

NEXT DOOR SOLUTIONS TO
DOMESTIC VIOLENCE

JUNE 30, 2010

INDEPENDENT AUDITORS' REPORT,

FINANCIAL STATEMENTS

AND

SINGLE AUDIT REPORTS AND SCHEDULES

Next Door Solutions to Domestic Violence

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Independent Auditors' Report

BOARD OF DIRECTORS
NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
San Jose, California

We have audited the accompanying statement of financial position of the **NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE (the Organization)** as of June 30, 2010 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's fiscal year ended June 30, 2009 financial statements, and in our report dated January 20, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2010 on our consideration of the Organization's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal and other governmental awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hood & Strong LLP

December 1, 2010

Next Door Solutions to Domestic Violence

Statement of Financial Position

<i>June 30, 2010 (with comparative totals for June 30, 2009)</i>	2010	2009
Assets		
Cash and cash equivalents	\$ 874,104	\$ 743,558
Grants receivable	394,415	319,049
Prepaid expenses and other current assets	50,225	38,478
Property and equipment, net	255,881	297,871
Total assets	\$ 1,574,625	\$ 1,398,956
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 28,850	\$ 14,228
Accrued liabilities	139,272	96,884
Deferred revenue	26,148	43,681
Obligations under capital lease		6,900
Total liabilities	194,270	161,693
Net Assets:		
Unrestricted:		
Operating fund	197,280	134,424
Board designated - operating reserve	745,000	620,000
Property and equipment fund	300,000	300,000
Total unrestricted	1,242,280	1,054,424
Temporarily restricted	138,075	182,839
Total net assets	1,380,355	1,237,263
Total liabilities and net assets	\$ 1,574,625	\$ 1,398,956

Next Door Solutions to Domestic Violence

Statement of Activities

Year Ended June 30, 2010 (with comparative totals for the year ended June 30, 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue:				
Support:				
Contributions	\$ 670,455	\$ 324,507	\$ 994,962	\$ 688,755
Contributions in-kind	274,040		274,040	315,568
Total support	944,495	324,507	1,269,002	1,004,323
Revenue:				
Government grants	1,458,731		1,458,731	1,482,837
Program service fees	43,866		43,866	58,106
Other income	12,856		12,856	92,530
Interest and dividends	3,539		3,539	3,753
Total revenue	1,518,992		1,518,992	1,637,226
Total support and revenue	2,463,487	324,507	2,787,994	2,641,549
Net Assets Released from Restriction	369,271	(369,271)	(369,271)	
Total Support, Revenue, and Net Assets Released from Restrictions	2,832,758	(44,764)	2,418,723	2,641,549
Operating Expenses:				
Programs:				
Advocacy	942,475		942,475	995,203
Counseling	300,535		300,535	371,526
Housing	699,216		699,216	736,796
Total program expenses	1,942,226		1,942,226	2,103,525
Support services:				
Management and general	361,686		361,686	310,005
Fundraising	340,990		340,990	290,026
Total support services	702,676		702,676	600,031
Total expenses	2,644,902		2,644,902	2,703,556
Change in Net Assets	187,856	(44,764)	143,092	(62,007)
Net Assets - beginning of year	1,054,424	182,839	1,237,263	1,299,270
Net Assets - end of year	\$ 1,242,280	\$ 138,075	\$ 1,380,355	\$ 1,237,263

Next Door Solutions to Domestic Violence

Statement of Functional Expenses

Year Ended June 30, 2010 (with comparative totals for the year ended June 30, 2009)

