

**SCHUYLKILL WOMEN IN CRISIS
FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT
JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

October 28, 2016

Board of Directors
Schuylkill Women in Crisis
PO Box 96
Pottsville, PA 17901

We have audited the accompanying financial statements of Schuylkill Women in Crisis (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Schuylkill Women in Crisis as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Lettich and Zipay
Lettich and Zipay
Certified Public Accountants

**SCHUYLKILL WOMEN IN CRISIS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016**

ASSETS

Cash and cash equivalents	\$ 209,655
Accounts receivable	166,050
Permanently restricted assets (Note 7)	5,000
Land, buildings, and equipment (Note 3)	<u>2,801,716</u>
 TOTAL ASSETS	 <u>\$ 3,182,421</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Line of credit (Note 4)	\$ -0-
Accrued wages	9,944
Accrued payroll taxes and withholdings	1,829
Mortgage payable - Schuylkill County (Note 8)	<u>60,000</u>
 TOTAL LIABILITIES	 71,773

NET ASSETS

Unrestricted	3,105,648
Permanently restricted (Note 7)	<u>5,000</u>
 TOTAL NET ASSETS	 <u>3,110,648</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,182,421</u>

**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL
PART OF THESE STATEMENTS**

**SCHUYLKILL WOMEN IN CRISIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

CHANGES IN UNRESTRICTED NET ASSETS

Revenue and gains:	
Contributions and grants	\$ 1,145,285
Fundraising	51,362
Investment income	26
Other income	<u>6,731</u>
TOTAL UNRESTRICTED REVENUE AND GAINS	1,203,404
Expenses and losses:	
PCADV	473,261
VOCA	180,088
HUD	76,845
ESGP	36,873
Morgan	15,698
Act 137	10,000
Mental Health	20,000
GTEA	64,541
Management and general	<u>261,566</u>
TOTAL EXPENSES	<u>1,138,872</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>64,532</u>
<u>INCREASE IN NET ASSETS</u>	64,532
<u>NET ASSETS - JULY 1, 2015</u>	<u>3,046,116</u>
<u>NET ASSETS - JUNE 30, 2016</u>	<u>\$ 3,110,648</u>

**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL
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**SCHUYLKILL WOMEN IN CRISIS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>PROGRAM</u>			
	<u>TOTAL</u>	<u>PCADV</u>	<u>VOCA</u>	<u>HUD</u>
Salaries, wages, and benefits	\$ 758,080	\$ 392,274	\$ 168,669	\$ 54,402
Payroll taxes	60,258	27,313	11,419	3,274
Equipment and maintenance	20,386	8,304	-0-	1,329
Insurance	19,824	675	-0-	3,616
Office and occupancy	30,393	10,838	-0-	-0-
Program supplies	4,442	4,282	-0-	-0-
Services and professional fees	67,211	16,569	-0-	-0-
Shelter	18,427	-0-	-0-	3,455
Travel and conferences	2,750	409	-0-	-0-
Advertising	4,188	-0-	-0-	-0-
Utilities	45,499	12,199	-0-	10,769
Depreciation	94,231	-0-	-0-	-0-
Other	13,183	398	-0-	-0-
	<u>\$1,138,872</u>	<u>\$473,261</u>	<u>\$180,088</u>	<u>\$ 76,845</u>

**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL
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**SCHUYLKILL WOMEN IN CRISIS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016**

PROGRAM

<u>ESGP</u>	<u>MORGAN</u>	<u>ACT 137</u>	<u>MENTAL HEALTH</u>	<u>GTEA</u>	<u>MANAGEMENT AND GENERAL</u>
\$ 30,956	\$ 4,192	\$ -0-	\$ 19,058	\$ 20,620	\$ 67,909
2,151	-0-	-0-	942	-0-	15,159
-0-	-0-	2,000	-0-	-0-	8,753
1,007	6,632	-0-	-0-	-0-	7,894
-0-	-0-	-0-	-0-	-0-	19,555
-0-	-0-	-0-	-0-	-0-	160
-0-	-0-	999	-0-	43,921	5,722
-0-	4,874	-0-	-0-	-0-	10,098
-0-	-0-	-0-	-0-	-0-	2,341
-0-	-0-	-0-	-0-	-0-	4,188
2,759	-0-	7,001	-0-	-0-	12,771
-0-	-0-	-0-	-0-	-0-	94,231
-0-	-0-	-0-	-0-	-0-	12,785
<u>\$ 36,873</u>	<u>\$ 15,698</u>	<u>\$ 10,000</u>	<u>\$ 20,000</u>	<u>\$ 64,541</u>	<u>\$ 261,566</u>

