 6,235,757 4,736,770 4,736,770 --Supporting Services: 293,967 Administrative 293,967 -344,893 344,893 -445,034 445,034 381,327 381,327 Fund Raising Total Supporting Services 739,001 -739,001 726,220 -726,220 6,974,758 6,974,758 5,462,990 5,462,990 TOTAL EXPENSES --CHANGE IN NET ASSETS 87,623 (32,621) 55,002 71,347 371,851 443,198 3,139,569 934,500 4,074,069 3,068,222 562,649 3,630,871 NET ASSETS - BEGINNING OF YEAR 3,227,192 901,879 \$ 4,129,071 3,139,569 934,500 \$ 4,074,069 NET ASSETS - END OF YEAR \$ \$ \$

CASA MYRNA VAZQUEZ, INC. AND AFFILIATES CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

(With Summarized Comparative Totals for 2019)

	PROGRAM SERVICES			SUPPORTING SERVICES						
				<u>SAFELINK,</u>				DIRECT		
		THE EVA	SUPPORTIVE	EDUCATION AND	<u>TOTAL</u> PROGRAM	ADMINIS-	FUND-	<u>COSTS</u> OF RENTAL	<u>TO</u> FUNCTIONA	<u>l'AL</u> L EXPENSES
	RESIDENTIAL	CENTER	SERVICES	PREVENTION	SERVICES	TRATIVE	RAISING	INCOME	2020	2019
PERSONNEL AND RELATED COSTS:	RESIDENTIAL	CLATIENC	<u>BERTICES</u>	<u>THE VENTION</u>	<u>BERVICED</u>	INTITUE	<u>It libit to</u>	income	2020	2017
Salaries	\$ 939,270	\$ 660,617	\$ 996,602	\$ 639,872	\$ 3,236,361	\$ 140,051	\$ 281,839	\$ 39,219	\$ 3,697,470	\$ 3,186,226
Payroll Taxes and Fringe Benefits	\$ 939,270 201,664	139,538	\$ 996,602 244,954	\$ 039,872 132,328	\$ 5,250,501 718,484	\$ 140,031 24,203	\$ 281,839 68,688	\$ 59,219 8,383	\$ 3,697,470 819,758	\$ 5,180,220 678,058
Total Personnel and Related Costs	1,140,934	800,155	1,241,556	772,200	3,954,845	164,254	350,527	47,602	4,517,228	3,864,284
Total Tersonnel and Related Costs	1,140,254	000,155	1,241,550	112,200	5,754,645	104,234	550,521	47,002	+,517,220	5,004,204
OCCUPANCY:										
Rent	1,852	909	28,041	19,383	50,185	8,687	12,699	-	71,571	236,698
Donated Residential Space	-	120,000	-	-	120,000	-	-	-	120,000	120,000
Utilities	30,287	12,062	9,215	4,060	55,624	1,151	1,335	25,240	83,350	72,183
Depreciation Expense	65,076	1,206	24,217	4,880	95,379	950	69	60,718	157,116	54,262
Mortgage Interest	22,559	1,743	35,011	7,055	66,368	2,997	100	111,808	181,273	6,083
Repairs and Maintenance	35,887	10,542	35,767	11,113	93,309	2,255	1,820	39,188	136,572	27,721
Taxes and Insurance	21,071	9,378	26,070	14,745	71,264	11,327	3,545	45,691	131,827	39,182
Total Occupancy	176,732	155,840	158,321	61,236	552,129	27,367	19,568	282,645	881,709	556,129
OTHER EXPENSES:										
Fundraising Event Expenses	-	-		-	-	-	-	-	-	23,080
Direct Care Subcontractors	-	418	26,060	-	26,478	-	-	-	26,478	96,138
Professional Fees	4,062	14,148	31,924	3,052	53,186	33,022	27,551	-	113,759	204,751
Volunteer Services	34,340	-	-	-	34,340	-	-	-	34,340	75,811
Community Outreach	-	-	-	1,533	1,533	-	970	-	2,503	8,850
Supplies and Materials	77,757	87,310	21,297	7,446	193,810	7,312	3,066	-	204,188	95,653
Telephone and Communications	20,011	19,552	28,522	17,284	85,369	2,527	3,710	-	91,606	66,679
Rental Assistance	431,142	-	-	-	431,142	-	-	-	431,142	75,230
Direct Client Assistance	84,165	99,543	427,850	650	612,208	6,002	6,920	-	625,130	114,977
Small Equipment and Equipment Rental	32,668	11,128	41,320	8,083	93,199	6,564	1,427	-	101,190	43,522
Insurance	2,168	1,249	13,401	1,745	18,563	176	500	-	19,239	12,387
Interest and Finance Charges	-	-	-	-	-	6,836	-	-	6,836	4,944
Printing and Postage	1,480	1,366	8,229	2,120	13,195	655	962	-	14,812	13,065
Travel	15,068	20,114	18,813	2,525	56,520	2,336	416	-	59,272	97,852
Dues and Subscriptions	5,734	4,176	15,112	3,052	28,074	18,244	1,475	-	47,793	41,460
Training	3,813	28,629	38,962	4,484	75,888	5,545	213	-	81,646	46,142
Development	-	-	-	-	-	-	22,767	-	22,767	19,221
Bad Debt	-	-	-	-	-	-	3,898	-	3,898	13,365
Miscellaneous	1,770		2,791	717	5,278	13,127	1,064		19,469	12,530
Total Other Expenses	714,178	287,633	674,281	52,691	1,728,783	102,346	74,939		1,906,068	1,065,657
Total Functional Expenses	2,031,844	1,243,628	2,074,158	886,127	6,235,757	293,967	445,034	330,247	7,305,005	5,486,070
Less: Costs of Rental Income (FY 2020)										
and Direct Benefit to Donors (FY 2019)			-		-		-	(330,247)	(330,247)	(23,080)
Total Expenses Per Statement of Activities	<u>\$ 2,031,844</u>	<u>\$ 1,243,628</u>	\$ 2,074,158	<u>\$ 886,127</u>	\$ 6,235,757	\$ 293,967	<u>\$ 445,034</u>	<u>\$</u>	<u>\$ 6,974,758</u>	<u>\$ 5,462,990</u>

