Domestic Violence & Child Advocacy Center

YEARS ENDED JUNE 30, 2017 AND 2016

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

YEARS ENDED JUNE 30, 2017 AND 2016

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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, 2017 and 2016, 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 audits 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, 2017 and 2016, 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 21, 2017, 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 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.

HCW & Co.

Cleveland, Ohio
September 21, 2017

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

ASSETS

	2017	2016
Current assets:		
Cash	$ 280,153	$ 279,575
Receivables:		
Grants	441,276	342,523
Contributions and other	51,296	80,500
Prepaid expenses and other	26,013	20,420
Restricted cash	27,889	57,783
Total current assets	826,627	780,801
Property and equipment:		
Land	5,540	5,540
Building and improvements	1,695,068	1,695,068
Equipment	172,283	159,960
Furniture and fixtures	83,747	50,409
	1,956,638	1,910,977
Less accumulated depreciation	1,087,492	972,407
	869,146	938,570
Other assets; investments	262,710	164,893
	$ 1,958,483	**$ 1,884,264**

LIABILITIES AND NET ASSETS

	2017	2016
Current liabilities:		
Accounts payable	$ 46,722	$ 34,785
Accounts payable, fiscal agent	27,889	57,783
Accrued expenses	86,282	67,185
Deferred revenue	2,000	30,000
Total current liabilities	162,893	189,753
Net assets:		
Unrestricted:		
Unrestricted	1,489,070	1,401,712
Board designated	18,419	18,222
Temporarily restricted	276,796	263,272
Permanently restricted	11,305	11,305
	1,795,590	1,694,511
	$ 1,958,483	**$ 1,884,264**

See notes to financial statements.

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Government grants:				
Federal	$ 1,551,571	$ -	$ -	$ 1,551,571
State	127,293	-	-	127,293
Local	630,836	-	-	630,836
Contributions	538,083	621,000	-	1,159,083
Fees for services	213,632	-	-	213,632
Special events, net	156,158	-	-	156,158
Donated goods	115,261	-	-	115,261
Investment income	19,437	-	-	19,437
Other	1,671	-	-	1,671
Total revenue and support	3,353,942	621,000	-	3,974,942
Net assets released from restrictions	607,476	(607,476)	-	-
	3,961,418	13,524	-	3,974,942
Expenses:				
Program services:				
Community services	2,220,058	-	-	2,220,058
Shelter services	1,265,293	-	-	1,265,293
	3,485,351	-	-	3,485,351
Supportive services:				
Fundraising	190,061	-	-	190,061
General and administrative	198,451	-	-	198,451
	388,512	-	-	388,512
Total expenses	3,873,863	-	-	3,873,863
Increase in net assets	87,555	13,524	-	101,079
Net assets, beginning	1,419,934	263,272	11,305	1,694,511
Net assets, ending	**$ 1,507,489**	**$ 276,796**	**$ 11,305**	**$ 1,795,590**

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Government grants:				
Federal	$ 1,101,324	$ -	$ -	$ 1,101,324
State	170,038	-	-	170,038
Local	513,791	-	-	513,791
Contributions	609,357	532,250	-	1,141,607
Fees for services	421,094	-	-	421,094
Special events, net	199,149	-	-	199,149
Donated goods	132,947	-	-	132,947
Investment loss	(385)	-	-	(385)
Other	1,954	-	-	1,954
Total revenue and support	3,149,269	532,250	-	3,681,519
Net assets released from restrictions	548,762	(548,762)	-	-
	3,698,031	(16,512)	-	3,681,519
Expenses:				
Program services:				
Community services	2,112,838	-	-	2,112,838
Shelter services	1,042,104	-	-	1,042,104
	3,154,942	-	-	3,154,942
Supportive services:				
Fundraising	195,900	-	-	195,900
General and administrative	197,070	-	-	197,070
	392,970	-	-	392,970
Total expenses	3,547,912	-	-	3,547,912
Increase (decrease) in net assets	150,119	(16,512)	-	133,607
Net assets, beginning	1,269,815	279,784	11,305	1,560,904
Net assets, ending	**$ 1,419,934**	**$ 263,272**	**$ 11,305**	**$ 1,694,511**

See notes to financial statements.

