Domestic Violence & Child Advocacy Center

YEARS ENDED JUNE 30, 2019 AND 2018

HW&Co.®
CPAs & Advisors

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

YEARS ENDED JUNE 30, 2019 AND 2018

CONTENTS

Independent Auditor's Report

Board of Directors
Domestic Violence & Child Advocacy Center
Cleveland, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Domestic Violence & Child Advocacy Center (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and net assets, 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.

Auditor's 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 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 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 Domestic Violence & Child Advocacy Center'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 Domestic Violence & Child Advocacy Center'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 Domestic Violence & Child Advocacy Center as of June 30, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2019, on our consideration of Domestic Violence & Child Advocacy Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Domestic Violence and Child Advocacy Center's 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 Domestic Violence & Child Advocacy Center's internal control over financial reporting and compliance.

HW & Co

Cleveland, Ohio
September 19, 2019

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
Current assets:		
Cash and cash equivalents	$ 631,868	$ 542,872
Receivables:		
Grants	337,446	323,084
Contributions and other	19,000	30,000
Prepaid expenses and other	28,544	27,165
Total current assets	1,016,858	923,121
Property and equipment:		
Land	5,540	5,540
Building and improvements	1,950,973	1,763,643
Equipment	220,001	178,799
Furniture and fixtures	170,998	109,960
Construction-in-progress		10,536
	2,347,512	2,068,478
Less accumulated depreciation	1,347,572	1,211,688
	999,940	856,790
Other assets; investments	355,157	337,922
	$ 2,371,955	**$ 2,117,833**

LIABILITIES AND NET ASSETS

	2019	2018
Current liabilities:		
Accounts payable	$ 34,791	$ 56,645
Accrued expenses	115,536	90,144
Deferred revenue	97,828	147,500
Total current liabilities	248,155	294,289
Net assets:		
Without donor restrictions:	1,840,301	1,561,424
With donor restrictions:	283,499	262,120
	2,123,800	1,823,544
	$ 2,371,955	**$ 2,117,833**

See notes to financial statements.

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government grants:			
Federal	$ 2,444,175	$ -	$ 2,444,175
State	107,255	-	107,255
Local	651,628	-	651,628
Contributions	544,262	750,172	1,294,434
Fees for services	32,796	-	32,796
Special events, net	86,983	-	86,983
Donated goods and services	269,146	-	269,146
Investment income	20,631	-	20,631
Other	27,097	-	27,097
Total revenue and support	4,183,973	750,172	4,934,145
Net assets released from restrictions	728,793	(728,793)	-
	4,912,766	21,379	4,934,145
Expenses:			
Program services:			
Community services	2,649,103	-	2,649,103
Shelter services	1,349,892	-	1,349,892
	3,998,995	-	3,998,995
Supportive services:			
Fundraising	235,939	-	235,939
General and administrative	398,955	-	398,955
	634,894	-	634,894
Total expenses	4,633,889	-	4,633,889
Increase in net assets	278,877	21,379	300,256
Net assets, beginning	1,561,424	262,120	1,823,544
Net assets, ending	**$ 1,840,301**	**$ 283,499**	**$ 2,123,800**

See notes to financial statements.

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government grants:			
Federal	$ 1,981,371	$ -	$ 1,981,371
State	121,536	-	121,536
Local	736,815	-	736,815
Contributions	521,145	556,500	1,077,645
Fees for services	100,757	-	100,757
Special events, net	115,967	-	115,967
Donated goods and services	112,671	-	112,671
Investment income	18,036	-	18,036
Other	12,249	-	12,249
Total revenue and support	3,720,547	556,500	4,277,047
Net assets released from restrictions	582,481	(582,481)	-
	4,303,028	(25,981)	4,277,047
Expenses:			
Program services:			
Community services	2,575,127	-	2,575,127
Shelter services	1,279,429	-	1,279,429
	3,854,556	-	3,854,556
Supportive services:			
Fundraising	159,942	-	159,942
General and administrative	234,595	-	234,595
	394,537	-	394,537
Total expenses	4,249,093	-	4,249,093
Increase (decrease) in net assets	53,935	(25,981)	27,954
Net assets, beginning	1,507,489	288,101	1,795,590
Net assets, ending	**$ 1,561,424**	**$ 262,120**	**$ 1,823,544**

See notes to financial statements.