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, 2019

	PROGRAM SERVICES			SUPPORTING SERVICES					
	RESIDENTIAL	<u>THE</u> <u>EVA</u> <u>CENTER</u>	SUPPORTIVE SERVICES	<u>SAFELINK,</u> <u>EDUCATION</u> <u>AND</u> <u>PREVENTION</u>	<u>TOTAL</u> <u>PROGRAM</u> <u>SERVICES</u>	ADMINIS- TRATIVE	<u>FUND-</u> <u>RAISING</u>	<u>EVENT</u> <u>COSTS</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
PERSONNEL AND RELATED COSTS:									
Salaries	\$ 784,276	\$ 458,593	\$ 967,256	\$ 602,580	\$ 2,812,705	\$ 138,049	\$ 235,472	\$ -	\$ 3,186,226
Payroll Taxes and Fringe Benefits	158,408	87,770	195,016	117,519	558,713	65,306	54,039		678,058
Total Personnel and Related Costs	942,684	546,363	1,162,272	720,099	3,371,418	203,355	289,511		3,864,284
OCCUPANCY:									
Rent	16,383	7,462	90,029	65,753	179,627	36,895	20,176	-	236,698
Donated Residential Space	-	120,000	-	-	120,000	-	-	-	120,000
Utilities	31,303	14,107	12,401	7,980	65,791	3,613	2,779	-	72,183
Depreciation Expense	54,262	-	-	-	54,262	-	-	-	54,262
Mortgage Interest	6,083	-	-	-	6,083	-	-	-	6,083
Repairs and Maintenance	11,764	3,587	5,403	4,067	24,821	1,662	1,238	-	27,721
Property Taxes and Insurance	7,607	3,677	7,926	6,923	26,133	11,725	1,324	-	39,182
Total Occupancy	127,402	148,833	115,759	84,723	476,717	53,895	25,517	-	556,129
OTHER EXPENSES:									
Fundraising Event Expenses	-	-	-	-	-	-	-	23,080	23,080
Direct Care Subcontractors	-	576	95,562	-	96,138	-	-	-	96,138
Professional Fees	33,755	51,319	54,865	39,680	179,619	17,055	8,077	-	204,751
Volunteer Services	34,913	-	38,888	-	73,801	-	2,010	-	75,811
Community Outreach	- -	-	-	3,740	3,740	63	5,047	-	8,850
Supplies and Materials	24,969	17,458	18,444	4,215	65,086	12,501	18,066	-	95,653
Telephone and Communications	16,471	10,829	20,507	13,188	60,995	3,490	2,194	-	66,679
Direct Client Assistance	98,028	15,600	76,111	92	189,831	376		-	190,207
Small Equipment and Equipment Rental	8,603	9,784	16,150	5,335	39,872	3,650	-	-	43,522
Equipment Depreciation	-	-	-	-	-	-	-	-	-
Insurance	2,034	983	6,807	1,851	11,675	358	354	-	12,387
Interest and Finance Charges	-	-	-	-	-	4,944	-	-	4,944
Printing and Postage	852	833	2,878	4,936	9,499	262	3,304	-	13,065
Travel	11,047	15,446	25,895	31,337	83,725	9,991	4,136	-	97,852
Dues and Subscriptions	3,451	5,568	9,595	3,445	22,059	17,279	2,122	-	41,460
Training	4,964	11,963	27,524	1,412	45,863	205	74	-	46,142
Development	- -	-	-	- -		-	19,221	-	19,221
Bad Debt	-	-	-	-	-	13,365	-	-	13,365
Miscellaneous	1,179	852	2,776	1,925	6,732	4,104	1,694	-	12,530
Total Other Expenses	240,266	141,211	396,002	111,156	888,635	87,643	66,299	23,080	1,065,657
Total Functional Expenses	1,310,352	836,407	1,674,033	915,978	4,736,770	344,893	381,327	23,080	5,486,070
Less: Direct Cost of Benefits to Donors								(23,080)	(23,080)
Total Expenses Per Statement of Activities	\$ 1,310,352	\$ 836,407	\$ 1,674,033	\$ 915,978	\$ 4,736,770	\$ 344,893	\$ 381,327	\$ -	\$ 5,462,990

