



Calvary Women's Services

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018 AND 2017

BURDETTE SMITH & BISH LLC
CPAS AND MANAGEMENT CONSULTANTS
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CALVARY WOMEN'S SERVICES, INC.

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Calvary Women's Services, Inc.
Washington, D.C.

We have audited the accompanying financial statements of Calvary Women's Services, Inc. (a not-for-profit organization), which comprise the statement of financial position as of September 30, 2018, 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.

Auditors' 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 2018 financial statements referred to above present fairly, in all material respects, the financial position of Calvary Women's Services, Inc. as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors of
Calvary Women's Services, Inc.
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Prior Period Financial Statements

The financial statements of Calvary Women's Services, Inc. as of September 30, 2017 were audited by other auditors whose report dated January 18, 2018, expressed an unmodified opinion on those statements.

Burdette Smith & Bish LLC

Fairfax, Virginia
December 14, 2018

CALVARY WOMEN'S SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,320,069	\$ 1,106,023
Restricted cash	23,897	13,069
Pledges receivable, net	70,968	144,243
Grants receivable	78,530	181,062
Other receivable	-	62
Prepaid expenses	19,136	15,557
Total Current Assets	1,512,600	1,460,016
PROPERTY AND EQUIPMENT, AT COST	3,399,504	3,383,787
Less: accumulated depreciation and amortization	(566,701)	(472,219)
	2,832,803	2,911,568
	\$ 4,345,403	\$ 4,371,584
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 26,076	\$ 8,914
Deferred revenue	-	1,185
Accrued salaries and related benefits	37,342	35,143
Current portion of long-term debt	48,736	71,796
Client deposits	24,053	13,128
Total Current Liabilities	136,207	130,166
NON-CURRENT LIABILITIES		
Long-term debt, net of current portion	933,063	966,924
Total Non-Current Liabilities	933,063	966,924
COMMITMENTS		
NET ASSETS		
Unrestricted	3,170,680	3,064,918
Temporarily restricted	105,453	209,576
	3,276,133	3,274,494
	\$ 4,345,403	\$ 4,371,584

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

CALVARY WOMEN'S SERVICES, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants	\$ 901,487	\$ 271,850	\$ 1,173,337
Government grants	962,360	16,912	979,272
Contributed services and materials	198,011	-	198,011
Interest income	1,364	-	1,364
Miscellaneous revenue	241	-	241
	<u>2,063,463</u>	<u>288,762</u>	<u>2,352,225</u>
Net assets released from restrictions	392,885	(392,885)	-
	<u>2,456,348</u>	<u>(104,123)</u>	<u>2,352,225</u>
EXPENSES			
Program services	1,879,575	-	1,879,575
Management and general	83,992	-	83,992
Fundraising	387,019	-	387,019
	<u>2,350,586</u>	<u>-</u>	<u>2,350,586</u>
 CHANGE IN NET ASSETS	 105,762	 (104,123)	 1,639
 NET ASSETS, BEGINNING OF YEAR	 3,064,918	 209,576	 3,274,494
NET ASSETS, END OF YEAR	<u>\$ 3,170,680</u>	<u>\$ 105,453</u>	<u>\$ 3,276,133</u>

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

CALVARY WOMEN'S SERVICES, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants	\$ 837,948	\$ 454,506	\$ 1,292,454
Government grants	931,404	34,144	965,548
Contributed services and materials	169,649	-	169,649
Interest income	848	-	848
Miscellaneous revenue	3,886	-	3,886
	1,943,735	488,650	2,432,385
Net assets released from restrictions	378,990	(378,990)	-
	2,322,725	109,660	2,432,385
EXPENSES			
Program services	1,793,631	-	1,793,631
Management and general	80,251	-	80,251
Fundraising	375,753	-	375,753
	2,249,635	-	2,249,635
 CHANGE IN NET ASSETS	 73,090	 109,660	 182,750
 NET ASSETS, BEGINNING OF YEAR.....	 2,991,828	 99,916	 3,091,744
NET ASSETS, END OF YEAR.....	\$ 3,064,918	\$ 209,576	\$ 3,274,494