	Programs	Support Services			2010 Total	2009 Total
		Management and General	Fundraising	Total Support Services		
Salaries	\$ 1,095,291	\$ 218,597	\$ 120,019	\$ 338,616	\$ 1,433,907	\$ 1,349,979
Employee benefits	215,566	33,088	20,402	53,490	269,056	235,603
Total salaries and benefits	1,310,857	251,685	140,421	392,106	1,702,963	1,585,582
Professional services	54,281	18,680	126,513	145,193	199,474	339,495
Professional services - in-kind	199,716				199,716	237,274
Occupancy	164,265	32,141	11,813	43,954	208,219	205,242
Telephone	32,144	7,210	931	8,141	40,285	39,703
Office expenses	18,039	4,846	20,792	25,638	43,677	43,290
Shelter food and supplies	40,369	6,103	86	6,189	46,558	40,976
Materials - in-kind	74,324				74,324	78,294
Travel, conferences and meetings	9,685	19,455	3,103	22,558	32,243	35,447
Insurance	7,797	6,054	100	6,154	13,951	13,463
Miscellaneous expenses	(760)	9,872	21,312	31,184	30,424	22,918
Equipment maintenance and rent	13,873	(7,797)	5,002	(2,795)	11,078	13,871
Total expenses before depreciation	1,924,590	348,249	330,073	678,322	2,602,912	2,655,555
Depreciation	17,636	13,437	10,917	24,354	41,990	48,001
Total expenses	\$ 1,942,226	\$ 361,686	\$ 340,990	\$ 702,676	\$ 2,644,902	\$ 2,703,556
Percentage of Total	73%	14%	13%	27%	100%	

Next Door Solutions to Domestic Violence

Statement of Functional Expenses (Details of Program Services)

Year Ended June 30, 2010

	Advocacy	Counseling	Housing	Total Program Services
Salaries	\$ 493,850	\$ 174,250	\$ 427,191	\$ 1,095,291
Employee benefits	91,143	30,975	93,448	215,566
Total salaries and benefits	584,993	205,225	520,639	1,310,857
Professional services	22,007	27,212	5,062	54,281
Professional services - in-kind	199,716			199,716
Occupancy	57,885	39,153	67,227	164,265
Telephone	12,390	2,837	16,917	32,144
Office expenses	7,934	1,955	8,150	18,039
Shelter food and supplies	9,196	4,946	26,227	40,369
Materials - in-kind	20,687	10,043	43,594	74,324
Travel, conferences and meetings	6,898	888	1,899	9,685
Insurance	3,582	1,033	3,182	7,797
Miscellaneous expenses	(1,077)	20	297	(760)
Equipment maintenance and rent	6,507	5,124	2,242	13,873
Total expenses before depreciation	930,718	298,436	695,436	1,924,590
Depreciation	11,757	2,099	3,780	17,636
Total expenses	\$ 942,475	\$ 300,535	\$ 699,216	\$ 1,942,226

Next Door Solutions to Domestic Violence

Statement of Cash Flows

*Year Ended June 30, 2010 (with comparative totals
for the year ended June 30, 2009)*

	2010	2009
Cash Flows from Operating Activities:		
Change in net assets	\$ 143,092	\$ (62,007)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,990	48,001
Decrease (increase) in assets:		
Grants receivable	(75,366)	581,201
Prepaid expenses and other current assets	(11,747)	7,409
(Decrease) increase in liabilities:		
Accounts payable	14,622	(240,260)
Accrued liabilities	42,388	(240,775)
Deferred revenue	(17,533)	43,681
Net cash provided by operating activities	137,446	137,250
Cash Flows from Investing Activities:		
Purchase of property and equipment		(13,855)
Net cash used by investing activities		(13,855)
Cash Flows from Financing Activities:		
Repayment of obligations under capital lease	(6,900)	(9,655)
Net cash used by financing activities	(6,900)	(9,655)
Increase in Cash and Cash Equivalents	130,546	113,740
Cash and Cash Equivalents - beginning of year	743,558	629,818
Cash and Cash Equivalents - end of year	\$ 874,104	\$ 743,558
Supplemental Information:		
Cash paid for interest	\$ 2,708	\$ 4,115

Next Door Solutions to Domestic Violence

Notes to Financial Statements

Note 1 - Nature of Organization:

Next Door Solutions to Domestic Violence (the Organization) is the oldest and most comprehensive domestic violence provider in Santa Clara County, California. The Organization is viewed as the leader in innovation, knowledge and practice in Santa Clara County. It is a multi-cultural, public benefit agency dedicated to proactive and progressive solutions to domestic violence through embedded advocates in multiple community entry points. The Organization educates groups of all ages, genders, and ethnicities to create an environment for change to a “violence is not acceptable” community. Serving Santa Clara County for the last 39 years, the Organization offers a range of culturally and linguistically appropriate, wrap around services to meet the unique and diverse needs of families impacted by domestic violence. In fiscal year 2010 and 2009, the Organization's programs have collectively served 8,548 and 7,298 clients respectively through the following programs and services. Currently, Next Door is the only free-standing domestic violence agency that provides a full array of domestic violence services to all the diverse populations of Santa Clara County.