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services			Supportive Services			
	Community Services	Shelter Services	Total	Fundraising	General and Administrative	Total	Total
Personnel expenses	$ 1,646,603	$ 926,519	$ 2,573,122	$ 195,530	$ 333,776	$ 529,306	$ 3,102,428
Occupancy	173,415	72,581	245,996	16,321	16,945	33,266	279,262
Donated goods and services	170,511	95,950	266,461	1,639	1,046	2,685	269,146
Professional fees	58,420	29,213	87,633	5,386	29,498	34,884	122,517
Contractors and grant partners	312,825	-	312,825	-	-	-	312,825
Depreciation	86,124	79,269	165,393	3,452	3,452	6,904	172,297
Travel	30,400	7,409	37,809	407	1,654	2,061	39,870
Printing and postage	6,267	3,471	9,738	845	385	1,230	10,968
Food and house supplies	-	28,109	28,109	-	-	-	28,109
Insurance	13,065	16,073	29,138	839	1,386	2,225	31,363
Maintenance and repairs	41,904	39,623	81,527	6,125	6,412	12,537	94,064
Client assistance	8,637	26,214	34,851	-	-	-	34,851
Meetings, conferences, dues and subscriptions	22,059	794	22,853	2,662	1,854	4,516	27,369
Program supplies	68,294	20,201	88,495	-	-	-	88,495
Supplies	7,711	3,205	10,916	371	1,526	1,897	12,813
Bank and service fees	1,885	1,061	2,946	2,237	184	2,421	5,367
Miscellaneous	983	200	1,183	125	837	962	2,145
Total	**$ 2,649,103**	**$ 1,349,892**	**$ 3,998,995**	**$ 235,939**	**$ 398,955**	**$ 634,894**	**$ 4,633,889**

See notes to financial statements.

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services			Supportive Services			
	Community Services	Shelter Services	Total	Fundraising	General and Administrative	Total	Total
Personnel expenses	$ 1,698,563	$ 961,029	$ 2,659,592	$ 119,231	$ 167,020	$ 286,251	$ 2,945,843
Occupancy	168,236	64,792	233,028	15,824	16,402	32,226	265,254
Donated goods and services	66,646	35,459	102,105	4,403	6,164	10,567	112,672
Professional fees	43,793	23,648	67,441	4,560	17,508	22,068	89,509
Contractors and grant partners	414,566	-	414,566	-	-	-	414,566
Depreciation	50,920	58,372	109,292	6,210	8,694	14,904	124,196
Travel	29,530	6,210	35,740	-	105	105	35,845
Printing and postage	4,385	6,464	10,849	1,083	2,148	3,231	14,080
Food and house supplies	-	21,124	21,124	-	-	-	21,124
Insurance	9,055	10,729	19,784	849	1,373	2,222	22,006
Maintenance and repairs	24,541	25,468	50,009	5,491	6,160	11,651	61,660
Client assistance	1,552	19,600	21,152	-	-	-	21,152
Meetings, conferences, dues and subscriptions	6,172	2,983	9,155	1,191	6,200	7,391	16,546
Program supplies	45,689	38,385	84,074	-	-	-	84,074
Supplies	7,439	2,881	10,320	813	1,053	1,866	12,186
Bank and service fees	4,040	2,285	6,325	284	796	1,080	7,405
Miscellaneous	-	-	-	3	972	975	975
Total	**$ 2,575,127**	**$ 1,279,429**	**$ 3,854,556**	**$ 159,942**	**$ 234,595**	**$ 394,537**	**$ 4,249,093**

See notes to financial statements.

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Increase in net assets	$ 300,256	$ 27,954
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized and unrealized gains on investments	(2,210)	(3,115)
Restricted contributions received, capital campaign	(252,500)	
Gain on sale of asset	12,704	
Depreciation	172,297	124,196
Decrease (increase) in operating assets:		
Grants receivable	(14,362)	118,192
Other receivables	11,000	21,296
Prepaid expenses and other	(1,379)	(1,152)
Increase (decrease) in operating liabilities:		
Accounts payable	(21,854)	9,923
Accrued expenses	25,392	3,862
Deferred revenue	(49,672)	145,500
Net cash provided by operating activities	179,672	446,656
Cash flows from investing activities:		
Capital expenditures	(385,543)	(111,840)
Proceeds from sale of asset	57,392	
Proceeds from sale of investments	12,739	11,481
Purchases of investments	(27,764)	(83,578)
Net cash used in investing activities	(343,176)	(183,937)
Cash flows provided by financing activities; restricted contributions received, capital campaign	252,500	
Increase in cash and cash equivalents	88,996	262,719
Cash and cash equivalents, beginning	542,872	280,153
Cash and cash equivalents, ending	**$ 631,868**	**$ 542,872**

See notes to financial statements.