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services			Supportive Services			
	Community Services	Shelter Services	Total	Fundraising	General and Administrative	Total	Total
Personnel expenses	$ 1,532,021	$ 913,943	$ 2,445,964	$ 146,169	$ 114,577	$ 260,746	$ 2,706,710
Occupancy	166,238	71,156	237,394	16,014	17,310	33,324	270,718
Donated goods	69,547	36,009	105,556	5,218	4,487	9,705	115,261
Professional fees	40,502	22,892	63,394	4,746	18,129	22,875	86,269
Contractors and grant partners	193,558	-	193,558	-	-	-	193,558
Depreciation	50,811	58,247	109,058	6,196	8,675	14,871	123,929
Travel	32,311	6,809	39,120	643	4,179	4,822	43,942
Printing and postage	9,438	3,240	12,678	917	4,051	4,968	17,646
Food and house supplies	-	19,671	19,671	-	-	-	19,671
Insurance	17,867	25,207	43,074	1,537	1,975	3,512	46,586
Maintenance and repairs	25,438	24,267	49,705	5,707	12,994	18,701	68,406
Client assistance	4,808	20,641	25,449	-	-	-	25,449
Meetings, conferences, dues and subscriptions	4,455	4,733	9,188	1,753	9,392	11,145	20,333
Program supplies	64,923	52,459	117,382	-		-	117,382
Supplies	4,656	3,640	8,296	829	1,681	2,510	10,806
Bank and service fees	3,484	2,255	5,739	332	260	592	6,331
Miscellaneous	1	124	125	-	741	741	866
Total	**$ 2,220,058**	**$ 1,265,293**	**$ 3,485,351**	**$ 190,061**	**$ 198,451**	**$ 388,512**	**$ 3,873,863**

See notes to financial statements.

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	Program Services			Supportive Services			
	Community Services	Shelter Services	Total	Fundraising	General and Administrative	Total	Total
Personnel expenses	$ 1,451,494	$ 770,539	$ 2,222,033	$ 125,699	$ 139,549	$ 265,248	$ 2,487,281
Occupancy	155,758	66,915	222,673	15,009	15,854	30,863	253,536
Donated goods	81,835	38,018	119,853	6,203	6,891	13,094	132,947
Professional fees	53,874	17,624	71,498	27,915	5,781	33,696	105,194
Contractors and grant partners	73,846	-	73,846	-	-	-	73,846
Depreciation	49,596	56,854	106,450	6,048	8,468	14,516	120,966
Travel	18,923	2,487	21,410	1,664	2,507	4,171	25,581
Printing and postage	19,621	2,559	22,180	564	816	1,380	23,560
Food and house supplies	-	25,232	25,232	-	-	-	25,232
Insurance	20,576	10,629	31,205	3,047	3,401	6,448	37,653
Maintenance and repairs	26,884	18,054	44,938	6,172	4,499	10,671	55,609
Client assistance	1,577	5,843	7,420	-	-	-	7,420
Meetings, conferences, dues and subscriptions	10,722	2,746	13,468	2,546	7,378	9,924	23,392
Program supplies	140,054	20,294	160,348	-	5	5	160,353
Supplies	4,667	2,528	7,195	742	1,264	2,006	9,201
Bank and service fees	3,361	1,782	5,143	291	323	614	5,757
Miscellaneous	50	-	50	-	334	334	384
Total	**$ 2,112,838**	**$ 1,042,104**	**$ 3,154,942**	**$ 195,900**	**$ 197,070**	**$ 392,970**	**$ 3,547,912**

See notes to financial statements.

DOMESTIC VIOLENCE & CHILD ADVOCACY CENTER

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Increase in net assets	$ 101,079	$ 133,607
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized and unrealized losses (gains) on investments	(10,238)	6,197
Depreciation	123,929	120,966
Decrease (increase) in operating assets:		
Grants receivable	(98,753)	(185,793)
Other receivables	29,204	(15,500)
Prepaid expenses and other	(5,593)	1,288
Increase (decrease) in operating liabilities:		
Accounts payable	11,937	(7,474)
Accrued expenses	19,097	(61,305)
Deferred revenue	(28,000)	30,000
Net cash provided by operating activities	142,662	21,986
Cash flows from investing activities:		
Capital expenditures	(54,505)	(26,486)
Proceeds from sale of investments	7,559	27,506
Purchases of investments	(95,138)	(80,883)
Net cash used in investing activities	(142,084)	(79,863)
Increase (decrease) in cash	578	(57,877)
Cash, beginning	279,575	337,452
Cash, ending	**$ 280,153**	**$ 279,575**

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 25,000 individuals annually. Services include a 24/7 Helpline, Emergency Shelter, Justice System Advocacy, Trauma Therapy, Supervised Visitation, and Multicultural & Education services, including Latina Project, Ujima, KEYS 4 Deaf Access, as well as community outreach, education, and professional training.

The Organization received approximately 58% in 2017 and 48% in 2016 of its funding from government grants and received approximately 29% in 2017 and 31% in 2016 of its funding from donations from foundations and individuals. The Organization received approximately 13% in 2017 and 21% in 2016 of its funding from other sources.

Basis of accounting:

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

Basis of presentation:

Financial statement presentation follows accounting principles generally accepted in the United States of America (U.S. GAAP). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Temporarily restricted net assets result from timing differences between the receipt of funds and the incurrence of the related expenses. The Organization 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. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities and net assets as net assets released from restrictions.

Use of estimates:

The preparation of financial statements in conformity with 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.

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

Cash:

Cash consists of unrestricted cash on hand and checking 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 unrestricted net assets 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, 2017 and 2016.