**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL
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**SCHUYLKILL WOMEN IN CRISIS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Increase in net assets	\$ 64,532
Adjustments for differences between income flows and cash flows from operating activities:	
Depreciation	94,231
Increase in accounts receivable	(112,259)
Increase in accrued payroll taxes and withholdings	1,087
Decrease in accrued wages	<u>(14,579)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 33,012
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of land, buildings, and equipment	(41,332)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Repayment of mortgage payable	(15,000)
Net repayment of line of credit	<u>-0-</u>
 NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	 <u>(15,000)</u>
 <u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u>	 (23,320)
 <u>CASH AND CASH EQUIVALENTS - JULY 1, 2015</u>	 <u>232,975</u>
 <u>CASH AND CASH EQUIVALENTS - JUNE 30, 2016</u>	 <u>\$ 209,655</u>
<u>SUPPLEMENTAL INFORMATION</u>	
Cash Paid for Interest	\$ 1,127

**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL
PART OF THESE STATEMENTS**

**SCHUYLKILL WOMEN IN CRISIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Schuylkill Women in Crisis was organized to help, aid, and assist in eliminating violence occurring within families in Schuylkill County, Pennsylvania. It was incorporated June 15, 1984, as the Schuylkill County Task Force on Domestic Violence. The name of the Organization was changed to Schuylkill Women in Crisis on May 13, 1989.

BASIS OF ACCOUNTING

The books of the Organization are maintained on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

DEPRECIATION

All assets are valued at cost and are being depreciated over their estimated useful lives using primarily the straight-line method.

RECOGNITION OF DONOR RESTRICTIONS

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958. Under ASC 958, the Organization is required to report 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.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

INVESTMENTS

Investments are valued at lower of cost or market.

**SCHUYLKILL WOMEN IN CRISIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

INCOME TAXES

The Organization is nonprofit and exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision is made for taxes on income.

MATCH REQUIREMENTS

All match requirements were met and the monies were expended during the current contract period.

CASH AND CASH EQUIVALENTS

For the purpose of these financial statements (including the statement of cash flows), cash and cash equivalents are defined as unrestricted demand and savings deposits in banks, including certificates of deposits.

COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation and paid sick days, depending on level of service and other factors. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

EXECUTIVE DIRECTOR COMPENSATION

The Organization is committed to providing a fair and equitable salary for all employees and to maintaining a salary scale comparable to that paid by similar agencies for similar work.

SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2016 for items that should be potentially recognized or disclosed in these financial statements. The review was conducted through October 28, 2016, the date these financial statements were available to be issued.

**SCHUYLKILL WOMEN IN CRISIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 – GRANT RECEIVABLE

Schuykill Women in Crisis received a grant from the Pennsylvania Coalition Against Domestic Violence (PCADV) for the current fiscal year in the amount of \$473,261. There was \$52,687 due as of June 30, 2016.

NOTE 3 – LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment at June 30, 2016 consists of the following:

Land	\$	36,914
Buildings and improvements		3,545,284
Equipment, furniture, and fixtures		<u>154,096</u>
Total		3,736,294
Less accumulated depreciation		<u>(934,578)</u>
	\$	<u>2,801,716</u>

Depreciation expense was \$94,231 for the year ended June 30, 2016.

NOTE 4 – LINE OF CREDIT

The Organization has a \$200,000 line of credit with a bank at an interest rate of prime plus 2%. The balance outstanding was \$-0- at June 30, 2016. The line of credit is secured by the Organization's real estate.

The Organization also has a \$50,000 line of credit with a bank at an interest rate of prime plus 2%. The balance outstanding was \$-0- at June 30, 2016. The line of credit is secured by the Organization's real estate.