1. Description of organization and summary of significant accounting policies:

Description of organization:

Domestic Violence & Child Advocacy Center's (the "Organization") primary purpose is preventing, responding to and advocating for victims of child abuse and domestic violence, including teen dating violence and stalking. The mission is to empower individuals, educate the community, and advocate for justice to end domestic violence and child abuse. The Organization reaches more than 20,000 individuals annually. Services include a 24/7 Helpline, Emergency Shelter, Justice System Advocacy, Trauma Therapy, Supervised Visitation, Prevention, Education and Inclusion services, including Latina Project, Ujima, KEYS 4 Deaf Access, as well as community outreach, education, and professional training.

In November 2018, DVCAC completed a capital campaign for the renovation of space on its property and opened Canopy Child Advocacy Center ("Canopy"). Canopy follows a national model "child advocacy center" intervention that reduced trauma to children and families impacted by child abuse and improves service delivery through interagency collaboration. This is done by providing a single location for children and their families to receive a wide array of services for short and long-term healing and by enhancing prosecutions.

The Organization received approximately 65% in 2019 and 66% in 2018 of its funding from government grants and received approximately 26% in 2019 and 25% in 2018 of its funding from donations from foundations and individuals. The Organization received approximately 9% in 2019 and 2018 of its funding from other sources.

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

Recently adopted accounting pronouncement:

During 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities*, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. FASB issued ASU to improve the current net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit's liquidity, financial performance and cash flows. The Organization adopted the provisions of this ASU effective for the year ended June 30, 2019. These changes have been applied on a retrospective basis except for the disclosure related to liquidity and available resources. With the provision of the ASU being applied on a retrospective basis, net assets have been presented "with donor restrictions" and "without donor restrictions" in the statements of financial position as of June 30, 2019 and 2018 and in the statements of activities and changes in net assets for the years ended June 30, 2019 and 2018.

1. Description of organization and summary of significant accounting policies (continued):

Cash and cash equivalents:

Cash consists of unrestricted cash on hand, checking and money market accounts. The Organization maintains cash balances at a single bank, which are insured by the Federal Deposit Insurance Corporation up to $250,000. From time to time, the Organization's cash balances may exceed federal insured limits. The Organization does not expect to incur any losses resulting from cash held at financial institutions.

Grants receivable and revenue recognition:

The Organization receives grants from Federal, state, and local government sources under a variety of programs. Amounts received under these programs generally require compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Grant revenue under these types of programs is reported as an increase in net assets without donor restrictions in the reporting period in which the terms and conditions specified in the grant agreement are satisfied. Grants receivable are recorded at amounts expected to be collected. An allowance for uncollectible grants receivable is recorded based upon a consideration of the likelihood that accounts will not be collected in full. Organization management is of the opinion that an allowance for uncollectible grants is not deemed necessary at June 30, 2019 and 2018.

Contributions and contributions receivable:

The Organization accounts for contributions in accordance with U.S. GAAP, which provide that contributions be recognized as revenue in the period in which the pledge (promise to give) is received.

The Organization considers all contributions to be without donor restrictions unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value as contributions receivable. Unconditional promises to give due in subsequent years are discounted at an appropriate discount rate commensurate with the risks involved. All promises to give are due in less than one year at June 30, 2019 and 2018. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Organization management is of the opinion that an allowance for uncollectible pledges is not deemed necessary at June 30, 2019 and 2018.

Property and equipment:

Property and equipment purchased by the Organization is carried at cost. Donated items are carried at fair market value as of the date of donation. The Organization's policy requires items greater than $2,000 with a useful life greater than one year to be capitalized.

1. Description of organization and summary of significant accounting policies (continued):

Property and equipment (continued):

Depreciation is calculated on the straight-line method over the estimated useful life of the respective assets, which are as follows:

Building and improvements	10 – 20 years
Equipment	3 – 5 years
Furniture and fixtures	5 years

Amounts included in construction-in- progress at June 30, 2018 relate to the Canopy Child Advocacy Center (CCAC) renovation. The renovation was completed and placed into service in the year ended June 30, 2019.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statements of financial position. Realized and unrealized investment gains and losses are included in investment income (loss) on the statements of activities and net assets.

