

The Cocoon
Shelter dba
The Cocoon



Years Ended
December 31,
2020 and 2019

Consolidated
Financial
Statements

Rehmann

THE COCOON SHELTER DBA THE COCOON

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INDEPENDENT AUDITORS' REPORT

July 12, 2021

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, 2020 and 2019, 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.

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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, 2020 and 2019, 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.

Rehmann Lobson LLC

THE COCOON SHELTER DBA THE COCOON

Consolidated Statements of Financial Position

		December 31	
		2020	2019
ASSETS			
Assets			
Cash	\$	115,260	\$ 40,591
Accounts receivable		21,841	21,141
Grants receivable		187,086	182,185
Contributions receivable		-	3,684
Prepaid expenses		13,242	10,998
Restricted cash equivalents		206,328	206,328
Investments		1,619,864	1,461,134
Beneficial interest in perpetual trust		436,819	422,825
Property and equipment, net		1,847,069	1,477,428
Other assets		859	901
Total assets	\$	<u>4,448,368</u>	<u>3,827,215</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Short-term bank borrowings	\$	33,510	\$ -
Accounts payable		69,173	198,730
Accrued payroll and related liabilities		29,293	25,937
Accrued paid time off		29,793	28,313
Other liabilities		2,000	2,000
Notes payable		984,404	1,023,109
Total liabilities		<u>1,148,173</u>	<u>1,278,089</u>
Commitments and contingencies (Note 4 and 9)			
Net assets			
Without donor restrictions		1,176,290	444,116
With donor restrictions		2,123,905	2,105,010
Total net assets		<u>3,300,195</u>	<u>2,549,126</u>
Total liabilities and net assets	\$	<u>4,448,368</u>	<u>3,827,215</u>

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions	\$ 186,768	\$ -	\$ 186,768
In-kind support	58,676	-	58,676
Grants			
State budget grant	26,667	-	26,667
Foundations and service organizations	39,100	-	39,100
Ohio Mental Health & Addiction Services capital project	275,034	-	275,034
ADAMHS mental health & substance use disorder services	182,287	36,580	218,867
ADAMHS State Opioid Response	-	46,250	46,250
Family Violence Prevention	56,942	33,960	90,902
Marriage license/divorce fees	17,747	10,651	28,398
Violence Against Women Act	13,050	16,950	30,000
Victims of Crime Act	514,014	42,695	556,709
United Way partner agencies	29,662	-	29,662
United Way individual designations	12,160	-	12,160
EFSP grant	22,250	-	22,250
Rape Crisis Fund	117,114	-	117,114
Cares Act Victim Services grant	38,542	-	38,542
Fundraisers	49,782	-	49,782
Net investment return	237,238	-	237,238
Change in beneficial interest in perpetual trust	-	13,994	13,994
Other	1,545	-	1,545
Net assets released from restrictions	182,185	(182,185)	-
Total revenues and other support	2,060,763	18,895	2,079,658
Expenses			
Program services	1,141,008	-	1,141,008
Management and general	79,070	-	79,070
Fundraising	108,511	-	108,511
Total expenses	1,328,589	-	1,328,589
Changes in net assets	732,174	18,895	751,069
Net assets, beginning of year	444,116	2,105,010	2,549,126
Net assets, end of year	\$ 1,176,290	\$ 2,123,905	\$ 3,300,195

