

The Cocoon  
Shelter dba  
The Cocoon



Years Ended  
December 31,  
2018 and 2017

Consolidated  
Financial  
Statements

# THE COCOON SHELTER DBA THE COCOON

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**INDEPENDENT AUDITORS' REPORT**

July 31, 2019

Board of Trustees  
The Cocoon Shelter  
Bowling Green, Ohio

We have audited the accompanying consolidated financial statements of **The Cocoon Shelter dba The Cocoon**, a nonprofit organization, (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

***Independent Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on auditor judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **The Cocoon Shelter dba The Cocoon** as of December 31, 2018 and 2017, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



# THE COCOON SHELTER DBA THE COCOON

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2018	2017
<b>ASSETS</b>		
<b>Assets</b>		
Cash	\$ 19,747	\$ 227
Accounts receivable	29,276	24,741
Grants receivable	132,333	172,592
Contributions receivable	14,284	30,034
Prepaid expenses	9,482	6,630
Restricted cash equivalents	1,500,000	-
Beneficial interest in perpetual trust	389,991	300,706
Property and equipment, net	1,560,110	1,534,424
Other assets	941	984
<b>Total assets</b>	<b><u>\$ 3,656,164</u></b>	<b><u>\$ 2,070,338</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Short-term bank borrowings	\$ 15,305	\$ 24,298
Bank overdraft	-	23,021
Accounts payable	252,385	250,882
Accrued payroll and related liabilities	26,129	28,938
Accrued paid time off	29,931	24,455
Other liabilities	2,000	2,000
Notes payable	1,060,999	1,098,328
<b>Total liabilities</b>	<b><u>1,386,749</u></b>	<b><u>1,451,922</u></b>
<b>Commitments (Note 12)</b>		
<b>Net assets</b>		
Without donor restrictions	247,091	145,118
With donor restrictions	2,022,324	473,298
<b>Total net assets</b>	<b><u>2,269,415</u></b>	<b><u>618,416</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 3,656,164</u></b>	<b><u>\$ 2,070,338</u></b>

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

# THE COCOON SHELTER DBA THE COCOON

## CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and other support</b>			
Contributions	\$ 187,529	\$ 1,626,705	\$ 1,814,234
In-kind support	55,373	-	55,373
Grants			
State budget grant	26,667	-	26,667
Foundations and service organizations	33,807	-	33,807
OhioMHAS - relocation project grant	129,751	-	129,751
Family Violence Prevention	38,698	46,311	85,009
Marriage license/divorce fees	19,180	-	19,180
Victims of Crime Act	374,615	86,022	460,637
United Way partner agencies	39,923	-	39,923
United Way individual designations	12,576	-	12,576
EFSP grant	5,700	-	5,700
Rape Crisis Fund	45,862	-	45,862
Fundraisers	88,132	-	88,132
Investment income	19,535	-	19,535
Change in beneficial interest in perpetual trust	-	(37,420)	(37,420)
Other	116	-	116
Net assets released from restrictions	172,592	(172,592)	-
<b>Total revenues and other support</b>	<b>1,250,056</b>	<b>1,549,026</b>	<b>2,799,082</b>
<b>Expenses</b>			
Program services	937,161	-	937,161
Management and general	114,731	-	114,731
Fundraising	96,191	-	96,191
<b>Total expenses</b>	<b>1,148,083</b>	<b>-</b>	<b>1,148,083</b>
<b>Changes in net assets</b>	<b>101,973</b>	<b>1,549,026</b>	<b>1,650,999</b>
Net assets, beginning of year	145,118	473,298	618,416
<b>Net assets, end of year</b>	<b>\$ 247,091</b>	<b>\$ 2,022,324</b>	<b>\$ 2,269,415</b>

