



Calvary Women's Services

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019 AND 2018



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CALVARY WOMEN'S SERVICES, INC.

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

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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 statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 Calvary Women's Services, Inc. as of September 30, 2019, and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Burdette Smith & Bish LLC

Fairfax, Virginia
January 13, 2020

CALVARY WOMEN'S SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,149,329	\$ 1,320,069
Restricted cash	13,674	23,897
Pledges receivable, net	106,411	70,968
Grants receivable	223,016	78,530
Prepaid expenses	33,250	19,136
Total Current Assets	1,525,680	1,512,600
INVESTMENTS	4,962	-
PROPERTY AND EQUIPMENT, AT COST	3,459,789	3,399,504
Less: accumulated depreciation and amortization	(663,495)	(566,701)
	2,796,294	2,832,803
OTHER ASSETS		
Security deposit	24,207	-
Pledges receivable, net	20,000	-
Total Other Assets	44,207	-
	\$ 4,371,143	\$ 4,345,403
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 20,059	\$ 26,076
Accrued salaries and related benefits	40,818	37,342
Mortgage payable	47,563	48,736
Client deposits	13,873	24,053
Total Current Liabilities	122,313	136,207
NON-CURRENT LIABILITIES		
Mortgage payable	890,040	933,063
Total Non-Current Liabilities	890,040	933,063
NET ASSETS		
Without donor restrictions	3,172,229	3,170,680
With donor restrictions	186,561	105,453
	3,358,790	3,276,133
	\$ 4,371,143	\$ 4,345,403

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 626,093	\$ 238,500	\$ 864,593
Government grants	1,241,558	14,544	1,256,102
Contributed services and materials	207,046	-	207,046
Fundraising event, net	255,287	-	255,287
Interest income	1,223	-	1,223
Miscellaneous revenue	260	-	260
Investment income (loss)	(44)	-	(44)
	2,331,423	253,044	2,584,467
Net assets released from restrictions	171,936	(171,936)	-
	2,503,359	81,108	2,584,467
EXPENSES			
Program services	1,955,817	-	1,955,817
Management and general	189,244	-	189,244
Fundraising	356,749	-	356,749
	2,501,810	-	2,501,810
 CHANGE IN NET ASSETS	 1,549	 81,108	 82,657
 NET ASSETS, BEGINNING OF YEAR	 3,170,680	 105,453	 3,276,133
NET ASSETS, END OF YEAR	\$ 3,172,229	\$ 186,561	\$ 3,358,790

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>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants	\$ 598,622	\$ 271,850	\$ 870,472
Government grants	962,360	16,912	979,272
Contributed services and materials	198,011	-	198,011
Fundraising event, net	219,885	-	219,885
Interest income	1,364	-	1,364
Miscellaneous revenue	241	-	241
	<u>1,980,483</u>	<u>288,762</u>	<u>2,269,245</u>
Net assets released from restrictions	<u>392,885</u>	<u>(392,885)</u>	<u>-</u>
	<u>2,373,368</u>	<u>(104,123)</u>	<u>2,269,245</u>
EXPENSES			
Program services	1,842,342	-	1,842,342
Management and general	142,420	-	142,420
Fundraising	282,844	-	282,844
	<u>2,267,606</u>	<u>-</u>	<u>2,267,606</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 FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2019

	PROGRAM SERVICES				SUPPORTING SERVICES			
	Calvary Transitional Housing	Sister Circle	Reach Up	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Building maintenance	\$ 53,300	\$ 103	\$ 995	\$ 54,398	\$ 983	\$ 2,458	\$ 3,441	\$ 57,839
Client necessities	5,756	5,966	2,260	13,982	2	6	8	13,990
Depreciation and amortization	90,017	-	-	90,017	1,936	4,840	6,776	96,793
Donated materials	109,213	-	-	109,213	-	-	-	109,213
Donated rent and services	32,568	-	65,265	97,833	-	-	-	97,833
Equipment maintenance	20,226	-	2,987	23,213	668	763	1,431	24,644
Events	-	-	-	-	-	6,255	6,255	6,255
Insurance	30,784	-	-	30,784	1,271	1,655	2,926	33,710
Interest expense	51,775	-	-	51,775	1,113	2,784	3,897	55,672
Job training and life skills	8,289	-	52	8,341	4	10	14	8,355
Miscellaneous	1,649	-	107	1,756	20,379	89	20,468	22,224
Payroll taxes and benefits	135,851	11,537	11,964	159,352	10,771	38,412	49,183	208,535
Postage and delivery	2,678	-	-	2,678	149	9,964	10,113	12,791
Printing	14,839	-	-	14,839	238	12,991	13,229	28,068
Professional fees	117,079	-	5,000	122,079	81,388	27,799	109,187	231,266
Rent	-	-	23,112	23,112	-	-	-	23,112
Salaries	859,784	73,014	75,716	1,008,514	68,166	243,102	311,268	1,319,782
Staff development	10,323	21	82	10,426	252	614	866	11,292
Supplies	52,763	-	5,783	58,546	365	1,453	1,818	60,364
Telephone	11,708	-	1,477	13,185	256	639	895	14,080
Utilities	54,219	-	-	54,219	1,166	2,915	4,081	58,300
Volunteer search	7,555	-	-	7,555	137	-	137	7,692
	<u>\$ 1,670,376</u>	<u>\$ 90,641</u>	<u>\$ 194,800</u>	<u>\$ 1,955,817</u>	<u>\$ 189,244</u>	<u>\$ 356,749</u>	<u>\$ 545,993</u>	<u>\$ 2,501,810</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, 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	68,107	8,000	76,107	-	-	-	76,107
Equipment maintenance	16,839	-	16,839	354	897	1,251	18,090
Events	92	-	92	-	-	-	92
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
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
	\$ 1,768,748	\$ 73,594	\$ 1,842,342	\$ 142,420	\$ 282,844	\$ 425,264	\$ 2,267,606