Advocacy

The Organization serves domestic violence victims in various advocacy capacities and community entry points.

a. Family Violence Center

This is a collaborative project with the San Jose Police Department that offers victims of domestic violence “one-stop shopping” for advocacy and referrals. The Organization’s advocates see walk-in clients and provide follow-up aftercare.

b. Other Police Departments

The Organization also provides follow-up services for the Campbell Police Department, Los Gatos Police Department, and the Sheriff’s Office.

c. Legal Services

The Organization’s advocates provide legal assistance with Temporary Restraining Orders (TROs), court accompaniment and translation.

d. Immigration and Language Services

The Organization provides distinct services for immigrant victims of domestic violence, providing necessary services in addition to linkages to pro bono attorneys versed in immigration and domestic violence issues. This service is further facilitated by the Organization’s Language Bank, which provides access to all services in 26 languages through 33 on-call Language Bank Advocates.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

e. MAVEN (Mature Alternatives to Violent Environments Now)

The Organization provides this program for victims of domestic violence over the age of 50 along with services that include field trips, support groups, and community outreach.

f. Department of Family and Children's Services (DFCS)

The Organization's embedded advocates meet with DFCS clients impacted by domestic violence.

g. CalWorks (California's Welfare to Work Program)

An embedded advocate at the CALWorks office provides services to victims when the violence prevents them from gaining and maintaining meaningful employment.

h. Crisis Counseling

The Organization provides an on site Crisis Intervention Advocate/Case Manager at its Community Office for walk in clients, who advises clients, provides safety planning, and makes referrals to agency and other community services.

Counseling

Support Group

The Organization provides support group and peer counseling. The services are provided in English and Spanish; are provided to men, women, children, and teens; and are provided at several venues throughout the community. The support groups are designed to help clients rebuild the lives damaged by abusive relationships. Currently, the Organization facilitates two English and two Spanish Support Groups, one Men's support group, its MAVEN support group for victims over 50, a Women's Support Group in Los Gatos, one at Sacred Heart Community Service, a quilting group, and a support group at the Elmwood Correctional Facility.

Children and Youth

a. Kids Club

The Organization provides psycho-educational groups for children ages 5 to 12 who have been exposed to domestic violence. Group themes include multiculturalism, self-esteem, conflict resolution, identification of feelings, healthy communication, safety, and families. The program encourages children to understand that they are special, that they are not responsible for the violence in their home; and that they cannot change their parents. Finally, Kids Club provides child-parent bonding activities, through literacy activities, field trips and special dinners which give mothers and children the opportunity to reconnect and heal together.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

b. Teen Services

The Organization provides 10-week support groups for teenage youth exposed to domestic violence and/or at risk of developing abusive relationships at 7 community sites throughout the County including high schools. Teen Services provide leadership opportunities, field trips, and other incentives as well as POWER, a support group distinctly for teen victims of dating violence, and the Building a Bridge Program, which provides outreach, peer counseling, and referral to incarcerated teen girls.

c. Kaiser Permanente Educational Theatre Program

In conjunction with Kaiser Permanente's Educational Theatre PEACE Signs play and Nightmare on Puberty Street play, the Organization's staff provides faculty and parent presentations, and support groups at local elementary schools and the Mayfair Community Center for children and youth exposed to violence.

d. The Summer Youth Leadership Forum

The Organization recruits teens from the San Jose community to engage in leadership opportunities, such as the creation and implementation of a youth survey, that assesses community attitudes about teen dating violence. Participants also conducted focus groups with their peers to gather and present survey data.