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 55,002	\$ 443,198
Adjustments to Reconcile the Above to Net Cash Provided		
by Operating Activities:		
Depreciation Expense	157,116	54,262
Net Investment Income	(61,388)	(110,365)
Contributions Restricted in Perpetuity	-	(40,000)
In-Kind Capital Contributions	-	(199,562)
(Increase) Decrease in Current Assets:		
Accounts Receivable	(551,567)	534,797
Gifts and Grants Receivable	36,500	(74,708)
Prepaid Expenses	8,687	(6,302)
Increase (Decrease) in Current Liabilities:		
Accounts Payable and Accrued Expenses	82,418	(165,148)
Accrued Payroll and Related Costs	110,045	978
Tenant Security Deposits	-	10,908
Conditional Grant Advance	674,279	-
(Increase) Decrease in Non-Current Assets:		
Gifts and Grants Receivable	100,000	(100,000)
Security Deposit	10,000	
Net Adjustment	566,090	(95,140)
NET CASH PROVIDED BY OPERATING ACTIVITIES	621,092	348,058
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Proceeds from Sales/Purchases of Investments	(94,023)	656,268
Net Cash Outlay for Purchase of Building and Building Improvements	(48,018)	(669,342)
Net Cash Flows from Investing Activities	(142,041)	(13,074)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions Restricted for Long-Term Investment	-	40,000
Repayments on Line-of-Credit	-	(250,000)
Repayments on Notes Payable	(73,803)	-
Net Cash Flows from Financing Activities	(73,803)	(210,000)
NET INCREASE IN CASH BALANCES	405,248	124,984
CASH BALANCES - BEGINNING OF YEAR	159,508	34,524
CASH BALANCES - END OF YEAR	\$ 564,756	<u>\$ 159,508</u>
Cash Balances :		
Cash	\$ 364,756	\$ 139,508
Program Initaitive Reserve	¢ 501,750 200,000	φ 159,500 -
Endowment Cash	-	20,000
Total Cash Balances	\$ 564,756	\$ 159,508
Constant of Directory		
<u>Supplemental Disclosures</u> :	¢ 100 111	¢ 11.007
Interest Paid	\$ 188,111	\$ 11,027
Non-Cash Investing and Financing Transactions :		
Real Estate Acquisition (Note 7)	\$ -	\$ 4,438,750

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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 2,000 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:

Housing Programs:

Casa Myrna operates three shelter programs and a transitional "rapid rehousing" program.

Shelter Programs:

Casa Myrna's three shelter programs are congregate, home-like environments. Each family/individual 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 26 survivors and 35 children.

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. Survivors work with agency staff and community-based service providers to plan their next steps, including moving on to transitional and permanent housing. The **Teen Parenting Program** ("TPP") is a program for pregnant and parenting young adults homeless due to domestic and family violence. 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. The **EVA Center House** is a survivor-led housing program for victims of commercial sexual exploitation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 2 (Continued)

Rapid Rehousing Program:

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.

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 economic stability. 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 supports, 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. Supports 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, divorce, and housing. In addition, LAP provides immigration services, 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. Counselors provide 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.

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 provides financial assistance to remedy utility and housing arrearages, support with first/last/security and moving expenses, and helps secure donations of household item.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 2 (Continued)

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 economic stability. In addition to individual support, Economic Stability Specialists provides financial coaching and 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 and manages a match program for participants in shelter and our rapid rehousing programs that save money, pay off debt, and increase their credit scores.

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 other supports, 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. In addition to 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.

EVA Center:

In 2016, the EVA Center became a project of Casa Myrna. The EVA Center is a survivor led, social justice oriented organization 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 and the EVA Center partnered to create a housing program and additional advocacy and legal services to survivors of commercial sexual exploitation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

<u>NOTE 2</u> (Continued)

SafeLink Hotline:

SafeLink is Massachusetts' statewide, 24/7, toll-free domestic violence hotline. Answering an average of 70-90 calls a day, or nearly 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.

Casa Myrna's prevention and education initiatives also include our Peer Leader Program to raise awareness about the issue and educate Boston youth on healthy relationships and dating abuse. Peer leaders are paid Casa Myrna staff, and undergo full-time training during the summer and provide education during the school year.

Boston Region Domestic Violence Partnership:

In response to the growing need for access to safe shelter and other resources for domestic violence survivors affected by the global coronavirus pandemic, Casa Myrna created the Boston Region Domestic Violence Partnership. The Partnership is a growing collaboration between eight Boston area domestic violence organizations, four hospital-based domestic violence programs, and one university law clinic. As the lead partner, Casa Myrna applied for government and private funding to support the partners in: expanding shelter units to allow for physical distancing outside of our congregate shelters and expand emergency housing options for survivors who are unable to access shelter; providing personal protective equipment and food vouchers to survivors; providing rapid rehousing resources to move survivors from the temporary shelter units to housing; and to share resources and expertise. Through this collaboration, the partners are piloting creative ways to address survivors' needs for safe emergency housing beyond congregate shelter, to move to permanent housing, and to access support and expertise of different programs throughout our region - all having a lasting impact on the provision of domestic violence supports beyond the pandemic.