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions	\$ 93,734	\$ -	\$ 93,734
In-kind support	37,301	-	37,301
Grants			
State budget grant	26,667	-	26,667
Foundations and service organizations	30,413	-	30,413
ADAMHS mental health & substance use disorder services	83,250	36,250	119,500
Family Violence Prevention	50,443	18,602	69,045
Marriage license/divorce fees	20,204	-	20,204
Violence Against Women Act	32,084	5,116	37,200
Victims of Crime Act	387,015	122,217	509,232
United Way partner agencies	39,748	-	39,748
United Way individual designations	10,322	-	10,322
EFSP grant	7,000	-	7,000
Rape Crisis Fund	82,499	-	82,499
Fundraisers	90,153	-	90,153
Net investment return	224,812	-	224,812
Change in beneficial interest in perpetual trust	-	32,834	32,834
Other	13,607	-	13,607
Net assets released from restrictions	132,333	(132,333)	-
Total revenues and other support	1,361,585	82,686	1,444,271
Expenses			
Program services	927,809	-	927,809
Management and general	105,307	-	105,307
Fundraising	131,444	-	131,444
Total expenses	1,164,560	-	1,164,560
Changes in net assets	197,025	82,686	279,711
Net assets, beginning of year	247,091	2,022,324	2,269,415
Net assets, end of year	\$ 444,116	\$ 2,105,010	\$ 2,549,126

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, 2020

	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries and wages	\$ 626,254	\$ 19,363	\$ 57,291	\$ 702,908
Payroll taxes	68,087	1,834	5,984	75,905
Employee benefits	46,370	203	3,875	50,448
Total personnel expenses	740,711	21,400	67,150	829,261
In-kind expenses	36,448	100	-	36,548
In-kind rent	6,450	-	-	6,450
Professional fees	81,112	13,804	9,241	104,157
Utilities, telephone and internet	33,378	5,980	9,089	48,447
Insurance	13,103	2,031	1,438	16,572
Supplies	8,300	213	198	8,711
Meal and travel costs	3,331	184	914	4,429
Minor capital project expenses	-	2,049	-	2,049
Printing and copying	4,685	539	8,442	13,666
Technology costs	30,944	3,135	5,359	39,438
Resident expenses	76,814	-	-	76,814
Repairs and maintenance	5,263	3,034	577	8,874
Promotion and development	340	448	4,864	5,652
Postage	159	143	168	470
Training/education	3,062	50	13	3,125
Dues and subscriptions	1,717	85	249	2,051
Advertising	364	62	163	589
Security	3,740	649	504	4,893
Cleaning expenses	1,128	123	124	1,375
Volunteer expenses	80	-	-	80
Interest	2,254	14,524	-	16,778
Other expenses	200	10,517	18	10,735
Total operating and personnel expenses before depreciation	1,053,583	79,070	108,511	1,241,164
Depreciation	87,425	-	-	87,425
Total expenses	\$ 1,141,008	\$ 79,070	\$ 108,511	\$ 1,328,589

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, 2019

	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries and wages	\$ 500,737	\$ 29,457	\$ 58,911	\$ 589,105
Payroll taxes	47,509	2,169	5,026	54,704
Employee benefits	52,281	4,743	9,028	66,052
Total personnel expenses	600,527	36,369	72,965	709,861
In-kind expenses	22,142	75	6,854	29,071
In-kind rent	6,450	-	-	6,450
Professional fees	78,503	20,035	10,015	108,553
Utilities, telephone and internet	33,453	5,566	9,532	48,551
Insurance	12,889	2,475	1,414	16,778
Supplies	2,289	86	395	2,770
Meal and travel costs	9,949	497	1,494	11,940
Minor capital project expenses	-	2,376	-	2,376
Printing and copying	5,268	579	5,929	11,776
Technology costs	14,081	1,070	5,869	21,020
Resident expenses	48,253	-	-	48,253
Repairs and maintenance	3,259	4,567	771	8,597
Promotion and development	1,652	104	15,032	16,788
Postage	184	106	299	589
Training/education	1,262	30	229	1,521
Dues and subscriptions	1,966	169	278	2,413
Advertising	392	98	-	490
Security	1,915	774	351	3,040
Volunteer expenses	12	25	-	37
Interest	529	14,952	-	15,481
Other expenses	364	15,354	17	15,735
Total operating and personnel expenses before depreciation	845,339	105,307	131,444	1,082,090
Depreciation	82,470	-	-	82,470
Total expenses	\$ 927,809	\$ 105,307	\$ 131,444	\$ 1,164,560