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

CALVARY WOMEN'S SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2018

	PROGRAM SERVICES			SUPPORTING SERVICES			Total Expenses
	Calvary Transitional Housing	Sister Circle	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Building maintenance	\$ 45,519	\$ -	\$ 45,519	\$ 927	\$ 2,320	\$ 3,247	\$ 48,766
Client necessities	6,927	2,681	9,608	-	-	-	9,608
Conference and training	15,265	-	15,265	494	1,802	2,296	17,561
Depreciation and amortization	87,868	-	87,868	1,890	4,724	6,614	94,482
Donated materials	121,905	-	121,905	-	-	-	121,905
Donated rent and services	10,405	-	10,405	65,702	-	65,702	76,107
Equipment maintenance	16,839	-	16,839	354	897	1,251	18,090
Events	92	-	92	-	82,980	82,980	83,072
Insurance	25,597	-	25,597	6,333	1,376	7,709	33,306
Interest expense	47,889	-	47,889	1,029	2,575	3,604	51,493
Job training and life skills	13,553	-	13,553	1	1	2	13,555
Miscellaneous	850	-	850	11,479	106	11,585	12,435
Overhead allocation	99,135	3,800	102,935	(124,130)	21,195	(102,935)	-
Payroll taxes and benefits	147,012	8,607	155,619	10,446	31,138	41,584	197,203
Postage and delivery	790	-	790	90	12,938	13,028	13,818
Printing	8,399	-	8,399	180	10,327	10,507	18,906
Professional fees	120,070	-	120,070	41,714	14,011	55,725	175,795
Salaries	927,572	54,306	981,878	65,911	196,465	262,376	1,244,254
Supplies	42,597	-	42,597	85	614	699	43,296
Telephone	11,485	-	11,485	247	617	864	12,349
Utilities	54,547	-	54,547	1,173	2,933	4,106	58,653
Volunteer search	5,865	-	5,865	67	-	67	5,932
	<u>\$ 1,810,181</u>	<u>\$ 69,394</u>	<u>\$ 1,879,575</u>	<u>\$ 83,992</u>	<u>\$ 387,019</u>	<u>\$ 471,011</u>	<u>\$ 2,350,586</u>

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

CALVARY WOMEN'S SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2017

	PROGRAM SERVICES			SUPPORTING SERVICES			Total Expenses
	Calvary Transitional Housing	Sister Circle	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Building maintenance	\$ 57,619	\$ 100	\$ 57,719	\$ 1,239	\$ 3,098	\$ 4,337	\$ 62,056
Client necessities	8,343	3,125	11,468	-	-	-	11,468
Conference and training	11,457	-	11,457	237	2,806	3,043	14,500
Depreciation and amortization	95,938	-	95,938	2,067	5,168	7,235	103,173
Donated materials	109,020	-	109,020	-	-	-	109,020
Donated rent and services	27,181	-	27,181	33,448	-	33,448	60,629
Equipment maintenance	25,307	-	25,307	544	2,527	3,071	28,378
Events	-	-	-	-	82,684	82,684	82,684
Insurance	28,765	-	28,765	2,716	1,547	4,263	33,028
Interest expense	45,910	-	45,910	987	2,468	3,455	49,365
Job training and life skills	8,483	-	8,483	-	1	1	8,484
Miscellaneous	1,778	-	1,778	8,038	87	8,125	9,903
Overhead allocation	66,980	2,663	69,643	(84,233)	14,590	(69,643)	-
Payroll taxes and benefits	138,061	8,777	146,838	10,761	32,476	43,237	190,075
Postage and delivery	445	-	445	10	9,652	9,662	10,107
Printing	5,107	-	5,107	110	10,694	10,804	15,911
Professional fees	140,274	-	140,274	36,864	4,304	41,168	181,442
Salaries	846,002	53,786	899,788	65,944	199,007	264,951	1,164,739
Supplies	34,871	139	35,010	45	960	1,005	36,015
Telephone	10,028	-	10,028	216	539	755	10,783
Utilities	58,500	-	58,500	1,258	3,145	4,403	62,903
Volunteer search	4,972	-	4,972	-	-	-	4,972
	<u>\$ 1,725,041</u>	<u>\$ 68,590</u>	<u>\$ 1,793,631</u>	<u>\$ 80,251</u>	<u>\$ 375,753</u>	<u>\$ 456,004</u>	<u>\$ 2,249,635</u>