For more, see Note 15 on the impact of COVID-19.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(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 consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - consists of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represents the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - includes funds with donor-imposed restrictions which permit the donee 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 or bequests and may include investment income earned on restricted funds. These net assets may also include resources which have a donor-imposed restriction which stipulates that a portion of the assets are to be maintained in perpetuity, but permits the Organization to expend part or all of the income derived from the donated assets.

Accounts Receivable:

Accounts Receivable represents amounts which are primarily due from government funded program service contracts and subcontracts and rent due from tenants. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

Gifts and Grants Receivable:

Gifts and Grants Receivable reflects the balance due on grant commitments, some of which are restricted for specific program purposes and/or time-restricted. The portion of grants receivable which is scheduled for payment in the coming fiscal year is classified as current, while commitments that exceed one year are classified as non-current. As of June 30, 2019, the non-current portion of grants receivable represents the third installment of a multi-year grant commitment that is due in FY 2021, and there were no non-current grants receivable as of June 30, 2020. Management considers these grant commitments to be fully collectible and therefore, has not established a reserve for uncollectible grants. If grants become uncollectible, a reserve will be established at that time. For the years presented, Casa Myrna did not report any losses on unpaid grant commitments.

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, as expressed in terms of years.

Asset Category	Life
Buildings	40
Building Improvements	5 - 40
Furniture and Equipment	3 - 7

The Organization reviews its investments in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amounts of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of the property. There were no impairment losses recognized in each of the years presented.

Investments:

The Organization maintains an investment portfolio which may include money market funds, equity securities and corporate bonds that are reported at fair value. As required by the *FASB Accounting Standards Codification*[™], investment purchases are recorded at cost, or if donated at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Consolidated Statements of Financial Position. Net investment return (loss) is reported in the Consolidated Statements of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

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 capital expenditures, including real estate acquisitions, and other long-term purposes, and therefore, are presented as long-term, non-current assets. *Endowment Investments* represent net assets with donor restrictions held in perpetuity; 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.

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 calendar 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 Net Assets With Donor Restrictions 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. When applicable, deficiencies of this nature are reported in net assets without donor restrictions.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

Debt Issuance Costs:

As required by FASB ASC 835-30, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a reduction of the carrying amount of the debt rather than as an asset. Accordingly, costs incurred in connection with debt issuance are deferred and amortized on a straight-line basis over the life of the respective debt. These expenses are included in *Mortgage Interest* in the Consolidated Statements of Functional Expenses. Long-term debt is presented net of unamortized debt issuance costs in the accompanying Consolidated Statements of Financial Position.

Revenue Recognition:

Unit-Rate Agreements

As more fully detailed in Note 9, a significant portion of Casa Myrna's revenue is derived from unit-rate agreements with the Massachusetts Department of Public Health ("DPH") to provide funding for domestic violence programs. These programs are funded under DPH agreements pursuant to statewide rates for residential and community-based services. Residential services are billed on a monthly basis as services are provided based upon established rates per room night. Community-based services are also billed on a monthly basis as services are provided based upon a tiered accommodations basis rate which provides for a fixed monthly payment for a specified staffing pattern. Revenue is recognized as the services are provided and invoiced upon completion of the service delivery; accordingly, there are no contract liabilities arising out of unit rate agreements. The service period coincides with Casa Myrna's fiscal reporting period and, as the contracts were billed in full within each respective fiscal year end, there were no conditional balances at each year end presented. These agreements are subject to an annual renewal process and future funding is not guaranteed.

Cost-Reimbursement Agreements

Also disclosed in Note 9, Casa Myrna receives revenue from cost-reimbursement contracts and grants through the Massachusetts Office for Victim Assistance ("MOVA"), the U.S. Department of Justice Office on Violence Against Women ("OVW"), and local municipalities which are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. The grants administered by MOVA also require a non-federal match as a condition to funding. Amounts received are recognized as revenue when Casa Myrna has incurred expenditures in compliance with specific contract or grant provisions. Casa Myrna invoices MOVA and OVW and the other governmental agencies for reimbursement after such expenses have been incurred and does not receive payment in advance of service delivery. As of June 30, 2020 and 2019, there was no obligation for deferred revenue or conditional grant advances arising from these agreements in the accompanying financial statements. These agreements are subject to an annual renewal process and future funding is not guaranteed.

<u>Rental Income</u>

In June 2019, the Organization purchased two adjacent buildings for its future headquarters (*See Note 5*) that had existing commercial leases with various terms through May 2023. Rental revenue is recognized as earned. Rental income is presented net of allocable expenses, which include depreciation, interest and facility costs attributed to the rented property in the accompanying Consolidated Statements of Activities (*See Note 11*).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

Contributions, Gifts and Grants:

As required by the FASB Accounting Standards CodificationTM, contributions are required to be recorded as receivables and revenues, and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are reported at their estimated fair value.

Multi-year commitments are recognized in the year during which the initial commitment was made. 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 net assets with donor restrictions until the restrictions expire, at which time the assets are reclassified to net assets without donor restrictions.

Donated Goods and Services:

As required by the *FASB Accounting Standards Codification*TM, Casa Myrna maintains a policy whereby contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

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. For the years presented, *Salaries, Payroll Taxes,* and *Fringe Benefits* are allocated based on employee time and effort. *Rent, Utilities, Deprecation Expense, Mortgage Interest, Repairs and Maintenance,* and *Property Taxes and Insurance* are allocated based on square footage. Supporting services are those related to operating and managing Casa Myrna's 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'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.