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

# THE COCOON SHELTER DBA THE COCOON

## CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and other support</b>			
Contributions	\$ 180,919	\$ -	\$ 180,919
In-kind support	98,676	-	98,676
Grants			
State budget grant	11,511	-	11,511
Foundations and service organizations	29,533	-	29,533
OhioMHAS - relocation project grant	63,000	33,999	96,999
Family Violence Prevention	31,877	20,909	52,786
Marriage license/divorce fees	10,648	-	10,648
Violence Against Women Act	43,767	2,601	46,368
Victims of Crime Act	352,696	115,083	467,779
United Way partner agencies	45,544	-	45,544
United Way individual designations	7,904	-	7,904
EFSP grant	5,406	-	5,406
Rape Crisis Fund	46,652	-	46,652
Fundraisers	81,541	-	81,541
Investment income	14,391	-	14,391
Change in beneficial interest in perpetual trust	-	12,895	12,895
Other	99	-	99
Net assets released from restrictions	138,347	(138,347)	-
<b>Total revenues and other support</b>	<b>1,162,511</b>	<b>47,140</b>	<b>1,209,651</b>
<b>Expenses</b>			
Program services	844,360	-	844,360
Management and general	126,035	-	126,035
Fundraising	110,663	-	110,663
<b>Total expenses</b>	<b>1,081,058</b>	<b>-</b>	<b>1,081,058</b>
<b>Changes in net assets</b>	<b>81,453</b>	<b>47,140</b>	<b>128,593</b>
Net assets, beginning of year	63,665	426,158	489,823
<b>Net assets, end of year</b>	<b>\$ 145,118</b>	<b>\$ 473,298</b>	<b>\$ 618,416</b>

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

# THE COCOON SHELTER DBA THE COCOON

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries and wages	\$ 502,966	\$ 27,631	\$ 34,694	\$ 565,291
Payroll taxes	42,246	2,226	2,836	47,308
Employee benefits	44,998	2,421	3,027	50,446
Total personnel expenses	590,210	32,278	40,557	663,045
In-kind expenses	30,621	300	9,907	40,828
In-kind rent	6,450	-	-	6,450
Professional fees	57,082	46,671	4,887	108,640
Utilities, telephone and internet	30,210	5,255	8,721	44,186
Insurance	12,564	2,431	1,368	16,363
Supplies	4,247	237	505	4,989
Meal and travel costs	6,468	357	1,377	8,202
Minor capital project expenses	-	1,885	-	1,885
Printing and copying	5,117	570	2,349	8,036
Technology costs	14,447	1,040	1,040	16,527
Resident expenses	81,569	-	-	81,569
Repairs and maintenance	5,308	3,154	1,266	9,728
Promotion and development	422	-	22,805	23,227
Postage	1,486	198	791	2,475
Training/education	1,076	269	68	1,413
Dues and subscriptions	1,870	412	142	2,424
Advertising	1,641	183	4	1,828
Security	1,861	797	346	3,004
Volunteer expenses	105	-	-	105
Interest	405	16,252	-	16,657
Other expenses	105	2,442	58	2,605
Total operating and personnel expenses before depreciation	853,264	114,731	96,191	1,064,186
Depreciation	83,897	-	-	83,897
Total expenses	<u>\$ 937,161</u>	<u>\$ 114,731</u>	<u>\$ 96,191</u>	<u>\$ 1,148,083</u>

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

# THE COCOON SHELTER DBA THE COCOON

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries and wages	\$ 449,610	\$ 62,158	\$ 62,362	\$ 574,130
Payroll taxes	40,265	8,202	5,531	53,998
Employee benefits	46,921	2,689	1,440	51,050
<b>Total personnel expenses</b>	<b>536,796</b>	<b>73,049</b>	<b>69,333</b>	<b>679,178</b>
In-kind expenses	52,891	1,040	15,599	69,530
In-kind rent	6,450	-	-	6,450
Professional fees	108,474	32,185	3,166	143,825
Utilities, telephone and internet	30,898	4,581	5,668	41,147
Rent	5,105	298	555	5,958
Insurance	10,720	1,177	1,177	13,074
Supplies	1,291	202	358	1,851
Meal and travel costs	5,291	583	723	6,597
Minor capital project expenses	129	(8,996)	-	(8,867)
Printing and copying	5,322	614	1,368	7,304
Technology costs	6,835	539	539	7,913
Resident expenses	4,300	68	68	4,436
Repairs and maintenance	6,582	401	687	7,670
Promotion and development	4,508	465	6,233	11,206
Postage	286	51	2,082	2,419
Training/education	228	26	26	280
Dues and subscriptions	1,795	91	90	1,976
Advertising	943	103	29	1,075
Security	440	45	60	545
Volunteer expenses	372	-	-	372
Loss on disposal of property and equipment	4,099	-	-	4,099
Interest	23	17,958	2,820	20,801
Other expenses	5,242	1,555	82	6,879
<b>Total operating and personnel     expenses before depreciation</b>	<b>799,020</b>	<b>126,035</b>	<b>110,663</b>	<b>1,035,718</b>
Depreciation	45,340	-	-	45,340
<b>Total expenses</b>	<b>\$ 844,360</b>	<b>\$ 126,035</b>	<b>\$ 110,663</b>	<b>\$ 1,081,058</b>