Housing

a. Shelter Next Door

The Organization's 24-hour emergency shelter provides safety plans, risk assessment, protection, food, crisis counseling, and referrals to children's services as well as other community services for women and their children who are fleeing abusive environments.

b. 24-Hour Hotline

The Organization's crisis hotline is answered 24 hours a day, 7 days a week. The hotline provides immediate crisis assistance, information and referrals in both English and Spanish. It also provides after-hours assistance for Adult Protective Services.

c. HomeSafe

The Organization provides long-term supportive housing to women and their children at two locations, one in San Jose and one in Santa Clara. Women may stay up to 36 months in 48 units while receiving supportive services such as case management, housing and employment assistance, and children's services.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

The Organization affirms that all aspects of domestic violence must be addressed in order to reduce this problem, and believes that addressing the needs of both adults and children impacted by domestic violence is the key to ending domestic violence in the moment and for all time, that community support, advocacy, and multiple points of entry are critical to long-term solutions to the epidemic of domestic violence that affects our local and national population.

The Organization receives various Federal, State and local government funding to conduct these programs. Government grants represent over half of the Organization's support and revenue. Remaining support and revenue come from programs fees from service recipients, contributions from private foundations and corporations, United Way, and individual donations from the general public.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Accounting

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

b. Description of Net Assets

Unrestricted Net Assets - the portion of net assets that is neither temporarily nor permanently restricted by donor-imposed stipulations. These net assets are intended for use by management and the Board of Directors for general operations. Unrestricted net assets include any net assets designated by the Board of Directors.

Temporarily Restricted Net Assets - the portion of net assets which use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization.

Permanently Restricted Net Assets - the portion of net assets which use is permanently limited by donor-imposed stipulations that neither expire by passage of time nor can be removed by actions of the Organization. The Organization does not currently have any permanently restricted net assets.

c. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

e. Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less, and exclude donor restricted receipts and amounts designated for long-term purposes. The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

f. Grants Receivable

Grants receivable are carried at invoice amount less an estimate for doubtful receivables.

Grants receivable are due from various government agencies, corporations and foundations. As of June 30, 2010 the Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

g. Property and Equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$1,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 39 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

h. Revenue Recognition

The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as exchange transactions and program fees are recognized as revenue in the period in which the service is provided.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Temporarily restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. While these contributed services are not reflected in the financial statements the estimated value of these services is disclosed in Note 6.

i. Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect salary expense allocations are based on periodic time studies and/or management's estimates. Other indirect costs are allocated based on the percentage of full time equivalent staff members in each function.

j. Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. In addition, the Organization qualifies for the charitable contribution deduction under Section (b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

The Financial Accounting Standards Board (FASB) issued new guidance on accounting for uncertainty in income taxes. The Organization adopted this new guidance for the year ended June 30, 2010. Management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax exempt status and had taken no uncertain tax positions that required adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

k. Subsequent Events

The Organization has reviewed the changes in its net assets for the period of time from its fiscal year ended June 30, 2010 through December 1, 2010, the date the financial statements were available for issuance, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have subsequent events occurred, the nature of which would require disclosure.

Note 3 - **Property and Equipment:**

The cost and related accumulated depreciation of the property and equipment as of June 30, consisted of the following:

	2010	2009
Building and improvements	\$ 259,416	\$ 259,416
Equipment and furniture	213,581	213,581
Land	96,974	96,974
Equipment under capital lease	53,045	53,045
Leasehold improvements	52,642	52,642
Vehicles	33,253	33,253
	708,911	708,911
Less: Accumulated depreciation	(453,030)	(411,040)
Property and equipment, net	\$ 255,881	\$ 297,871

Depreciation expense for the years ended June 30, 2010 and 2009 was \$41,990 and \$48,001, respectively. Depreciation expense for equipment under capital leases for the years ended June 30, 2010 and 2009 totaled \$2,708 and \$9,408 respectively. Accumulated depreciation for equipment under capital leases as of June 30, 2010 and 2009 totaled \$53,045 and \$50,337, respectively.