Event Costs - includes the direct costs of special fund raising events and are presented as an offset to *Proceeds from Fund Raising Event* revenue in the accompanying Consolidated Statements of Activities. Due to the COVID-19 pandemic, CMV's FY 2020 fundraising event was held virtually,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

and as a result, there were no direct event costs for the year ended June 30, 2020

Direct Costs of Rental Income - includes the occupancy costs allocated to the properties subject to the Organization's commercial leases (*See Note 11*).

Tax Position:

The Organization currently evaluates all tax positions and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax position made by CMV is the existence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

The Organization does incur a liability for both federal and state income taxes on the income, if any, related to the operations of its leased commercial properties, which is classified as unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code. The Organization recognizes the tax expense for unrelated business income when paid.

Recent Accounting Guidance:

Recently Implemented Standards

In June 2018, the FASB issued ASC Update No. 2018-08, (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides additional guidance to help determine whether a contribution is conditional or unconditional. This standard was adopted by the Organization effective July 1, 2019. This ASU provides organizations with the option of applying the clarified guidance in the initial year of implementation on a prospective basis; therefore, the Organization has not restated its FY 2019 revenue balances or opening net assets for the years presented.

Recently Issued Standards

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 deferred the effective date of ASC Update No. 2014-09 by one year when it issued ASC Update No. 2015-14, (Topic 606) *Revenue from Contracts with Customers*. In June 2020, the FASB issued an optional deferral of the effective date. This standard will be effective for the Organization beginning on July 1, 2020.

Reclassifications:

Certain amounts in the FY 2019 consolidated financial statements have been reclassified to conform to the current year presentation. Reclassifications made to the prior year consolidated financial statements have no impact on total net assets or changes in net assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 4 INVESTMENTS

As of June 30, 2020 and 2019, CMV's investment portfolio consists of the following:

			June 30, 2020		
	Cost	Unrealized	Fair Value	Fair Value	Total
Investment Type	Basis	Gains (Losses)	(Level 1)	(Level 2)	Fair Value
Money Market Funds	\$ 274,771	\$ -	\$ 274,771	\$ -	\$ 274,771
Common Stock	716,992	287,280	1,004,272	-	1,004,272
Corporate Bonds	391,679	17,577		409,256	409,256
Total	<u>\$1,383,442</u>	<u>\$304,857</u>	<u>\$1,279,043</u>	<u>\$409,256</u>	<u>\$1,688,299</u>
			June 20, 2010		
	Cost	Unrealized	June 30, 2019 Fair Value	Fair Value	Total
Investment Type	Basis	Gains (Losses)	(Level 1)	(Level 2)	Fair Value
<u>investment Type</u>	Dusis	Gailis (Losses)	(Level I)	(Level 2)	I dii V diuc
Money Market Funds	\$ 137,248	\$ -	\$ 137,248	\$ -	\$ 137,248
Common Stock	820,067	253,328	1,073,395	-	1,073,395
Corporate Bonds	320,990	1,255	_	322,245	322,245
Total	\$1,278,305	\$254,583	\$1,210,643	\$322,245	\$1,532,888
Financial Statement Classific	ation:				
			<u>2020</u>	2019	
Board Designated Invest			\$1,076,041	\$ 966,555	
Endowment Investments			612,258	566,333	
Total			<u>\$1,688,299</u>	<u>\$1,532,888</u>	
Investment gains and losses of	consist of the	following			
investment gains and losses e	consist of the	ionowing.	<u>2020</u>	<u>2019</u>	
			2020	2017	
Net Unrealized Gains (L	osses) on Inv	restments	\$ 50,132	\$ (22,810)	
Net Realized Gains (Los	,		(2,317)	115,194	
Interest and Dividends	,		28,230	36,342	
Investment Fees			(14,657)	(18,305)	
Net Investment Return			\$ 61,388	\$110,421	

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.

Common Stock: Traded on national securities exchanges and are determined by the published closing price on the last business day of the fiscal year.

Corporate Bonds: valued at the market quotations provided by brokers and dealers who used quotations for similar securities in active markets, which represents a market approach.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of June 30, 2020 and 2019:

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Asset Category	Cost	<u>Accumulated</u> Depreciation	<u>Net Book Value</u> 2020
Land Buildings and Improvements	\$1,529,269 6,008,174 38,548	\$ - 1,530,148 38,548	\$1,529,269 4,478,026
Furniture and Equipment Total	<u> </u>	<u>38,548</u> <u>\$1,568,696</u>	<u>-</u> \$6,007,295
Asset Category	Cost	Accumulated Depreciation	<u>Net Book Value</u> <u>2019</u>
Asset Category Land	<u>Cost</u> \$1,529,269		
		Depreciation	2019

Building Acquisition:

In June 2019, Casa Myrna purchased two adjacent building in the Dorchester neighborhood of Grove Hall for \$4.95M. These buildings will serve as the Organization's future headquarters. The new property consists of approximately 22,000 square feet of building space on .5 acres of land. The acquisition was primarily financed with \$4.5M in loans from Cambridge Trust Company *(See Note 7).*

In connection with the Casa Myrna's impending relocation to its new headquarters, the Organization disposed of fully depreciated equipment with an original cost of \$192,924 in FY 2019. The disposal of this equipment had no impact on the change in net assets for the year ended June 30, 2019.