Contributions:

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 unrestricted unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value. 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, 2017 and 2016. 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, 2017 and 2016.

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 $1,000 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

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.

Donated professional 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.

The Organization receives various donated services each year. No amounts have been recognized in the accompanying statements of activities and net assets for these donated services because the criteria for recognition under U.S. GAAP has not been satisfied.

Donated goods:

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

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

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 2014.

Functional expenses:

Costs of providing various programs and other activities have been summarized on a functional basis on the statements of activities and net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on full-time equivalent percentages.

Reclassifications:

Certain amounts in the 2016 financial statements were reclassified to conform to the 2017 presentation.

Recent accounting pronouncements:

In August 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.* The objective of this ASU is to improve the current net asset classification requirements and information presented in financial statements and notes about not-for-profit entities' liquidity, financial performance and cash flows. The ASU will be effective for years beginning after December 15, 2017.

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.

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

Recent accounting pronouncements (continued):

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.

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 21, 2017, the date the Organization's financial statements were available to be issued.

2. Fiscal agent funds:

The Organization is the fiscal agent for the creation of a Children's Advocacy Center (CAC). On behalf of the CAC, the Organization performs various fiscal duties, such as maintaining and distributing cash funds under the terms of the agreement with United Way of Greater Cleveland. Fiscal agent funds have been presented separately as restricted cash, with a corresponding liability, on the statements of financial position.

3. Investments:

The following is a summary of investments at June 30, 2017 and 2016.

	2017		2016	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	$ 3,161	$ 3,161	$ 2,961	$ 2,961
Mutual funds	241,130	235,596	143,710	148,447
Pool investment	18,419	20,934	18,222	20,934
	$ 262,710	$ 259,691	$ 164,893	$ 172,342

3. Investments (continued):

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 (loss) for the years ended June 30, 2017 and 2016.

	2017	2016
Interest and dividend income	$ 9,199	$ 5,812
Net realized and unrealized gains (losses)	10,238	(6,197)
	$ 19,437	$ (385)

4. 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.

The fair value of cash and cash equivalents is based on its face value, which approximates fair value. The fair value of mutual funds 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, 2017 and 2016.

4. Fair value (continued):

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, 2017.

	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	$ 3,161	$ -	$ -	$ 3,161
Mutual funds	-	241,130	-	241,130
The Cleveland Foundation Investment Pool	-	-	18,419	18,419
	$ 3,161	$ 241,130	$ 18,419	$ 262,710

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value at June 30, 2016.

	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	$ 2,961	$ -	$ -	$ 2,961
Mutual funds	-	143,710	-	143,710
The Cleveland Foundation Investment Pool	-	-	18,222	18,222
	$ 2,961	$ 143,710	$ 18,222	$ 164,893

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30, 2017 and 2016.

	2017	2016
Beginning balance	$ 18,222	$ 19,468
Distributions	-	(884)
Fees	(302)	(302)
Change in value of investment	499	(60)
	$ 18,419	$ 18,222

5. Line of credit:

The Organization has a secured line of credit with a commercial bank that provides for borrowings up to $150,000 at the bank's prime interest rate plus 1.25%. The line of credit is collateralized by the Organization's operating assets. There were no borrowings at June 30, 2017 and 2016. The interest rate of the line of credit was 5.50% at June 30, 2017 and 4.75% at June 30, 2016.

6. Temporarily restricted net assets:

Temporarily restricted net assets are available for the following purposes at June 30, 2017 and 2016.

	2017	2016
Program salaries and wages	$ 217,573	$ 234,425
Capital campaign	45,945	15,944
Program activities and supplies	13,278	12,903
	$ 276,796	$ 263,272

7. 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 April 30, 2019, and includes two five-year renewal options.

The Organization leased copier equipment under two operating leases, which were scheduled to expire on May 27, 2015 and October 19, 2016, respectively. In August 2014, the Organization entered into a five-year operating lease to lease copier equipment, which replaced the previous two leases. Additionally, the new lease paid off one of the operating leases, which was non-cancelable, in the amount of $16,250.

Rent expense for all operating leases totaled $168,012 in 2017 and 2016.

The future minimum operating lease payments at June 30, 2017 are as follows:

2018	$ 167,420
2019	167,420
2020	21,627
	$ 356,467

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.

8. 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, 2017 and 2016.

9. Board designated funds and endowment fund:

The Board designated funds totaling $18,419 at June 30, 2017 and $18,222 at June 30, 2016, to be held at The Cleveland Foundation.

Additionally, permanently restricted net assets of $11,305 at June 30, 2017 and 2016, are subject to the restriction of the donors that the principal be invested in perpetuity with only the income permitted to be utilized.

10. Statements of cash flows:

Cash paid for interest totaled $176 in 2017. There was no cash paid for interest in 2016.

Supplemental disclosure of noncash transactions:

Restricted cash decreased $29,894 in 2017 and increased $17,863 in 2016, with a corresponding decrease and increase, respectively, in accounts payable, fiscal agent.