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



# THE COCOON SHELTER DBA THE COCOON

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2018	2017
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 1,650,999	\$ 128,593
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	83,897	45,340
Contribution restricted for future project	(1,500,000)	-
Contributions of beneficial interest in perpetual trust	(126,705)	-
Change in value of beneficial interest in perpetual trust	37,420	(12,895)
Donated land and building	(95,900)	-
Loss on disposal of property and equipment	-	4,099
Amortization of forgivable note payable	(26,667)	(11,111)
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(4,535)	1,509
Grants receivable	40,259	(35,707)
Contributions receivable	15,750	(30,034)
Prepaid expenses and other assets	(2,809)	8,951
Accounts payable	1,503	20,872
Accrued payroll and related liabilities	(2,809)	(530)
Accrued paid time off	5,476	(5,336)
<b>Net cash provided by operating activities</b>	<b>75,879</b>	<b>113,751</b>
<b>Cash used in investing activities</b>		
Purchases of property and equipment	(13,683)	(857,550)
<b>Cash flows from financing activities</b>		
Contribution restricted for future project	1,500,000	-
Net short-term bank borrowings	(19,655)	(10,298)
Change in bank overdraft	(23,021)	(45,903)
Proceeds from forgivable note payable	-	800,000
<b>Net cash provided by financing activities</b>	<b>1,457,324</b>	<b>743,799</b>
<b>Net change in cash and restricted cash equivalents</b>	<b>1,519,520</b>	<b>-</b>
Cash and restricted cash equivalents, beginning of year	227	227
<b>Cash and restricted cash equivalents, end of year</b>	<b>\$ 1,519,747</b>	<b>\$ 227</b>

### Supplemental cash flows disclosure

Cash paid for interest totaled \$16,657 and \$20,801 for the years ended December 31, 2018 and 2017, respectively.

At December 31, 2018, \$1,463 of property and equipment was purchased on account.

At December 31, 2017, \$59,060 of property and equipment was purchased on account.

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

# THE COCOON SHELTER DBA THE COCOON

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Organization

The consolidated financial statements include the accounts of The Cocoon Shelter dba The Cocoon and Transformative Praxis, LLC (collectively, the "Organization"). All significant inter-organization balances and transactions have been eliminated in these consolidated financial statements.

The Cocoon Shelter was formed for the purpose of providing a place for safety and healing for individuals oppressed by interpersonal violence through crisis intervention, advocacy, temporary shelter, therapeutic and/or support services and resources for abused individuals and their children primarily in Wood County and the City of Bowling Green. Revenue is provided primarily through private contributions and state, county and local grants.

The Cocoon Shelter and Behavioral Connections of Wood County entered into a memorandum of understanding to relocate the programs and services of the SAAFE Center to the Cocoon Shelter effective October 1, 2015. With the integration of SAAFE Center programs, the Cocoon Shelter has expanded its mission to include programs and services to support victims of sexual violence, including comprehensive advocacy services to victims of sexual assault, sexual harassment and stalking.

In June 2014, Transformative Praxis, LLC, a nonprofit limited liability company, was formed to purchase and own real property for use by The Cocoon Shelter.

#### Basis of Presentation

Net assets and support, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations in the Organization and are not subject to donor restrictions.

*Net Assets With Donor Restrictions* - Net assets 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 that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates. Significant estimates include but are not limited to in-kind support.