Deferred revenue:

Deferred revenue consists of cash received for grants that have not yet been expended as of year-end.

Net assets without donor restrictions:

Net assets without donor restrictions include net assets available for use in general operations and are not subject to donor restrictions.

Net assets with donor restrictions:

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Net assets with donor restrictions by donor-imposed restriction is provided in footnote 5.

Donated services:

Donated services are recognized as contributions in accordance with U.S. GAAP, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

1. Description of organization and summary of significant accounting policies (continued):

Donated services (continued):

The Organization receives various donated services each year. Amounts have been recognized in the accompanying statements of activities and net assets for these donated services.

Donated goods:

Donated goods are items received by the Organization from donors for use by clients. The items are recorded at fair value based on estimated retail prices.

Tax-exempt status:

The Organization received a favorable determination letter from the Internal Revenue Service stating that it is exempt from taxation on income related to its exempt purpose under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Organization has been classified as an organization that is not a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for Federal income tax has been made in the financial statements.

The Organization is no longer subject to Federal income tax examinations by tax authorities for years before 2016.

Functional expenses:

Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include personnel expenses, professional fees, supplies, and printing and postage are allocated based on program full time equivalents. Other occupancy expenses and maintenance and repairs are allocated based on relative square footage. The remaining expenses, which are not directly identifiable by program or support service are allocated on the best estimates of management.

Reclassifications:

Certain amounts in the 2018 financial statements were reclassified to conform to the 2019 presentation.

1. Description of organization and summary of significant accounting policies (continued):

Recent accounting pronouncements:

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance in this ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the industry topics of the FASB Accounting Standards Codification (ASC). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps, (1) identify the contract(s), (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. In August 2015, ASU 2015-14 was issued to defer the effective dates of the revenue standard for one additional year. The ASU will be effective for nonpublic companies for years beginning after December 15, 2018; therefore, the Organization will be required to adopt and implement this ASU for the year ending June 30, 2020.

In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize assets and liabilities on the statement of financial position for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. This ASU amends current guidance that requires only capital leases to be recognized on the lessee's statement of financial position. The ASU will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The ASU will be effective for nonpublic companies for years beginning after December 15, 2019; therefore, the Organization will be required to adopt and implement this ASU for the year ending June 30, 2021.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The objective of this ASU will assist entities in (1) evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. For transactions in which an entity is the resource recipient, the ASU is effective for fiscal years beginning after December 15, 2018. For transactions in which the entity serves as a resource provider, the ASU is effective for fiscal years beginning after December 15, 2019.

Management has not yet determined the impact these ASUs will have on its financial statements, and will adopt the provisions upon the respective effective dates.

Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 19, 2019, the date the Organization's financial statements were available to be issued.

2. Investments:

The following is a summary of investments at June 30, 2019 and 2018.

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	$ 2,170	$ 2,170	$ 2,377	$ 2,377
Mutual funds and exchange traded products	334,313	320,187	316,906	306,037
Pool investment	18,674	20,934	18,639	20,934
	$ 355,157	$ 343,291	$ 337,922	$ 329,349

The Organization, directly and through the Cleveland Foundation Investment Pool, invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could have a material effect on the Organization's statements of financial position, activities and net assets, and cash flows.

The following is a summary of investment income for the years ended June 30, 2019 and 2018.

	2019	2018
Interest and dividend income	$ 18,421	$ 14,921
Net realized and unrealized gains	2,210	3,115
	$ 20,631	$ 18,036

3. Fair value:

U.S. GAAP establishes a framework for measuring fair value for certain assets and liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

- Level 1 – Valuations based on quoted market prices in active markets.
- Level 2 – Inputs, other than quoted prices in active markets that are observable, directly or indirectly.
- Level 3 – Unobservable inputs for which there is little or no market data.

The fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

3. Fair value (continued):

The fair value of cash and cash equivalents is based on its face value, which approximates fair value. The fair value of mutual funds and exchange traded products is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers. The fair value of The Cleveland Foundation Investment Pool is based on the Organization's relative percentage of fair value of the underlying assets invested in The Cleveland Foundation Investment Pool, which the Organization believes approximates the present value of the expected future cash flows of the trusts.