The Organization has a \$450,000 line of credit with a bank at an interest rate of prime plus 1%. The balance outstanding was \$-0- at June 30, 2016. The line of credit is secured by the Organization's accounts receivable.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Organization receives a substantial amount of its support from federal and state agencies. A significant reduction in the level of this support may have an effect on the Organization's activities.

**SCHUYLKILL WOMEN IN CRISIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 – COMMITMENTS AND CONTINGENCIES – (Continued)

PCADV FUNDING

In 2015 the PA Department of Human Services (DHS) conducted an audit of the PA Coalition Against Domestic Violence (PCADV), its administrators for state and federal funding for domestic violence services in the Commonwealth. Schuylkill Women in Crisis (SWIC) is among the network of providers which PCADV subcontracts with in order to support local services for victims of domestic violence.

In April 2016 the DHS audit was made public and identified concerns regarding PCADV's administration of the DHS contract. As of June 30, 2016 – the expiration date for the contracts between DHS and PCADV and PCADV and its subcontractors – the issues remained unresolved.

Stating that it did not want to cause disruption to local services, DHS issued a 90-day contract extension to PCADV, which PCADV then passed on to local providers. On September 30, the end of the extension, issues remained unresolved and DHS entered into a second 90-day contract with PCADV, which PCADV again passed on to its subcontractors. At present, SWIC's contract with PCADV ends December 31, 2016.

LOSS OF HUD FUNDING FOR TRANSITIONAL HOUSING

In 2007 the U.S. Department of Housing and Urban Development (HUD) provided funding to SWIC to construct and operate a four unit transitional housing project for victims of domestic violence who had become homeless due to the abuse. The building has a 20-year use requirement.

Due to HUD's shifting its approach to homelessness away from transitional housing to a *Housing First* model, SWIC was notified in May 2016 that HUD would stop funding the project when the current contract ends on November 30, 2016. The funding loss amounts to approximately \$50,000 annually.

SWIC explored a variety of options for continuing what it views as a valuable service for victims as a result of the abuse – longer term housing beyond shelter – that is structured to meet the special needs of victims of domestic violence and/or intimate partner violence who are homeless due to the abuse, and their families. Of course the options were limited because HUD requires that the units continue to be used in a way that satisfies their use requirements that is compatible with SWIC's need to also find a way that makes operating the building financially viable.

With the assistance of a local housing authority, SWIC is pursuing designation for its defunded transitional housing project as a Section 8 Project. With this designation, Section 8 eligible victims of domestic violence and/or intimate partner violence who are homeless as a result of the abuse – and identified through SWIC's shelter services – would be eligible to apply to participate in the project. *(Under the proposed SWIC – rather than the tenants – would hold the Section 8 certificates, though the tenants must be certified by the local housing authority as Section 8 eligible.)*

**SCHUYLKILL WOMEN IN CRISIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 – COMMITMENTS AND CONTINGENCIES – (Continued)

LOSS OF HUD FUNDING FOR TRANSITIONAL HOUSING – (Continued)

SWIC believes that designation as a Section 8 Project also offers the best option for securing new funds to replace those lost from HUD. It is important to note that HUD continues to support SWIC's first transitional housing facility opened in 2001.

NOTE 6 – INTEREST EARNINGS

There were no interest earnings on Title XX and Act 44 monies.

NOTE 7 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2016 consist of an endowment fund established in 2013 to support program services. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal is to be held and invested by the Organization and income from the fund is to be expended for program services. The funds are invested through Schuylkill Area Community Foundation.

NOTE 8 – MORTGAGE PAYABLE – SCHUYLKILL COUNTY

In the year ended June 30, 2001, the Organization executed a non-interest bearing note in the amount of \$300,000 with the County of Schuylkill as part of the Home Investment Partnerships Program Grant, involving the construction of transitional housing. Payment of principal will be deferred for the first 20 years after completion of construction. Repayment of principal will be required only in the event that the construction ceases to be used as transitional housing. In the year ended June 30, 2005, the note was amended retroactively to allow \$15,000 per year of debt forgiveness. The debt forgiveness is recorded as a contribution in the statement of activities.