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	
	2020	2019
Cash flows from operating activities		
Changes in net assets	\$ 751,069	\$ 279,711
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	87,425	82,470
Net realized and unrealized gains on investments	(208,730)	(196,134)
Change in value of beneficial interest in perpetual trust	(13,994)	(32,834)
Loss on disposal of property and equipment	-	4,985
Amortization of forgivable note payable	(26,667)	(26,667)
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(700)	8,135
Grants receivable	(4,901)	(49,852)
Contributions receivable	3,684	10,600
Prepaid expenses and other assets	(2,202)	(1,476)
Accounts payable	(129,557)	(53,655)
Accrued payroll and related liabilities	3,356	(192)
Accrued paid time off	1,480	(1,618)
Net cash provided by operating activities	460,263	23,473
Cash flows from investing activities		
Purchases of investments	-	(1,400,000)
Proceeds from sale of investments	50,000	135,000
Purchases of property and equipment	(457,066)	(4,773)
Net cash used in investing activities	(407,066)	(1,269,773)
Cash flows from financing activities		
Net short-term bank borrowings (repayments)	21,472	(26,528)
Net cash provided by (used in) financing activities	21,472	(26,528)
Net change in cash and restricted cash equivalents	74,669	(1,272,828)
Cash and restricted cash equivalents, beginning of year	246,919	1,519,747
Cash and restricted cash equivalents, end of year	\$ 321,588	\$ 246,919

Supplemental cash flows disclosure

Cash paid for interest totaled \$16,778 and \$15,481 for the years ended December 31, 2020 and 2019, respectively.

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”). 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. 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.

Net Asset Classification

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

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

Net Assets With Donor Restrictions - Net assets subject to donor 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.

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Notes to Consolidated Financial Statements

Risk of Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a global pandemic, continues to spread through the United States of America and the globe. Many State Governors issued temporary Executive Orders that, among other stipulations, limited in-person work activities for most businesses and industries, unless they have been considered an essential business. The COVID-19 outbreak has disrupted the Organization's normal activities. The extent of the ultimate impact of the pandemic on the Organization's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on funders, program recipients, employees, vendors, and other constituents, all of which cannot be reasonably predicted at this time. The Organization remained open during the pandemic to serve domestic violence victims, under required safety measures. While management reasonably expects the COVID-19 outbreak to impact the Organization's consolidated financial position, changes in net assets, and, where applicable, the timing and amount of cash flows, the related financial consequences and duration is highly uncertain.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Accordingly, actual results could differ from those estimates. Significant estimates include but are not limited to in-kind support.

Cash

Cash consists of a bank deposit account and its balance may, at times, exceed federally insured limits. Management does not believe the Organization is exposed to significant financial risk as a result of this deposit.

Investments

Investments are recorded at fair value in the consolidated statements of financial position. Donated investments are recorded at fair value at the date of donation. Interest and dividend income and realized and unrealized gains and losses are reflected in the consolidated statement of activities as investment return. Gains and losses on sales of investments are determined based on the specific security sold. Income is recorded as earned. Investment return is reported net of external investment expenses.

The Organization 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 certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in these consolidated financial statements.

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Notes to Consolidated Financial Statements

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.

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.

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Notes to Consolidated Financial Statements

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 investment income, and the carrying value of the assets is adjusted annually for changes in the estimates of future receipts.

Revenue Recognition

The Organization records as revenue the following types of contributions when they are received unconditionally, at their fair value: cash, promises to give, and gifts of long-lived and other assets. Conditional contributions, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization's grants are considered to be conditional contributions for purposes of applying revenue recognition policies. The Organization records other revenues as earned.

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 2020 or 2019.

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 ("IRC") 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.

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Notes to Consolidated Financial Statements

The federal tax returns of the Organization for years 2017 through 2020 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.