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

CALVARY WOMEN'S SERVICES, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2018, AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,639	\$ 182,750
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	94,482	103,173
(Increase) decrease in:		
Restricted cash	(10,828)	5,423
Pledges receivable	73,275	(38,450)
Grants receivable	102,532	(93,091)
Other receivable	62	362
Prepaid expenses	(3,579)	2,083
Increase (decrease) in:		
Accounts payable and accrued liabilities	17,162	6,558
Deferred revenue	(1,185)	1,185
Accrued salaries and related benefits	2,199	226
Client deposits	10,925	(5,325)
	<u>285,045</u>	<u>(17,856)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>286,684</u>	<u>164,894</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of fixed assets	(15,717)	(4,994)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(15,717)</u>	<u>(4,994)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal payments on long-term debt	(56,921)	(93,821)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(56,921)</u>	<u>(93,821)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	214,046	66,079
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,106,023</u>	<u>1,039,944</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,320,069</u>	<u>\$ 1,106,023</u>
<u>SUPPLEMENTAL INFORMATION</u>		
Cash paid for interest	\$ 51,493	\$ 49,365

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

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

NOTE 1 - Summary of Significant Accounting Policies

Calvary Women's Services, Inc. (Calvary) was incorporated in September 1983, as a District of Columbia not-for-profit corporation, to provide short-term and long-term housing for women who are homeless in Washington, D.C. Calvary offers personalized case management, life skills and education opportunities, health and wellness services, on-site therapy, and daily addiction recovery meetings. Through its housing programs and comprehensive services, Calvary carries out its mission to offer "a safe, caring place for tonight; support, hope and change for tomorrow".

Calvary's housing programs include:

- Calvary Transitional Housing assists women in moving out of homelessness and into stable housing. Women also take positive steps toward independence, including: addressing mental and physical health needs, maintaining recovery from addiction, healing from trauma and violence they have experienced, and securing income through employment or benefits.
- Sister Circle is a permanent housing program. This program offers long-term support and independent housing to women in recovery from substance addiction, many of whom struggle with serious medical conditions, including HIV/AIDS and cancer. In addition to making support services available, Sister Circle provides a close-knit community of peer support as the women continue to develop their life skills.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Calvary reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Calvary reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Calvary reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Calvary receives funding under grants and contracts from the U.S. and D.C. Governments, and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements. Calvary recognizes revenue upon receipt of a grant award or contract. Services to be rendered against such awards in a future fiscal year will be treated as deferred revenue upon receipt of the award or contract.

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

NOTE 1 - Summary of Significant Accounting Policies, Continued

In-Kind Support

Contributions of donated services and materials that enhance a non-financial asset and contributed services that are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying financial statements. Contributed services and materials represent the value of donated goods, equipment, professional and legal services, facilities, and meals and are recorded as contributions at their estimated fair market value as of the date of the donation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates in the financial statements include the estimated useful lives of property and equipment.

Cash Equivalents

For purposes of the statement of cash flows, Calvary considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Restricted Cash

Calvary maintains a separate cash account for cash held on behalf of its clients. These funds are exclusively for the clients and are not available to pay Calvary's expenses. Deposits and withdrawals are made at the discretion of each participating client. These amounts are reflected as restricted cash and client deposits in the Statement of Financial Position.