NOTE 6 LINES-OF-CREDIT

During the year ended June 30, 2019, Casa Myrna had a \$250,000 revolving line-of-credit with Berkshire Bank. Borrowings on the line-of-credit bore interest at the Wall Street Journal prime rate plus 0.50%, which was 6% as of June 30, 2019. The note was collateralized by a security interest in substantially all assets of the Organization. The line-of-credit carried a zero balance as of June 30, 2019 and was subsequently terminated in July 2019.

In June 2019, as part of the financing arrangements related to the new building purchase, Casa Myrna obtained a line-of-credit with Cambridge Trust Company, that is due on demand, with a maximum available amount of \$250,000 (*See Note 7*). Interest is calculated at the prime rate plus 0.5%, but not less than 6.0%. As of June 30, 2020 and 2019, the interest rate was 3.75% and 6.0%, respectively, and the line-of-credit carried a zero balance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 7 MORTGAGE DEBT

City of Boston:

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.

Revenue Bonds:

The Organization secured financing for a portion of its building purchase with proceeds from tax-exempt bonds in the amount of \$3,250,000, which were issued by the Massachusetts Development Finance Agency and purchased by Cambridge Trust Company. These bonds were issued on June 1, 2019, and the loan was fully advanced at closing. The bond bears interest at a fixed rate of 3.6%. Beginning July 2019, the repayment for the bonds will be over a 10-year term and consists of monthly interest and principal payments of \$14,868, based on a 30-year mortgage-style amortization schedule.

Mortgage Note:

In addition to the revenue bonds, the Organization secured a mortgage in the amount of \$1,250,000 from Cambridge Trust Company with a fixed interest rate of 4.56% per annum. Beginning July 2019, the repayment for the note will be over a 10-year term and consists of monthly interest and principal payments of \$6,194, based on a 30-year amortization schedule.

The revenue bonds and mortgage note payable to Cambridge Trust Company are guaranteed by a security interest in substantially all assets of the Organization. The Organization is subject to certain financial and non-financial covenants as detailed in the financing agreements with Cambridge Trust.

As of June 30, 2020 and 2019, the outstanding balance on the preceding debt was \$4,582,355 and \$4,657,783, respectively. The principal portion scheduled for payment in FY 2021 is \$82,761 and the remaining non-current portion due in subsequent years is scheduled below:

Fiscal Year Ending	<u>Amount</u>
June 30, 2022	\$ 288,815
June 30, 2023	89,434
June 30, 2024	92,533
June 30, 2025	96,634
Thereafter*	3,917,553
Total Long-Term Debt	<u>\$4,484,969</u>

*Net of Unamortized Debt Issuance Costs of \$14,625.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 8 RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

As of June 30, 2020 and 2019, net assets without donor restrictions were designated by the Board of Directors for the following projects and purposes:

Board Designation	<u>2020</u>	<u>2019</u>
Investment Funds	\$1,076,041	\$966,555
Program Participant Education Expenses	-	2,037
Total	<u>\$1,076,041</u>	<u>\$968,592</u>

As of June 30, 2020 and 2019, net assets with donor restrictions consisted of the following balances:

Nature of Restriction	2020	<u>2019</u>
Appreciation on Endowment Investments	\$222.258	\$196,333
Endowment Assets Restricted in Perpetuity	390,000	390,000
The EVA Center and Exit Program	191,667	306,667
Time Restricted, General Operations	20,000	21,500
Teen Parenting Program	-	20,000
Housing Programs	77,954	
Total	<u>\$901,879</u>	<u>\$934,500</u>

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

Nature of Restriction	<u>2020</u>	<u>2019</u>
The EVA Center and Exit Program	\$ 440,100	\$ 25,122
COVID-19 Operational Relief	331,280	-
Time Restricted, General Operations	21,500	47,500
Teen Parenting Program	91,850	54,208
Housing Programs	88,246	-
Legal Advocacy	53,500	57,000
Community Outreach and Advocacy	48,500	144,333
SafeLink Hotline	10,000	-
SOAR Program	-	54,605
Emergency Shelter		2,459
Total	<u>\$1,084,976</u>	<u>\$385,227</u>

In FY 2020, the Organization received a \$250,000 donation for the EVA Center. A portion of the funds were used for operations during the fiscal year. The remaining funds were used to establish the EVA Center Fund in accordance with the donor's intention. These monies have been placed in a separate account to be used as needed and is included in *Program Initiative Reserves* in the accompanying Statements of Financial Position.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 8 (Continued)

The composition of and changes in donor-designated endowment net assets for the years ended June 30, 2020 and 2019 were as follows:

	With Donor Restrictions		<u>Total</u>
	<u>Original Gift</u>	Net	Endowment
	Amount	Appreciation	Net Assets
Endowment Net Assets,			
,	**	<i>4</i> 1 5 1 0 1 1	#############
July 1, 2018	\$350,000	\$151,044	\$501,044
Contributions	40,000	-	40,000
Investment Return		45,289	45,289
Endowment Net Assets,			
June 30, 2019	390,000	196,333	586,333
Investment Return		25,925	25,925
Endowment Net Assets,			
June 30, 2020	<u>\$390,000</u>	<u>\$222,258</u>	<u>\$612,258</u>