## THE COCOON SHELTER DBA THE COCOON

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Cash and Restricted Cash Equivalents

Cash and restricted cash equivalents consists of a bank deposit account and money market funds and their balance may, at times, exceed federally insured limits. Management does not believe the Organization is exposed to significant financial risk as a result of these deposits.

#### Fair Value Measurements

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or transfer a liability in an orderly transaction with a market participant in the principal or most advantageous market. GAAP defines a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon 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.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurements, refer to Note 6 to the consolidated financial statements.

#### Receivables

The Organization carries its accounts, contributions and grants receivable at the amount the Organization expects to collect from balances outstanding at year-end. The Organization's estimate of uncollectible accounts is based on historical collection experience and review of current status of accounts. An allowance for uncollectible accounts has not been established as management believes all accounts are fully collectible. Uncollectible amounts that are still outstanding after management has used reasonable collection efforts are written-off through a charge to bad debts and a credit to accounts, contributions and grant receivable.

The Organization has contributions receivable of \$14,284 and \$30,034 at December 31, 2018 and December 31, 2017, respectively. The Organization expects to collect \$13,384 in 2019 and the remaining \$900 in 2020.

#### Property and Equipment and Depreciation

Property and equipment are reported at cost, if purchased or, if donated, at the fair value at the date of gift. Major improvements and renewals in excess of \$250 are capitalized while ordinary maintenance and repairs are expensed. Depreciation is computed primarily using the straight-line method over the shorter of the estimated useful lives of the related assets or the lease term, which range from 3 to 40 years. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

**Beneficial Interest in Perpetual Trust**

The Organization is the income beneficiary of a perpetual trust held and administered by an outside fiscal agent. Under the terms of the trust, the Organization has the irrevocable right to receive the income earned on the trust's assets in perpetuity, but will never receive the assets held in trust. The present value of the estimated future cash receipts from the trust is recognized as an asset and restricted contributed support at the date the trust is established. Distributions from the trust are recorded as operating investment income, and the carrying value of the assets is adjusted annually for changes in the estimates of future receipts.

**Revenue Recognition**

Contributions, including unconditional promises to give, are recognized as earned and are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions in which the donor-imposed restrictions were met within the same period are recorded in unrestricted net assets. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

The Organization's grants, classified as contributions, are recorded as net assets with donor restriction when the grant is received. When funds are expended, the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions. Amounts received and expended within the same fiscal year are recorded directly to net assets without donor restrictions. Deferred revenue is comprised of advanced payments to the Organization and is recognized as revenue as earned. As of December 31, 2018 and 2017, the Organization had no deferred revenue.

**In-Kind Support**

The Organization receives in-kind support through in-kind donations for the residents, professional fees and rent. The Organization records the in-kind support and related costs at the estimated fair value of these costs.

**Functional Allocation of Expenses**

The cost of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. No joint costs for fundraising appeals were incurred in 2018 or 2017.

Expenses which apply to more than one functional category have been allocated among program, management and general and fundraising based on the time spent on these functions by specific employees as estimated by management.

**Income Taxes**

The Cocoon Shelter and its consolidated entity are recognized as nonprofit organizations that are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRS") as charitable organizations whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. Cocoon Shelter and its consolidated agency are also exempt from state and local taxes under the laws of the State of Ohio for nonprofit organizations. Accordingly, no provision for federal, state or local income taxes has been recorded in these consolidated financial statements.

## THE COCOON SHELTER DBA THE COCOON

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The federal tax returns of the Organization for years 2015 through 2018 are subject to examination by the IRS, which is generally for three years after they were filed. The Organization determined that it is not required to record a liability related to uncertain tax positions.

#### Reclassification

Certain amounts as reported in the 2017 consolidated financial statements have been reclassified to conform with the 2018 presentation.

#### Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2018, the most recent consolidated statement of financial position presented herein, through July 31, 2019, the date these consolidated financial statements were available to be issued. No significant such events or transactions were identified.

#### Change in Accounting Principle

As of January 1, 2017, the Organization adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU 1) reduced the number of net asset classes presented from three to two; (2) required the presentation of expenses by functional and natural classification in one location; and (3) required quantitative and qualitative disclosures about liquidity and availability of financial assets.