Note 4 - **Board Designated Net Assets:**

Board Designated - Operating Reserves - The Organization maintains a three month reserve to stabilize cash flow and cover any revenue shortfalls that occur because of grant delays and seasonal variation in fundraising receipts that do not meet budgeted expenditures. Government, foundation, and corporation grants can make up a significant portion of the Organization's support and revenue, and there can be significant delays in the receipt of these monies after an award.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

At the end of June 2010, the Organization received a \$125,000 bequest for general operating support. This donation was included in the Organization's revenue projections for fiscal year 2011. As a result, the Board designated that these funds be reserved for expenses incurred in the following fiscal year, 2011. Revenue for this donation was recognized in fiscal year 2010.

Note 5 - Temporarily Restricted Net Assets:

The Organization's temporarily restricted net assets as of June 30 consisted of the following:

	2010	2009
Housing	\$ 91,305	\$ 71,882
Children and youth	28,333	25,167
Advocacy	10,240	62,917
Fund development	8,197	18,223
Reemployment		4,650
Total temporarily restricted net assets	\$ 138,075	\$ 182,839

Net assets were released from restrictions during the year ending June 30, 2010 by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

Housing	\$ 154,585
Children and youth	107,333
Advocacy	70,177
Fund development	20,026
Counseling	12,500
Reemployment	4,650
Total net assets released from restrictions	\$ 369,271

Next Door Solutions to Domestic Violence

Notes to Financial Statements

Note 6 - Contributions In-Kind:

During the years ended June 30, 2010 and 2009, volunteers donated approximately 3,631 and 4,730 hours to the Organization's various programs in professional services such as counseling, legal services, and the shelter hotline. The services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded as part of contributions in-kind in the financial statements at the estimated fair value at the time the services are rendered. For the years ended June 30, 2010 and 2009, management has estimated the value of these services to be \$199,716 and \$237,274, respectively.

For the years ended June 30, 2010 and 2009, volunteers also donated 4,194 and 2,287 hours of non professional services, such as childcare and general administrative services, respectively. Management has estimated the value of these services to be \$84,704 and \$70,795. Since these services did not meet recognition requirements under generally accepted accounting principles, they have not been recorded in the financial statements.

The Organization receives a large volume of food, clothing and other materials for use in its programs. All items were used in the shelter program. For the years ended June 30, 2010 and 2009, the value of these items was estimated at \$74,324 and \$78,294, respectively.

Contributions in-kind for the years ended June 30, consisted of the following:

	2010	2009
Professional services	\$ 199,716	\$ 237,274
Materials	74,324	78,294
Total contributions in-kind	\$ 274,040	\$ 315,568

Note 7 - Operating Lease Commitments:

The Organization has an operating lease agreement for office space which expires on May 31, 2013. The monthly base rent includes common area and maintenance costs. Lease payments for years ended June 30, 2010 and June 30, 2009 totaled \$166,088 and \$165,888, respectively.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

Future minimum lease payments are as follows:

Year Ending June 30,	
2011	\$ 178,072
2012	183,378
2013	172,349
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Total future minimum lease payments	\$ 533,799
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Note 8 - Concentrations:

The Organization receives over half of its revenues from the State of California, the County of Santa Clara and the City of San Jose, many passed through from the federal government. A reduction in awards of grants from any of these agencies could materially impact the services the Organization provides.

Note 9 - Contingencies:

Grants and contracts awarded to the Organization are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.

Note 10 - Conflict of Interest Policy:

Included among the Organization's Board of Directors and Officers are volunteers from the community who provide valuable assistance to the Organization in the development of policies and programs and in the evaluation of business transactions. The Organization has adopted a conflict of interest policy whereby Board members are disqualified from participation in the final decisions regarding any action affecting their related company or agency.

One of the board members is a partner in a law firm that provides pro bono legal services to the Organization.