The following table summarizes the financial statement classification of Donor-Designated Endowment Net Assets as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Endowment Investments	\$612,258	\$566,333
Endowment Cash		20,000
Total	<u>\$612,258</u>	<u>\$586,333</u>

NOTE 9 GOVERNMENT FUNDED CONTRACTS

Commonwealth of Massachusetts - Department of Public Health ("DPH"):

For many years, Casa Myrna has contracted with the Commonwealth of Massachusetts in several purchase-of-service arrangements under domestic violence programs that provided funding for the emergency shelter, the teen residential program, the SafeLink Hotline program, and community-based service programs, which are currently administered by the DPH. The aggregate funding these from contracts amounted to \$1,950,990 in FY 2020 and \$1,887,004 in FY 2019. The contract for the SafeLink Hotline program is administered on a cost reimbursement basis while the residential program is administered on unit rates per bed/room nights, and the community-based contract is payable at fixed monthly rates within a tiered system based upon the level of staffing committed to the program.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(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 ("OVW"). The first award was funded under the federal *Legal Assistance for Victims Grant Program* and originally had a three-year term expiring September 30, 2019 with total funding of \$600,000. In September 2019, this contract was amended to extend the term of the award through September 30, 2022 with additional funding of \$600,000. This grant 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 second 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 originally had a three-year term beginning in October 2015 with total funding of \$450,000. In October 2018, this contract was amended to extend the term of the award through September 30, 2021 with additional funding of \$750,000. The third award relates to OVW's Trial Court Program, which is funded under the federal program, *Justice System's Response to Families*, with total funding of \$156,677 through September 30, 2020. This grant supports staffing for a legal advocate at the EVA Center.

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 VOCA funded contracts were executed through MOVA with maximum annual budgets of \$2,087,074 and \$1,679,011 for the years ended June 30, 2020 and 2019, 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 \$2,106,548 and \$1,582,450, respectively, for the years ended June 30, 2020 and 2019.

Total revenue received through DOJ funded programs was \$2,303,650 and \$1,918,263 for the years ended June 30, 2020 and 2019, respectively.

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

During the year ended June 30, 2019, Casa Myrna received funding from HUD through the City of Boston for Rapid Rehousing, with a one-year contract period expiring on October 31, 2019, with a maximum obligation of \$256,360. The Rapid Rehousing program was expanded during FY 2020 under new contracts, with maximum funding of \$937,982 that expire on October 31, 2020. These contracts provided funding totaling \$525,302 and \$134,908, respectively, for the years ended June 30, 2020 and 2019.

In FY 2020 and FY 2019, 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 \$560,273 and \$169,908 for the years ended June 30, 2020 and 2019, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 10 DONATED GOODS AND SERVICES

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

Description	<u>2020</u>	2019
Legal Services	\$ -	\$199,562
EVA House Rent	120,000	120,000
Legal Interns	5,440	38,888
Mental Health Interns	25,300	34,913
Program Supplies	111,328	17,725
Food	-	10,243
Other Services	3,600	1,320
Total	<u>\$265,668</u>	<u>\$422,651</u>

NOTE 11 RENTAL INCOME

Rental Income, Net consists of the following amounts for the years ended:

	<u>2020</u>	<u>2019</u>
Rental Income	\$334,824	\$5,415
Less: Rental Expenses	<u>(330,247</u>)	
Rental Income, Net	<u>\$ 4,577</u>	<u>\$5,415</u>

As of June 30, 2020, the aggregate minimum rental payments due under non-cancelable commercial leases are scheduled below.

Fiscal Year Ending	Amount
June 30, 2021	\$112,901
June 30, 2022	114,536
June 30, 2023	109,383
June 30, 2024	18,792
Total	\$355,612

NOTE 12 OPERATING LEASES

The Organization leased space for its programs and administrative office under an operating lease agreement that ended on July 15, 2019. Through that date, the monthly payment was approximately \$17,000. The facility lease required 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 as of June 30, 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 12 (Continued)

In June 2019, the Organization signed a one-year operating lease for temporary program and administrative office space which began on June 15, 2019, with a base annual rent of \$60,000, payable in monthly installments of \$5,000. At the conclusion of the one-year term, the lease agreement converted to a month-to-month arrangement, and Casa Myrna continues to occupy the temporary space as of June 30, 2020.

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, 2020 and 2019, the Board of Directors authorized a match of 50%, up to 4% of eligible compensation; therefore, an expense of \$69,226 and \$33,396, respectively, was recognized and reported as *Fringe Benefits* in the accompanying Consolidated Statements of Functional Expenses.

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. The Organization had \$505,382 in excess of federally insured limits as of June 30, 2020; however, the Organization has not experienced any losses on such accounts and management considers credit risk on cash to be low. There were no cash balances in excess of FDIC coverage as of June 30, 2019.

The Organization invests in professionally managed money market funds, bonds, 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, Program Services:

Approximately 30% and 27% of total support and revenues and 64% and 54% of accounts receivable from program services are related to VOCA funded contracts through MOVA as of and for the years ended June 30, 2020 and 2019, respectively.