## 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2018
Cash	\$ 19,747
Accounts receivable	29,276
Grants receivable	132,333
Contributions receivable	<u>14,284</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 195,640</u>

Along with contributions, the Organization receives funding from various grants to cover general expenditures incurred during the year. The Organization also has a line of credit as described in Note 11, available for operating expenditures.

## THE COCOON SHELTER DBA THE COCOON

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 3. GRANTS RECEIVABLE

Grants receivable, which are expected to be collected within a year, consisted of the following at December 31:

	2018	2017
Family Violence Prevention and Services Grant	\$ 46,311	\$ 20,909
OhioMHAS - relocation project grant	-	33,999
Victims of Crime Act	86,022	115,083
Violence Against Women Act	-	2,601
	<u>                    </u>	<u>                    </u>
Grants receivable	<u>\$ 132,333</u>	<u>\$ 172,592</u>

#### 4. PROPERTY AND EQUIPMENT

Net property and equipment consists of the following components at December 31:

	2018	2017
<b>Property and equipment</b>		
Land	\$ 225,060	\$ 183,960
Building	246,797	191,997
Shelter equipment	39,880	36,658
Computer equipment and software	65,198	62,049
Office furniture and fixtures	31,682	7,739
Building improvements	1,046,608	1,037,305
Construction in progress	<u>79,700</u>	<u>105,634</u>
	<u>                    </u>	<u>                    </u>
Total	1,734,925	1,625,342
Less accumulated depreciation	<u>174,815</u>	<u>90,918</u>
	<u>                    </u>	<u>                    </u>
Net property and equipment	<u>\$ 1,560,110</u>	<u>\$ 1,534,424</u>

The Organization is expecting to receive \$375,000 in the next fiscal year for capital improvements to the facility from the State of Ohio.

## THE COCOON SHELTER DBA THE COCOON

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 5. RESTRICTED CASH EQUIVALENTS

The following table provides a reconciliation of cash and restricted cash equivalents reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	2018
Cash	\$ 19,747
Restricted cash equivalents	<u>1,500,000</u>
<b>Total cash and restricted cash equivalents shown in the consolidated statement of cash flows</b>	<b><u>\$ 1,519,747</u></b>

Assets restricted to investment in a future project on the statement of financial position include restricted cash equivalents received with a donor-imposed restriction that limits use of that cash to the long-term purpose of a future project on a new campus in Perrysburg.

#### 6. BENEFICIAL INTEREST IN PERPETUAL TRUST AND FAIR VALUE MEASUREMENTS

In 2015, the Organization became an income beneficiary of certain funds held in trust by an outside fiscal agent. Under the terms of the trust, the Organization has the irrevocable right to receive the income earned on the trust's assets in perpetuity but will never receive the assets held in the trust. Distributions from the trust are recorded as investment income, and the carrying value of the assets will be adjusted annually for changes in the estimates of future receipts (\$389,991 and \$300,706 as of December 31, 2018 and 2017, respectively). The Organization received approximately \$19,500 and \$15,000 in distributions from this trust during 2018 and 2017, respectively.

The underlying trust assets cannot be liquidated or redeemed by the Organization. As such, no quoted prices or active markets are available for these assets and the beneficial interest in trust is classified as Level 3. As a practical expedient, the carrying value of these assets are deemed equal to the fair value of the Organization's proportionate share of the total investment held in the trust.

The following table below sets forth a summary of changes in the fair value of the Organization's Level 3 asset (beneficial interest in perpetual trust), for the years ended December 31:

	2018	2017
Balance, beginning of year	\$ 300,706	\$ 287,811
Contributions	126,705	-
Net unrealized (loss) gain	<u>(37,420)</u>	<u>12,895</u>
<b>Balance, end of year</b>	<b><u>\$ 389,991</u></b>	<b><u>\$ 300,706</u></b>

## THE COCOON SHELTER DBA THE COCOON

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following at December 31:

	2018	2017
<b>Subject to expenditure for specified purpose:</b>		
Family Violence Prevention	\$ 46,311	\$ 20,909
OhioMHAS - relocation project grant	-	33,999
Victims of Crime Act	86,022	115,083
Violence Against Women Act	-	2,601
Future project	<u>1,500,000</u>	<u>-</u>
	1,632,333	172,592
<b>Not subject to spending policy or appropriation:</b>		
Beneficial interest in perpetual trust (Note 5)	<u>389,991</u>	<u>300,706</u>
	<u><b>\$ 2,022,324</b></u>	<u><b>\$ 473,298</b></u>