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, 2019, AND 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 82,657	\$ 1,639
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	96,793	94,482
Unrealized gain(loss)	44	-
Donations of stock	(5,006)	-
(Increase) decrease in:		
Restricted cash	10,223	(10,828)
Pledges receivable	(35,443)	73,275
Grants receivable	(144,486)	102,532
Other receivable	-	62
Prepaid expenses	(14,113)	(3,579)
Other assets	(44,207)	
Increase (decrease) in:		
Accounts payable and accrued liabilities	(6,017)	17,162
Deferred revenue	-	(1,185)
Accrued salaries and related benefits	3,476	2,199
Client deposits	(10,180)	10,925
	<u>(148,916)</u>	<u>285,045</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(66,259)</u>	<u>286,684</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of fixed assets	(60,285)	(15,717)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(60,285)</u>	<u>(15,717)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal payments on long-term debt	(44,196)	(56,921)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(44,196)</u>	<u>(56,921)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(170,740)	214,046
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,320,069</u>	<u>1,106,023</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>1,149,329</u>	\$ <u>1,320,069</u>
<u>SUPPLEMENTAL INFORMATION</u>		
Cash paid for interest	\$ 55,672	\$ 51,493

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

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019 AND 2018

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 provides housing and support services to homeless women in Washington, DC. The support services include personalized case management, life skills and education opportunities, job search and placement, and health and wellness services. Calvary is committed to providing these services in Wards 7 and 8, neighborhoods with the highest poverty rates in the District.

Calvary's housing programs include:

- Calvary Transitional Housing Program offers transitional housing and comprehensive services that empower women to end their homelessness. With support, women improve their health, maintain recovery from addiction, address histories of trauma, secure income, and move into permanent housing.
- Sister Circle is a permanent supportive housing program for women. Women have access to the case management and other support services they need to ensure long-term stability in their housing. Sister Circle also provides a community of peer support.
- Reach Up offers transitional and short-term subsidized housing for women experiencing homelessness and with experiences of violence and trauma. Through case management and other support services, the housing program empowers women to achieve their goals for safe housing, good health, and financial independence.

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.

Adoption of New Accounting Pronouncement

Calvary has adopted Financial Accounting Standards Board Accounting Standards Update 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*, as of October 1, 2018. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Calvary has adjusted the presentation of these statements accordingly and the update has been applied retrospectively to all periods presented.

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 held exclusively for the clients' benefit 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.

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019 AND 2018

NOTE 1 - Summary of Significant Accounting Policies, Continued

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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 specific 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.

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.

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, grants and pledges receivable, investments, 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.

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019 AND 2018

NOTE 1 - Summary of Significant Accounting Policies, Continued

Pledges and Grants Receivable

Unconditional promises to give are reported net of an estimate for doubtful pledge collections. Unconditional promises to give that are expected to be received within one year are recorded at their face amount, which approximates fair value. Grants and pledges expected to be received in a future period that extends beyond one year are discounted to their net present value at the time the revenue is recorded. 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.

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.

Classes of 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:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Calvary's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Calvary or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

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 affect 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.

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019 AND 2018

NOTE 1 - Summary of Significant Accounting Policies, Continued

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 has 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 2016.

Reclassifications

Certain September 30, 2018 amounts have been reclassified to conform to the September 30, 2019 presentation. Reclassifications to the September 30, 2018 financial statements consist of \$82,980 of event expenses previously shown as fundraising expense on the statement of functional expenses, now reflected net of fundraising income on the statements of activities. These reclassifications have no effect on previously reported net assets.

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

Pledges receivable are classified as net assets with donor restrictions until the pledge payment is received. Pledges receivable at September 30 are summarized as follows:

	<u>2019</u>		<u>2018</u>
Receivable in one year or less	\$ 106,411	\$	70,968
Receivable in one to five years	20,000		-
Less: allowance for doubtful collections	-		-
	<u>\$ 126,411</u>	<u>\$</u>	<u>70,968</u>

Bad debt expense recognized on pledges receivable totaled \$-0- for both 2019 and 2018.

The present value discounts did not reach a level of materiality to have an affect on the financial statements taken as a whole.