Fair Value of Financial Statements

Accounting principles generally accepted in the United States established a framework for measuring fair value, clarifying the definition of fair value within that framework and expanding disclosure about fair value measurements. U.S. GAAP has established a three-tiered fair value hierarchy with Level 1 representing quoted prices for identical assets or liabilities in an active market, Level 2 representing quoted prices for identical assets or liabilities in a market that is non-active or with other than directly or indirectly observable inputs, and Level 3 representing estimate values based on unobservable inputs. Related disclosures are segregated for assets and liabilities measured at fair value based on the level used within the hierarchy to determine their fair values. The carrying amounts for cash and cash equivalents, restricted cash, other receivable, prepaid expenses, accounts payable and accrued liabilities, deferred revenue, and client deposits approximate fair market value because of the short maturity of these instruments. The carrying amount of long-term debt approximates fair market value because the interest rate on the instrument is consistent with rates offered for debt with similar terms and maturities.

Pledges and Grants Receivable

Unconditional promises to give are reported net of an estimate for doubtful pledge collections. The allowance for doubtful promises to give is based on management's evaluation of the status of existing promises to give and historical results. Pledges receivable are written off when deemed uncollectible. Management considers all amounts to be fully collectible. Grants receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

NOTE 1 - Summary of Significant Accounting Policies, Continued

Fixed Assets

Property and equipment (including major renewals, replacements and betterments), with a cost of \$1,000 or more, are capitalized and stated at cost. Expenditures for ordinary maintenance and repair items are charged to operations as incurred. Upon the sale or other disposition of property, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the changes in net assets. Depreciation is provided for principally under the straight-line method. Asset useful lives range from three to thirty-nine years. Building improvements are amortized over the remaining life of the building.

Net Assets

To ensure the observance of limitations and restrictions placed on the use of resources available to Calvary, resources for various purposes are classified for accounting purposes into classes established according to their nature and purpose as follows:

Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Calvary pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes. Calvary has no permanently restricted net assets.

Tax Exempt Status

Calvary has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified as other than a private foundation. However, income from certain activities not directly related to Calvary's tax-exempt purpose may be subject to taxation as unrelated business income.

Management has evaluated Calvary's tax positions and concluded that Calvary had taken no uncertain tax positions that require adjustment to the financial statements. With few exceptions, Calvary is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years prior to 2015.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis on the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs, fundraising, and management and general activities benefitted based on level of effort.

Reclassifications

Certain September 30, 2017 amounts have been reclassified to conform to the September 30, 2018 presentation. These reclassifications have no effect on previously reported net assets.

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

NOTE 2 – Concentration of Credit Risk

Calvary maintains bank accounts with credit-worthy, high quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) has limitations on the amount it will insure, and Calvary's account balances may periodically exceed that amount. Calvary has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk related to cash.

NOTE 3 – Pledges Receivable

Calvary's pledges receivable, net of allowance for doubtful collections, consist of the following at September 30:

	<u>2018</u>		<u>2017</u>
Receivable in one year or less	\$ 70,968	\$	144,243
Less: allowance for doubtful collections	-		-
	<u>\$ 70,968</u>	\$	<u>144,243</u>

Bad debt expense recognized on pledges receivable totaled \$-0- for both 2018 and 2017.

NOTE 4 – Grants Receivable

Calvary receives grants from the Community Partnership for the Prevention of Homelessness, which are funded by the D.C. Government. The grants fund Calvary to provide transitional housing and comprehensive case management services for 35 homeless women a year. In addition, Calvary receives funding from the Federal Emergency Management Agency to fund capacity building efforts. The amount of revenue recognized by Calvary from these grants totaled \$979,272 and \$965,548 for the years ended September 30, 2018 and 2017, respectively. The outstanding receivables from these grants at September 30, 2018 and 2017 totaled \$78,530 and \$181,062, respectively.

For the years ended September 30, 2018 and 2017, Calvary did not meet the requirements to be subject to an audit under provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

NOTE 5 – Property and Equipment

Property and equipment, at cost, and the related accumulated depreciation and amortization as of September 30 are summarized as follows:

	<u>2018</u>		<u>2017</u>
Land	\$ 284,220	\$	284,220
Building and improvements	2,989,248		2,974,592
Furniture and equipment	126,036		124,975
	<u>3,399,504</u>		<u>3,383,787</u>
Less: accumulated depreciation and amortization	(566,701)		(472,219)
	<u>\$ 2,832,803</u>	\$	<u>2,911,568</u>

Depreciation expense totaled \$94,482 and \$103,173 for the years ended September 30, 2018 and 2017, respectively.