#### 8. NONCOMPLIANCE WITH GRANTOR OR DONOR RESTRICTIONS

Financial awards from state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

#### 9. CONCENTRATIONS

In 2018 and 2017, the Organization received approximately 20% and 47%, respectively, of its annual revenues from the Family Violence Prevention Funds, Victims of Crime Act and Violence Against Women Act grants. In 2018, the Organization received proceeds from an estate gift, which included \$1,500,000 in cash and \$95,900 in donated land and building, this contribution comprised 57% of total revenues.

#### 10. DONATED SERVICES

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills which, are performed by people with those skills, and would otherwise be purchased by the Organization. Services donated for 2018 and 2017 that met these criteria totaled \$55,373 and \$98,676, respectively, and are included in the consolidated financial statements as in-kind support.

Volunteers also perform a variety of tasks that assist the Organization with specific assistance programs and various committee assignments throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met. For the years ended December 31, 2018 and 2017, the Organization had many volunteers who volunteered more than 1,200 and 1,600 hours, respectively.



# THE COCOON SHELTER DBA THE COCOON

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 11. DEBT

The Organization has an unsecured revolving line of credit of \$25,000 with Signature Bank N.A., Toledo, Ohio, for the purpose of supporting working capital. The line of credit is priced at the Signature Bank N.A. prime, floating with a floor of 4% (5% at December 31, 2018). The balance outstanding at December 31, 2018 and 2017 was \$15,305 and \$24,498, respectively. The line expires April 30, 2020.

Long-term debt consists of the following obligations at December 31:

	2018	2017
Mortgage payable to bank, collateralized by substantially all assets of the Organization, due in monthly installments of \$2,176 with remaining balance due in full in February 2021, including interest at 5%.	\$ 298,777	\$ 309,439
Mortgage payable to Ohio Mental Health & Addiction Services (OhioMHAS), forgivable over a term of 30 years at a rate of \$2,222 per month (provided the Organization uses the secured property in accordance with OhioMHAS restrictions), non-interest bearing, expires July 2047. Collateralized by specific real estate.	<u>762,222</u>	<u>788,889</u>
<b>Total long-term debt</b>	<b><u>\$ 1,060,999</u></b>	<b><u>\$ 1,098,328</u></b>

Scheduled annual principal maturities for each of the five years succeeding December 31, 2018 and thereafter, are summarized as follows:

Year	Bank Note	Forgivable Note
2019	\$ 11,464	\$ 26,667
2020	12,051	26,667
2021	275,262	26,667
2022	-	26,667
2023	-	26,667
Thereafter	<u>-</u>	<u>628,887</u>
<b>Total</b>	<b><u>\$ 298,777</u></b>	<b><u>\$ 762,222</u></b>

### 12. LEASES

The Organization leases its copier through a noncancelable lease accounted for as an operating lease which ends May 2019. Rent expense under this lease amounted to \$2,268 in 2018 and 2017.

The Organization leases space through a noncancelable lease accounted for as an operating lease which ended May 15, 2017. Rent expense under this lease amounted to \$6,600 in 2017.



**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

July 31, 2019

Board of Trustees  
The Cocoon Shelter  
Bowling Green, Ohio

We have audited the consolidated financial statements of **The Cocoon Shelter dba The Cocoon** (the "Organization") as of and for the years ended December 31, 2018 and 2017, and have issued our report thereon dated July 31, 2019, which expressed an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2018 supplementary information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