Next Door Solutions to Domestic Violence

Schedule of Expenditures of Federal and Other Governmental Awards

Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Identifying Number	Grant/Period/ Period In Current Fiscal Year	Award Amount	Revenue Recognized	Federal Expenditures
Federal Assistance						
<u>U.S. Department of Housing and Urban Development</u>						
Community Development Block Grants (CDBG):						
Passed through:						
City of Milpitas	14.218	011910	7/1/09-6/30/10	\$ 5,000	\$ 5,000	\$ 5,000
City of Los Gatos	14.218	20100213	7/1/09-6/30/10	11,520	11,520	11,520
City of Los Altos	14.218	LA-10-35	7/1/09-6/30/10	3,483	3,483	3,483
City of San Jose	14.218	A72	7/1/09-6/30/10	32,307	27,387	27,387
City of San Jose	14.218	A19	7/1/09-6/30/10	75,776	75,776	75,776
City of Campbell	14.218	20100010	7/1/09-6/30/10	4,537	4,537	4,537
County of Santa Clara	14.218	NC-10A-31	7/1/09-6/30/10	9,100	9,100	9,100
Homlessness Prevention and Rapid Rehousing Program (HPRP)						
Passed through:						
Emergency Housing Consortium of Santa Clara County - ARRA	14.Unknown	Unknown	10/1/09-6/30/11	69,612	14,443	14,443
Emergency Shelter Grants Program:						
Passed through:						
City of San Jose	14.231	ESG-09-009	7/1/09-6/30/10	27,000	27,000	27,000
Supportive Housing Program - San Jose HomeSafe:						
Passed through:						
InnVision	14.235	CA01B600030	7/1/09-6/30/10	63,000	34,073	34,073
Total U.S. Department of Housing and Urban Development				301,335	212,319	212,319
<u>Federal Emergency Management Agency</u>						
Emergency Food and Shelter National Board Program	97.024	088000-035	10/1/09-9/30/10	19,000	19,000	19,000
<u>U.S. Department of Health and Human Services</u>						
Family Violence Prevention and Services/Grants for Battered Women's Shelter - Grants to States and Indian Tribes:						
Passed through:						
State of California - California Emergency Management Agency	93.671	DV09201416	7/1/09-6/30/10	68,036	68,036	68,036

The accompanying notes are an integral part of this schedule.

Next Door Solutions to Domestic Violence

**Schedule of Expenditures of Federal and Other Governmental Awards
(Continued)**

Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Identifying Number	Grant Period/ Period In Current Fiscal Year	Award Amount	Revenue Recognized	Governmental Expenditures
<u>U.S. Department of Justice</u>						
Legal Assistance for Victims: Passed through: Bay Area Legal Aid	16.524	2006-WL-AX-0059	8/1/06-12/31/09	164,460	1,359	1,359
Crime Victim Assistance: Passed through: State of California - California Emergency Management Agency	16.575	DV09201416	7/1/09-6/30/10	96,115	96,115	96,115
Violence Against Women Formula Grants: Passed through: State of California - California Emergency Management Agency - ARRA	16.588	DR09011416	7/1/09-6/30/10	21,217	21,217	21,217
Services for Victims of Human Trafficking Passed through: Katharine and George Alexander Community Law Center - Santa Clara University	16.320	2009-VT-BX-K003	9/1/09-6/30/10	38,332	891	891
Grants to Encourage Arrest Policies and Enforcement of Protection Orders - Woman's Advocacy: Passed through: City of Morgan Hill	16.590	2008-WE-AX-0036	9/1/08-8/31/10	178,666	81,018	81,018
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2005-WH-AX-0053	9/1/05-4/30/12	369,052	41,914	41,914
Total U.S. Department of Justice				867,842	242,514	242,514
Total Federal Assistance				\$ 1,256,213	\$ 541,869	\$ 541,869

The accompanying notes are an integral part of this schedule.