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, 2020, the most recent consolidated statement of financial position presented herein, through July 12, 2021, the date these consolidated financial statements were available to be issued. No significant such events or transactions were identified.

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:

	2020	2019
Cash	\$ 115,260	\$ 40,591
Accounts receivable	21,841	21,141
Grants receivable	187,086	182,185
Contributions receivable	-	3,684
Restricted cash equivalents	206,328	206,328
Investments	1,619,864	1,461,134
Beneficial interest in perpetual trust	436,819	422,825
	2,587,198	2,337,888
Net assets with donor restrictions	(2,123,905)	(2,105,010)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 463,293</u>	<u>\$ 232,878</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 12, available for operating expenditures.

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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:

	2020	2019
Family Violence Prevention and Services Grant	\$ 33,960	\$ 18,602
Ohio Mental Health and Addiction Services	-	36,250
Victims of Crime Act	42,695	122,217
Violence Against Women Act	16,950	5,116
Cares Act Victim Services grant	36,580	-
ADAMHS State Opioid Response	46,250	-
Wood County marriage licenses	10,651	-
	<u>187,086</u>	<u>182,185</u>
Grants receivable	<u>\$ 187,086</u>	<u>\$ 182,185</u>

4. PROPERTY AND EQUIPMENT

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

	2020	2019
Property and equipment		
Land	\$ 225,060	\$ 225,060
Buildings	246,797	246,797
Shelter equipment	42,742	39,157
Computer equipment and software	75,557	67,244
Office furniture and fixtures	73,694	35,616
Building improvements	1,086,598	1,074,574
Construction in progress	437,715	42,649
	<u>2,188,163</u>	<u>1,731,097</u>
Total	2,188,163	1,731,097
Less accumulated depreciation	<u>341,094</u>	<u>253,669</u>
Net property and equipment	<u>\$ 1,847,069</u>	<u>\$ 1,477,428</u>

The Organization is working to renovate its facility at an estimated cost of \$401,000 and received approximately \$275,000 for these capital improvements from the State of Ohio. The Organization is expecting to receive approximately \$126,000 in the next fiscal year for capital improvements to the facility from the State of Ohio and local matching funds.

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Notes to Consolidated Financial Statements

5. CASH AND 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.

	2020	2019
Cash	\$ 115,260	\$ 40,591
Restricted cash equivalents	<u>206,328</u>	<u>206,328</u>
Total cash and restricted cash equivalents shown in the consolidated statement of cash flows	<u>\$ 321,588</u>	<u>\$ 246,919</u>

Assets restricted to investment in a future project on the consolidated 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. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. The following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value.

Investments

The carrying amounts of money markets approximate fair value and are considered Level 1 in the fair value hierarchy.

Fair value of fixed income mutual funds, equity mutual funds and fixed income ETFs is based on closing prices reported in the active market in which the securities are traded and are considered Level 1 in the fair value hierarchy. Securities are recorded at fair value on a recurring basis.

Beneficial Interest in Perpetual Trust

The underlying trust assets of the beneficial interest in perpetual trust 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.

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Notes to Consolidated Financial Statements

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 table below presents, by level within the fair value hierarchy, the recorded amount of the Organization's assets measured at fair value on a recurring basis as of December 31:

2020	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Fixed income mutual funds	\$ 623,821	\$ -	\$ -	\$ 623,821
Equity mutual funds	971,832	-	-	971,832
Money market funds	24,211	-	-	24,211
Beneficial interest in perpetual trust	-	-	436,819	436,819
Total assets at fair value	\$ 1,619,864	\$ -	\$ 436,819	\$ 2,056,683

2019	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Fixed income mutual funds	\$ 555,606	\$ -	\$ -	\$ 555,606
Equity mutual funds	866,927	-	-	866,927
Money market funds	38,601	-	-	38,601
Beneficial interest in perpetual trust	-	-	422,825	422,825
Total assets at fair value	\$ 1,461,134	\$ -	\$ 422,825	\$ 1,883,959