## SUPPLEMENTARY INFORMATION

# THE COCOON SHELTER DBA THE COCOON

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2018

	The Cocoon Shelter	Transformative Praxis	Eliminations	Total
<b>Assets</b>				
Cash	\$ 19,520	\$ 227	\$ -	\$ 19,747
Accounts receivable	29,276	-	-	29,276
Grants receivable	132,333	-	-	132,333
Contributions receivable	14,284	-	-	14,284
Prepaid expenses	9,482	-	-	9,482
Restricted cash equivalents	1,500,000	-	-	1,500,000
Beneficial interest in perpetual trust	389,991	-	-	389,991
Property and equipment, net	1,210,465	349,645	-	1,560,110
Other assets	462	479	-	941
<b>Total assets</b>	<b>\$ 3,305,813</b>	<b>\$ 350,351</b>	<b>\$ -</b>	<b>\$ 3,656,164</b>
<b>Liabilities</b>				
Short-term bank borrowings	\$ 15,305	\$ -	\$ -	\$ 15,305
Accounts payable	250,865	1,520	-	252,385
Accrued payroll and related liabilities	26,129	-	-	26,129
Accrued paid time off	29,931	-	-	29,931
Other liabilities	2,000	-	-	2,000
Notes payable	762,222	298,777	-	1,060,999
<b>Total liabilities</b>	<b>1,086,452</b>	<b>300,297</b>	<b>-</b>	<b>1,386,749</b>
<b>Net assets</b>				
Without donor restrictions	197,037	50,054	-	247,091
With donor restrictions	2,022,324	-	-	2,022,324
<b>Total net assets</b>	<b>2,219,361</b>	<b>50,054</b>	<b>-</b>	<b>2,269,415</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,305,813</b>	<b>\$ 350,351</b>	<b>\$ -</b>	<b>\$ 3,656,164</b>

See independent auditors' report on supplementary information.

# THE COCOON SHELTER DBA THE COCOON

## CONSOLIDATING STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

	The Cocoon Shelter	Transformative Praxis	Eliminations	Total
<b>Net assets without donor restrictions</b>				
<b>Revenues and other support</b>				
Contributions	\$ 187,529	\$ -	\$ -	\$ 187,529
In-kind support	55,373	-	-	55,373
Grants				
State budget grant	26,667	-	-	26,667
Foundations and service organizations	33,807	-	-	33,807
OhioMHAS - relocation project grant	129,751	-	-	129,751
Family Violence Prevention	38,698	-	-	38,698
Marriage license/divorce fees	19,180	-	-	19,180
Victims of Crime Act	374,615	-	-	374,615
United Way partner agencies	39,923	-	-	39,923
United Way individual designations	12,576	-	-	12,576
EFSP Grant	5,700	-	-	5,700
Rape Crisis Fund	45,862	-	-	45,862
Fundraisers	88,132	-	-	88,132
Rental income	-	26,112	(26,112)	-
Investment income	19,535	-	-	19,535
Other	116	-	-	116
Net assets released from restrictions	172,592	-	-	172,592
<b>Total revenues and other support</b>	<b>1,250,056</b>	<b>26,112</b>	<b>(26,112)</b>	<b>1,250,056</b>
<b>Expenses</b>				
Program services	948,497	6,681	(18,017)	937,161
Management and general	102,110	15,494	(2,873)	114,731
Fundraising	101,413	-	(5,222)	96,191
<b>Total expenses</b>	<b>1,152,020</b>	<b>22,175</b>	<b>(26,112)</b>	<b>1,148,083</b>
<b>Changes in net assets without donor restrictions</b>	<b>98,036</b>	<b>3,937</b>	<b>-</b>	<b>101,973</b>
<b>Net assets with donor restrictions</b>				
Contributions	1,626,705	-	-	1,626,705
Grants				
Family Violence Prevention	46,311	-	-	46,311
Victims of Crime Act	86,022	-	-	86,022
Change in beneficial interest in perpetual trust	(37,420)	-	-	(37,420)
Net assets released from restrictions	(172,592)	-	-	(172,592)
<b>Changes in net assets with donor restrictions</b>	<b>1,549,026</b>	<b>-</b>	<b>-</b>	<b>1,549,026</b>
<b>Changes in net assets</b>	<b>1,647,062</b>	<b>3,937</b>	<b>-</b>	<b>1,650,999</b>
Net assets, beginning of year	572,299	46,117	-	618,416
<b>Net assets, end of year</b>	<b>\$ 2,219,361</b>	<b>\$ 50,054</b>	<b>\$ -</b>	<b>\$ 2,269,415</b>

See independent auditors' report on supplementary information.