Next Door Solutions to Domestic Violence

**Schedule of Expenditures of Federal and Other Governmental Awards
(Continued)**

Federal or other Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Identifying Number	Grant Period/ Period In Current Fiscal Year	Award Amount	Revenue Recognized	Governmental Expenditures
<u>NON-FEDERAL ASSISTANCE</u>						
<u>State of California</u>						
State of California - California Emergency Management Agency	N/A	DV07181416	7/1/09-6/30/10	\$ 184,968	\$ 184,968	\$ 184,968
Total State of California				184,968	184,968	184,968
<u>County of Santa Clara</u>						
Department of Social Services-General Fund	N/A	MCANDS10	7/1/09-6/30/10	107,167	107,165	107,165
Department of Social Services-Marriage License	N/A	MCANDS10	7/1/09-6/30/10	62,000	62,000	62,000
Department of Social Services-Empowerment	N/A	MCANDS10	7/1/09-6/30/10	49,728	49,728	49,728
Department of Social Services-CalWORKS	N/A	MCANDS10	7/1/09-6/30/10	83,189	83,189	83,189
Department of Social Services-Adult Protective Services	N/A	MCANDS10	7/1/09-6/30/10	55,000	55,000	55,000
Department of Social Services-Intensive Upfront Services	N/A	MCANDS10	7/1/09-6/30/10	79,593	79,593	79,593
Office of Women's Policy	N/A	107-G1077JAG-10	5/1/09-6/30/10	40,708	34,676	34,676
Total County of Santa Clara				477,385	471,351	471,351
<u>City of San Jose</u>						
City of San Jose-HNVF	N/A	SH029	7/1/09-6/30/10	72,000	72,000	72,000
City of San Jose-Family Violence Center	N/A	17622	3/1/09-2/28/10	113,073	64,523	64,523
City of San Jose-Family Violence Center	N/A	74309	3/1/09-2/28/11	105,645	44,316	44,316
City of San Jose-BEST	N/A	74507	9/1/08-8/31/09	46,410	9,069	9,069
City of San Jose-BEST	N/A	75035	9/1/09-8/31/10	46,410	40,635	40,635
Total City of San Jose				383,538	230,543	230,543
<u>Others</u>						
Affordable Housing Services:						
City of Santa Clara	N/A	N/A	7/1/09-6/30/10	30,000	30,000	30,000
TOTAL NON-FEDERAL ASSISTANCE				1,075,891	916,862	916,862
TOTAL GOVERNMENTAL ASSISTANCE				\$ 2,332,104	\$ 1,458,731	\$ 1,458,731

The accompanying notes are an integral part of this schedule.

Next Door Solutions to Domestic Violence

Notes to Schedule of Expenditures of Federal and Other Governmental Awards Year Ended June 30, 2010

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal and Other Governmental Awards includes the federal and other governmental grant activity of Next Door Solutions to Domestic Violence and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Independent Auditors' Report on
Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

BOARD OF DIRECTORS
NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
San Jose, California

We have audited the financial statements of **NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE** (the Organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 1, 2010. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Consultants and

Business Advisors

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San Francisco

San Jose

Redwood Shores

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, the audit committee, management, and others within the Organization and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Hood & Strong LLP". The signature is written in a cursive, flowing style.

December 1, 2010



**Independent Auditors' Report on
Compliance with Requirements That Could Have a Direct and
Material Effect on Each Major Program and Internal Control
Over Compliance in Accordance with OMB Circular A-133**

BOARD OF DIRECTORS
NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
San Jose, California

Compliance

We have audited the compliance of **NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE** (the Organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Organization's major federal program is identified in the Summary of Independent Auditor's Result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

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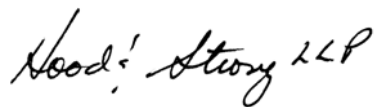
Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be, deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, the audit committee, management, and others within the Organization, and is not intended to be and should not be used by anyone other than those specified parties.

Handwritten signature in cursive script that reads "Hood & Strong LLP".

December 1, 2010

Next Door Solutions to Domestic Violence

Schedule of Findings and Questioned Costs Year Ended June 30, 2010

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency(ies) identified that are not considered to be a material weakness?	_____ Yes <u> X </u> None Reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	_____ Yes <u> X </u> None Reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ Yes <u> X </u> No

Identification of major program:

<u>CFDA Number(s)</u> 14.218	<u>Name of Federal Program or Cluster</u> U.S. Department of Housing and Urban Development - Community Development Block Grants
---------------------------------	--

Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
--	------------

Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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Next Door Solutions to Domestic Violence

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2010

II. FINANCIAL STATEMENT FINDINGS

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Next Door Solutions to Domestic Violence

Summary Schedule of Prior Audit Findings Year Ended June 30, 2010

Not applicable. There were no prior year audit findings.