There have been no changes in the methodologies used at June 30, 2019 and 2018.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value at June 30, 2019.

	Level 1	Level 2	Total
Investments:			
Cash and cash equivalents	$ 2,170	$ -	$ 2,170
Mutual funds and exchange traded products	-	334,313	334,313
	$ 2,170	$ 334,313	336,483
Investments reported at net asset value:			
Alternative investments			18,674
			$ 355,157

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value at June 30, 2018.

	Level 1	Level 2	Total
Investments:			
Cash and cash equivalents	$ 2,377	$ -	$ 2,377
Mutual funds and exchange traded products	-	316,906	316,906
	$ 2,377	$ 316,906	319,283
Investments reported at net asset value:			
Alternative investments			18,639
			$ 337,922

3. Fair value (continued):

In accordance with Subtopic 820-10, certain investments that are measured at net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

4. Line of credit:

The Organization has a secured line of credit that provides for borrowings up to $300,000 at Prime Rate plus .34%. The line is collateralized by one of the Organization's facilities. There were no borrowings at June 30, 2019 or 2018. The interest rate on the line of credit was 5.84% at June 30, 2019 and 5.34% at June 30, 2018.

5. Net assets with donor restrictions:

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whether the donor stipulates that resources be maintained in perpetuity.

Net assets with donor-imposed restrictions are restricted for the following purposes or periods at December 31:

	2019	2018
Subject to expenditure for specified purpose:		
Capital projects	$ 23,827	$ 19,395
Programs subsidies	248,367	231,420
	272,194	250,815
Subject to the passage of time:		
Funds held in perpetuity with income expendable	11,305	11,305
	$ 283,499	$ 262,120

Net assets released from net assets with donor restrictions are as follows:

	2019	2018
Satisfaction of purpose restrictions:		
Capital projects	$ 248,068	$ 26,550
Programs	480,725	555,931
	$ 728,793	$ 582,481

6. Commitments and contingencies:

The Organization has an operating lease to lease space in two Payne Avenue buildings. The initial term of the lease is for five years expiring July 31, 2019, and includes two five-year renewal options. During the initial term of the lease, rent is payable in equal monthly payments of $12,416. Subsequent to year end, the lease has been extended until July 31, 2024 with rent payable in equal monthly payments of $13,286.

In August 2014, the Organization entered into a 63-month operating lease to lease copier equipment with minimum payments totaling $1,584 per month. The Organization is currently in the process of negotiating a lease agreement to replace the expiring copier lease.

In April 2018, the Organization entered into a 39-month operating lease to lease copier equipment requiring payments totaling $505 per month beginning July 2018.

Rent expense for all operating leases totaled $174,649 in 2019 and $168,012 2018.

The future minimum operating lease payments at June 30, 2019 are as follows:

2020	$ 174,138
2021	165,501
2022	160,948
2023	159,430
2024	159,430
	$ 819,447

The Organization operates in an environment subject to extensive Federal and state laws, rules, and regulations, including payment for services, conduct of operations, and facility and professional licensure. Changes in law or regulatory interpretations could reduce the Organization's revenue on a going-forward basis.

7. Retirement plan:

The Organization maintains a tax deferred annuity plan (the "Plan") under Section 403(b) of the Code. The Plan is funded for all eligible employees exclusively through the purchase of annuity contracts from an insurance company. The Plan currently allows for the Organization to make discretionary contributions to the Plan equal to 1% of an employee's compensation after completion of one year of continuous service. In addition, the Plan allows for a discretionary matching contribution of 100% of an employee's contribution up to 1%.

The Organization's policy is to fund the cost of the Plan annually. No contributions were made to the Plan for the years ended June 30, 2019 and 2018.

8. Board designated funds:

The Board designated funds totaling $18,674 at June 30, 2019 and $18,639 at June 30, 2018, are held at The Cleveland Foundation.

9. Statements of cash flows:

No cash was paid for interest during 2019, however, cash paid for interest totaled $399 in 2018.

10. Liquidity and availability:

The Organization's financial assets available within one year of the balance sheet as of June 30, 2019 for general expenditures are as follows:

Cash and cash equivalents	$ 631,868
Grants and contributions receivable	356,446
	988,314
Less: restricted for capital projects and program subsidies	(283,499)
	$ 704,815

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. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of $300,000, which it could draw upon. Additionally, the Organization has investments, totaling $355,517 that can be drawn upon for unanticipated cash requirements.