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:

	2020	2019
Balance, beginning of the year	\$ 422,825	\$ 389,991
Net unrealized gain	13,994	32,834
Balance, end of year	\$ 436,819	\$ 422,825

THE COCOON SHELTER DBA THE COCOON

Notes to Consolidated Financial Statements

7. BENEFICIAL INTEREST IN PERPETUAL TRUST

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 (\$436,819 and \$422,825 as of December 31, 2020 and 2019, respectively). The Organization received approximately \$21,800 and \$21,100 in distributions from this trust during 2020 and 2019.

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Subject to expenditure for specified purpose:		
Family Violence Prevention	\$ 33,960	\$ 18,602
Ohio Mental Health and Addiction Services	-	36,250
Victims of Crime Act	42,695	122,217
Violence Against Women Act	16,950	5,116
Cares Act Victim Services grant	36,580	-
ADAMHS State Opioid Response	46,250	-
Wood County marriage licenses	10,651	-
Future construction project	1,500,000	1,500,000
	1,687,086	1,682,185
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trust (Note 7)	436,819	422,825
	<u>\$ 2,123,905</u>	<u>\$ 2,105,010</u>

9. 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.

10. CONCENTRATIONS

In 2020 and 2019, the Organization received approximately 30% and 41%, respectively, of its annual revenues from the Family Violence Prevention Funds, Victims of Crime Act and Violence Against Women Act grants.

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Notes to Consolidated Financial Statements

11. 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 2020 and 2019 that met these criteria totaled \$58,676 and \$37,301, 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, 2020 and 2019, the Organization had many volunteers who volunteered more than 5,400 and 6,900 hours, respectively.

12. DEBT

The Organization had 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 was priced at the Signature Bank N.A. prime rate with a floor of 4% (4% at December 31, 2020). The line expired April 30, 2021. There was no outstanding balance at December 31, 2020.

The Organization had an additional unsecured revolving line of credit of \$200,000 with Signature Bank N.A., Toledo, Ohio, for the purpose of supporting timing with collecting grant reimbursements. The line of credit was priced at the Signature Bank N.A. prime rate (3.25% at December 31, 2020). The line expired May 31, 2021. There was \$33,510 outstanding at December 31, 2020, which was repaid in 2021.

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

	2020	2019
Mortgage payable to bank, collateralized by substantially all assets of the Organization, due in monthly installments of \$2,076 with remaining balance due in full in February 2026, including interest at 4.25%.	\$ 275,516	\$ 287,554
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.	708,888	735,555
Total long-term debt	\$ 984,404	\$ 1,023,109

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Notes to Consolidated Financial Statements

Scheduled annual principal maturities for each of the five years succeeding December 31, 2020 and thereafter, are summarized as follows:

Year	Bank Note	Forgivable Note
2021	\$ 11,882	\$ 26,667
2022	13,978	26,667
2023	14,583	26,667
2024	15,215	26,667
2025	15,875	26,667
Thereafter	203,983	575,553
Total	<u>\$ 275,516</u>	<u>\$ 708,888</u>

The forgivable note is being amortized over the life of the debt and reflected as revenue in the consolidated statement of activities as state budget grant revenue.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

July 12, 2021

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, 2020 and 2019, and have issued our report thereon dated July 12, 2021 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 2020 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 audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Rehmann Lobson LLC

Rehmann is an independent member of Nexia International.