Approximately 27% and 32% of total support and revenues are related to contracts with the Commonwealth of Massachusetts DPH for the years ended June 30, 2020 and 2019, respectively.

Approximately 26% of accounts receivable from program services are related to the OVW funded contracts through the DOJ for the year ended June 30, 2019.

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, 2020 and 2019, or on its change in net assets for the years then ended.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 14 (Continued)

Gifts and Grants Receivable:

As of June 30, 2020 and 2019, amounts due from one funder accounted for 100% and 85% of *Gifts and Grants Receivable*, respectively. Approximately 26% of *Gifts, Grants and Contributions* revenue is from one funder for the year ended June 30, 2019.

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 wrongdoing 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.

Impact of COVID-19:

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of grants, contributions, revenue and other material adverse effects to the Organization's financial position, change in net assets and cash flows. Simultaneously, the Organization experienced a dramatic increase in its provision of financial support for domestic violence survivors affected by the pandemic. The Organization is not able to estimate the length of severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 15 (Continued)

In order to prevent the spread of the virus in congregate settings and assist survivors fleeing abuse when shelter was unavailable, Casa Myrna secured additional residential units in hotels and apartments during the year ended June 30, 2020, including 22 units in executive apartment buildings in the Boston area. The funding for these additional units was made possible with COVID-related funding from government and private sources and, in part, through the Organization's creation of a Boston Region Domestic Violence Partnership to expand emergency shelter support for survivors. Boston Resiliency Funds were received to pay for temporary shelter unit expenses through December 31, 2020, with Casa Myrna as the lead agent in charge of disbursing funds to the collaboration members. In addition to the temporary shelter expenses, Casa Myrna also provided financial assistance and resources to its participants, which included food vouchers, rental assistance, utility assistance, personal protective equipment and cleaning supplies, transportation, clothing, diapers, and other basic needs. Casa Myrna was able to retain all staff members, providing premium pay for staff working on-site in the shelter programs, and provide services and financial assistance to meet the needs of survivors.

Paycheck Protection Program Loan:

Casa Myrna received a loan in the amount of \$674,279 from Cambridge Trust Company through the Paycheck Protection Program established by the U.S. CARES Act (the "PPP Loan") on April 14, 2020. The Organization has elected to account for the expected forgivable portion of this loan as a conditional grant commitment as permitted by the AICPA, and intends to apply for and receive full forgiveness of the loan, while any remaining balance would be repayable over a five-year term and subject to interest at the annual rate of 1%. The amount forgiven equals the amount incurred on qualifying costs (payroll, mortgage interest, rent utilities, as defined and subject to limitations) during the covered period. The amount forgiven is reduced if a) the Organization decreases its staffing levels during the covered period, or b) reduces salaries/wages during the covered period; however, those reductions are subject to certain exemptions. Casa Myrna expects to meet the requirements for loan forgiveness at the end of the 24-week covered period, or before September 29, 2020, which will occur within FY 2021. Under the terms of the PPP Flexibility Act, the Organization must prepare and submit a loan forgiveness application to the lender, which is then reviewed by both the bank and the Small Business Administration (SBA) and then approved. Upon receiving approval of the forgiveness application, Casa Myrna will recognize revenue for the full amount of the loan as a grant in the year of approval. As of June 30, 2020, the loan proceeds are classified as Conditional Grant Advance on the Consolidated Statements of Financial Position.

NOTE 16 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the governing board has set aside the funds for a specific contingency reserve, capital investment or other long-term investments or when restricted by donors for purposes more limited than general expenditures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 16 (Continued)

	<u>2020</u>	2019
Financial Assets:		
Cash	\$ 564,756	\$ 159,508
Investments	1,688,299	1,532,888
Accounts Receivable	1,492,836	941,269
Gifts and Grants Receivable	99,813	236,313
Total Financial Assets as of June 30th	3,845,704	2,869,978
Less Amounts Not Available to be Used Within One	Year:	
Program Initiative Reserves	(200,000)	-
Board Designated Funds, Net of Estimated Appropr	iation (1,016,041)	(908,592)
Endowment Assets	(612,258)	(586,333)
Gifts and Grants Receivable, Non-Current		(100,000)
Financial Assets Available to Meet		
General Expenditures Within One Year	<u>\$ 2,017,405</u>	<u>\$1,275,053</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization is subject to certain liquidity covenants as part of the financing agreements with Cambridge Trust Company (*See Note 7*). To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$250,000, which it could draw upon. See Note 6 for information about the Organization's line-of-credit. The Organization intends to appropriate \$60,000 from its Board Designated funds to support general operating purposes within the next year, and additional amounts could be made available for current operations, if necessary.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities of operating programs as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 17 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 December 8, 2020, the date which the consolidated financial statements were available for issue and noted the following events which met the disclosure criteria:

Subsequent to year end, Casa Myrna expects to continue its COVID response, including leading the Boston Region Domestic Violence Partnership, through FY 2021. On behalf of the Partnership, Casa Myrna has applied for \$3 million from government and private sources to provide emergency shelter units, food vouchers, PPE, and temporary housing subsidies. Through the date of issuance, Casa Myrna has received approval for \$209,000 for Casa Myrna-specific temporary emergency shelter units and \$1.6 million for the Partnership.