NOTE 4 - Grants Receivable

Calvary receives grants from the Community Partnership for the Prevention of Homelessness, and the Office of Victim Services and Justice Grants, which are funded by the D.C. Government. The grants fund Calvary to provide transitional housing and comprehensive case management services for 76 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 \$1,256,102 and \$979,272 for the years ended September 30, 2019 and 2018, respectively.

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019 AND 2018

NOTE 4 – Grants Receivable, Continued

The outstanding receivables from these grants at September 30, 2019 and 2018 totaled \$223,016 and \$78,530, respectively.

For the years ended September 30, 2019 and 2018, 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>2019</u>	<u>2018</u>
Land	\$ 284,220	\$ 284,220
Building and improvements	2,997,613	2,989,248
Furniture and equipment	172,916	126,036
Website	5,040	-
	3,459,789	3,399,504
Less: accumulated depreciation and amortization	(663,495)	(566,701)
	\$ 2,796,294	\$ 2,832,803

Depreciation expense totaled \$96,793 and \$94,482 for the years ended September 30, 2019 and 2018, respectively.

NOTE 6 – Long-Term Debt

Calvary has a mortgage loan with a local bank. The original loan 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, 2019 and 2018, the effective interest rate was 5.71%. Monthly interest and principal payments are \$8,322, with the remaining balloon payment of \$758,575 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>2019</u>	<u>2018</u>
Loan payable	\$ 937,603	\$ 981,799
Current maturities	\$ 47,563	\$ 48,736
Long-term maturities	890,040	933,063
	\$ 937,603	\$ 981,799

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019 AND 2018

NOTE 6 – Long-Term Debt, Continued

Required principal payments for years ending September 30 are as follows:

2020	\$	47,563
2021		50,351
2022		53,302
2023		786,387
	\$	937,603

Interest expense for the years ended September 30, 2019 and 2018 totaled \$55,672 and \$51,493, respectively.

NOTE 7 – Net Assets With Donor Restrictions

All unconditional promises to give are recorded as net assets with donor restrictions and revenue at the time the promise is communicated. The promises are considered 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 net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets are restricted for the following purposes at December 31:

	<u>2019</u>		<u>2018</u>
Program support	\$ 139,061	\$	44,960
Life skills training	2,500		2,000
Job training	-		10,993
Time restricted	45,000		47,500
	\$ 186,561	\$	105,453

NOTE 8 – Contributed Services and Materials

During the years ended September 30, 2019 and 2018, Calvary received donated goods and services which allow Calvary to provide greater resources toward various programs.

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

	<u>2019</u>		<u>2018</u>
Professional services	\$ 87,790	\$	65,702
Goods and equipment	86,443		102,964
Volunteer services	10,043		10,405
Meals	22,770		18,940
	\$ 207,046	\$	198,011

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, 2019 and 2018, the estimated value of these services was \$81,560 and \$98,064, respectively.

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019 AND 2018

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 – Investments

Calvary's policy is to liquidate any donations of stock as soon as they are received and to not hold investments. Due to timing of a donation received near year-end, the sale of stock was initiated prior to year-end, but did not settle until October 2019. At September 30, 2019, investments consist of donated securities sold, but not settled and are reflected at fair market value using Level 1 valuation methodology. The balance of investments at September 30, 2019 and 2018 were \$4,962 and \$-0-, respectively.

Investment income, which is reported as unrestricted income net of related investment expenses in the statement of activities reflects unrealized loss for the years ended September 30, 2019 and 2018 of (\$44) and \$-0-, respectively.

NOTE 11 – Commitments

Calvary has short-term apartment leases which began in June and August of 2019. The leases expired in November 2019. Monthly payments under these leases were \$4,898, and \$1,760. Calvary also 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 these operating leases as of September 30, 2019:

2020	\$	17,024
2021		3,708
2022		1,236
	\$	<u>21,968</u>

NOTE 12 – Availability and Liquidity of Resources

As part of liquidity management, Calvary has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. Calvary's financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position, are as follows:

Cash and cash equivalents	\$	1,149,329
Investments		4,962
Pledge receivable		106,411
Grants receivable		223,016
Net Financial Assets Available Within One Year	\$	<u>1,483,718</u>

Calvary's financial assets available at September 30, 2019 are sufficient to meet its current obligations.

CALVARY WOMEN'S SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019 AND 2018

NOTE 13 – Expense Allocation

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, and insurance, which are allocated on the basis of estimates of time and effort.

NOTE 14 – Subsequent Events

On October 1, 2019, Calvary entered into a new operating lease agreement for program service expansion. The lease term is seven years, commencing October 1. The annual rent is \$231,708 and will escalate by an estimated 3.5% on October 1, 2022. The terms of lease include rent abatement of \$19,469, and a \$19,309 security deposit. The future minimum obligations related to this lease are as follows as of September 30:

2020	\$	212,399
2021		231,708
2022		231,708
2023		239,894
2024		239,894
Thereafter		<u>479,788</u>
	\$	<u><u>1,635,391</u></u>

In preparing the accompanying financial statements, Calvary has evaluated events and transactions for potential recognition or disclosure through January 13, 2020, the date the financial statements were available for issuance, and believe all events requiring recognition or disclosure in the financial statements have been appropriately reflected.