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

NOTE 6 – Long-Term Debt

Calvary has a mortgage loan with a local bank. The principal amount was \$1,500,000 with fixed interest rate equal to the greater of the midrange of the five-year swap equivalent of the 30-day LIBOR plus 3 percent, or 4.5 percent. Beginning in the seventh year of the loan or 2019 through the loan's maturity, the note will bear interest at a fixed annual rate equal to the greater of the midrange of the five-year swap equivalent of the 30-day LIBOR plus 3 percent, or 4.5 percent. As of September 30, 2018 and 2017, the effective interest rates were 5.71% and 4.5%, respectively. Monthly interest and principal payments are \$8,322, with the remaining balloon payment of \$700,293 due in April 2023. The note is secured by a first lien Deed of Trust on the property, an assignment of leases and rents on the property, in addition to all owned assets. Calvary is required to maintain certain operating and reporting covenants.

	<u>2018</u>	<u>2017</u>
Loan payable	\$ <u>981,799</u>	\$ <u>1,038,720</u>
Current maturities	\$ 48,736	\$ 71,796
Long-term maturities	<u>933,063</u>	<u>966,924</u>
	<u>\$ 981,799</u>	<u>\$ 1,038,720</u>

Long-term debt maturities for years ending September 30 are as follows:

2019	\$ 49,751	
2020	50,826	
2021	51,964	
2022	53,169	
2023	<u>727,353</u>	
	<u>\$ 933,063</u>	

Interest expense for the years ended September 30, 2018 and 2017 totaled \$51,493 and \$49,015, respectively.

NOTE 7 – Temporarily Restricted Net Assets

All unconditional promises to give are recorded as temporarily restricted net assets and income at the time the promise is communicated. The promises are considered temporarily restricted because the donor is restricting the time period in which the assets may be used by not transferring them immediately. Funds received that have a donor restriction on the use are also recorded as temporarily restricted net assets. When a restriction expires, that is, when a stipulated time restriction or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Temporarily restricted net assets are restricted for the following purpose at December 31:

	<u>2018</u>	<u>2017</u>
Program support	\$ 44,960	\$ 48,312
Life skills training	2,000	2,850
Job training	10,993	40,914
Time restricted	<u>47,500</u>	<u>117,500</u>
	<u>\$ 105,453</u>	<u>\$ 209,576</u>

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018 AND 2017

NOTE 8 – Contributed Services and Materials

During the years ended September 30, 2018 and 2017, Calvary received donated goods and services which allow Calvary to provide greater resources toward various programs.

Contributed services and materials revenue and corresponding expenses are comprised of the following at September 30:

	<u>2018</u>		<u>2017</u>
Professional services	\$ 65,702	\$	33,448
Goods and equipment	102,964		89,578
Volunteer services	10,405		27,181
Meals	18,940		19,442
	<u>\$ 198,011</u>	<u>\$</u>	<u>169,649</u>

In addition, volunteers perform many of the day-to-day operating activities at Calvary. Management has determined the value of these donated services do not meet the criteria for recognition as contributed services and has not reflected the estimated value of these services in its Statement of Activities. For the years ended September 30, 2018 and 2017, the estimated value of these services was \$98,064 and \$75,751, respectively.

NOTE 9 – Retirement Plan

Employees of Calvary are eligible to participate in a 403(b) tax-deferred annuity plan through which they can defer up to the legal limits allowed by the Internal Revenue Code. Calvary does not contribute to employee accounts.

NOTE 10 – Commitments

Calvary has a five-year equipment operating lease that began in February 2017 and expires in February 2022. Monthly payments under this lease are \$309. The following is a schedule of future minimum rental payments under the operating lease as of September 30, 2018:

2019	\$ 3,708
2020	3,708
2021	3,708
2022	1,236
	<u>\$ 12,360</u>

NOTE 11 – Subsequent Events

In preparing the accompanying financial statements, Calvary has evaluated events and transactions for potential recognition or disclosure through December 14, 2018, the date the financial statements were available for issuance.