7124 W. Central Ave, Toledo, OH 43617 419.865.8118

**SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2020**

THE COCOON SHELTER DBA THE COCOON

Consolidating Statement of Financial Position

December 31, 2020

	The Cocoon Shelter	Transformative Praxis	Eliminations	Total
Assets				
Cash	\$ 115,260	\$ -	\$ -	\$ 115,260
Accounts receivable	21,841	-	-	21,841
Grants receivable	187,086	-	-	187,086
Prepaid expenses	13,242	-	-	13,242
Restricted cash equivalents	206,328	-	-	206,328
Investments	1,619,864	-	-	1,619,864
Beneficial interest in perpetual trust	436,819	-	-	436,819
Property and equipment, net	1,510,787	336,282	-	1,847,069
Other assets	465	394	-	859
Total assets	\$ 4,111,692	\$ 336,676	\$ -	\$ 4,448,368
Liabilities				
Short-term bank borrowings	\$ 33,510	\$ -	\$ -	\$ 33,510
Accounts payable	69,173	-	-	69,173
Accrued payroll and related liabilities	29,293	-	-	29,293
Accrued paid time off	29,793	-	-	29,793
Other liabilities	2,000	-	-	2,000
Notes payable	708,888	275,516	-	984,404
Total liabilities	872,657	275,516	-	1,148,173
Net assets				
Without donor restrictions	1,115,130	61,160	-	1,176,290
With donor restrictions	2,123,905	-	-	2,123,905
Total net assets	3,239,035	61,160	-	3,300,195
Total liabilities and net assets	\$ 4,111,692	\$ 336,676	\$ -	\$ 4,448,368

See independent auditors' report on supplementary information.

THE COCOON SHELTER DBA THE COCOON

Consolidating Statement of Activities

Year Ended December 31, 2020

	The Cocoon Shelter	Transformative Praxis	Eliminations	Total
Net assets without donor restrictions				
Revenues and other support				
Contributions	\$ 186,768	\$ -	\$ -	\$ 186,768
In-kind support	58,676	-	-	58,676
Grants				
State budget grant	26,667	-	-	26,667
Foundations and service organizations	39,100	-	-	39,100
Ohio Mental Health & Addiction Services capital project	275,034	-	-	275,034
ADAMHS mental health & substance use disorder services	182,287	-	-	182,287
ADAMHS State Opioid Response	-	-	-	-
Family Violence Prevention	56,942	-	-	56,942
Marriage license/divorce fees	17,747	-	-	17,747
Violence Against Women Act	13,050	-	-	13,050
Victims of Crime Act	514,014	-	-	514,014
United Way partner agencies	29,662	-	-	29,662
United Way individual designations	12,160	-	-	12,160
EFSP grant	22,250	-	-	22,250
Rape Crisis Fund	117,114	-	-	117,114
Cares Act Victim Services grant	38,542	-	-	38,542
Fundraisers	49,782	-	-	49,782
Rental income	-	26,112	(26,112)	-
Net investment return	237,238	-	-	237,238
Other	1,545	-	-	1,545
Net assets released from restrictions	182,185	-	-	182,185
Total revenues and other support	2,060,763	26,112	(26,112)	2,060,763
Expenses				
Program services	1,152,343	6,682	(18,017)	1,141,008
Management and general	67,992	14,342	(3,264)	79,070
Fundraising	113,342	-	(4,831)	108,511
Total expenses	1,333,677	21,024	(26,112)	1,328,589
Changes in net assets without donor restrictions	727,086	5,088	-	732,174
Net assets with donor restrictions				
Grants				
Cares Act Victim Services grant	36,580	-	-	36,580
Family Violence Prevention	33,960	-	-	33,960
Violence Against Women Act	16,950	-	-	16,950
Victims of Crime Act	42,695	-	-	42,695
ADAMHS State Opioid Response	46,250	-	-	46,250
Marriage license/divorce fees	10,651	-	-	10,651
Change in beneficial interest in perpetual trust	13,994	-	-	13,994
Net assets released from restrictions	(182,185)	-	-	(182,185)
Changes in net assets with donor restrictions	18,895	-	-	18,895
Changes in net assets	745,981	5,088	-	751,069
Net assets, beginning of year	2,493,054	56,072	-	2,549,126
Net assets, end of year	\$ 3,239,035	\$ 61,160	\$ -	\$ 3,300,195

See independent auditors' report on supplementary information.