

NEXT DOOR SOLUTIONS TO  
DOMESTIC VIOLENCE

JUNE 30, 2011

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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 **NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE (the Organization)** as of June 30, 2011 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, 2010 financial statements, and in our report dated December 1, 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 provides 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, 2011, 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 November 16, 2011 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*

San Jose, California  
November 16, 2011

# Next Door Solutions to Domestic Violence

## Statement of Financial Position

<i>June 30, 2011 (with comparative totals for June 30, 2010)</i>	2011	2010
<b>Assets:</b>		
Cash and cash equivalents	\$ 978,289	\$ 874,104
Grants receivable	251,805	394,415
Prepaid expenses and other current assets	45,592	50,225
Property and equipment, net	218,822	255,881
<b>Total assets</b>	<b>\$ 1,494,508</b>	<b>\$ 1,574,625</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 32,625	\$ 28,850
Accrued liabilities	111,043	139,272
Deferred revenue		26,148
<b>Total liabilities</b>	<b>143,668</b>	<b>194,270</b>
<b>Net Assets:</b>		
Unrestricted:		
Operating fund	156,495	197,280
Board designated - operating reserve	620,000	745,000
Property and equipment fund	300,000	300,000
<b>Total unrestricted</b>	<b>1,076,495</b>	<b>1,242,280</b>
Temporarily restricted	274,345	138,075
<b>Total net assets</b>	<b>1,350,840</b>	<b>1,380,355</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,494,508</b>	<b>\$ 1,574,625</b>

The accompanying notes are an integral part of these statements.

# Next Door Solutions to Domestic Violence

## Statement of Activities

*Year Ended June 30, 2011 (with comparative totals for the year ended June 30, 2010)*

	2011			2010	
	Unrestricted	Temporarily Restricted	Total	Total	
<b>Support and Revenue:</b>					
Support:					
Contributions	\$ 527,726	\$ 469,487	\$ 997,213	\$	994,962
Contributions in-kind	279,150		279,150		274,040
Total support	806,876	469,487	1,276,363		1,269,002
Revenue:					
Government grants	1,359,259		1,359,259		1,458,731
Program service fees	35,165		35,165		43,866
Other income	11,280		11,280		12,856
Interest and dividends	3,808		3,808		3,539
Total revenue	1,409,512		1,409,512		1,518,992
Total support and revenue	2,216,388	469,487	2,685,875		2,787,994
Net assets released from restrictions	333,217	(333,217)			
Total support and revenue	2,549,605	136,270	2,685,875		2,787,994
<b>Operating Expenses:</b>					
Programs:					
Advocacy	931,948		931,948		942,475
Counseling	360,440		360,440		300,535
Housing	827,907		827,907		699,216
Total program expenses	2,120,295		2,120,295		1,942,226
Support services:					
Management and general	271,021		271,021		361,686
Fundraising	324,074		324,074		340,990
Total support services	595,095		595,095		702,676
Total expenses	2,715,390		2,715,390		2,644,902
Change in Net Assets	(165,785)	136,270	(29,515)		143,092
Net Assets - beginning of year	1,242,280	138,075	1,380,355		1,237,263
Net Assets - end of year	\$ 1,076,495	\$ 274,345	\$ 1,350,840	\$	1,380,355

The accompanying notes are an integral part of these statements.

# Next Door Solutions to Domestic Violence

## Statement of Cash Flows

<i>Year Ended June 30, 2011 (with comparative totals for the year ended June 30, 2010)</i>	2011	2010
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (29,515)	\$ 143,092
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	37,059	41,990
Decrease (increase) in assets:		
Grants receivable	142,610	(75,366)
Prepaid expenses and other current assets	4,633	(11,747)
(Decrease) increase in liabilities:		
Accounts payable	3,775	14,622
Accrued liabilities	(28,229)	42,388
Deferred revenue	(26,148)	(17,533)
Net cash provided by operating activities	104,185	137,446
<b>Cash Flows from Financing Activities:</b>		
Repayment of obligations under capital lease		(6,900)
Net cash used by financing activities		(6,900)
<b>Increase in Cash and Cash Equivalents</b>	104,185	130,546
<b>Cash and Cash Equivalents - beginning of year</b>	874,104	743,558
<b>Cash and Cash Equivalents - end of year</b>	<b>\$ 978,289</b>	<b>\$ 874,104</b>
<b>Supplemental Information:</b>		
Cash paid for interest		\$ 2,708

The accompanying notes are an integral part of these statements.

## Next Door Solutions to Domestic Violence

### Statement of Functional Expenses

*Year Ended June 30, 2011 (with comparative totals for the year ended June 30, 2010)*

	Programs		Support Services			2011 Total	2010 Total					
			Management and General	Fundraising	Total Support Services							
Salaries	\$	1,150,076	\$	172,050	\$	120,532	\$	292,582	\$	1,442,658	\$	1,433,907
Employee benefits		250,164		28,773		22,592		51,365		301,529		269,056
Total salaries and benefits		1,400,240		200,823		143,124		343,947		1,744,187		1,702,963
Professional services		68,978		13,156		131,313		144,469		213,447		199,474
Professional services - in-kind		201,803						19,641		204,287		208,219
Occupancy		184,646		10,449		9,192		5,680		38,065		40,285
Telephone		32,385		5,335		345		19,541		39,489		43,677
Office expenses		19,948		3,497		16,044		268		82,688		46,558
Shelter food and supplies		82,420		162		106		77,347		77,347		74,324
Materials - in-kind		77,347						15,954		23,303		32,243
Travel, conferences and meetings		7,349		11,850		4,104		7,443		18,024		13,951
Insurance		10,581		6,760		683		6,357		6,829		30,424
Miscellaneous expenses		472		724		5,633		10,301		28,862		11,078
Equipment maintenance and rent		18,561		6,406		3,895						
Total expenses before depreciation		2,104,730		259,162		314,439		573,601		2,678,331		2,602,912
Depreciation		15,565		11,859		9,635		21,494		37,059		41,990
Total expenses	\$	2,120,295	\$	271,021	\$	324,074	\$	595,095	\$	2,715,390	\$	2,644,902
Percentage of Total		78%		10%		12%		22%		100%		100%

The accompanying notes are an integral part of these statements.

## Next Door Solutions to Domestic Violence

### Statement of Functional Expenses (Details of Program Services)

*Year Ended June 30, 2011*

	Advocacy	Counseling	Housing	Total Program Services
Salaries	\$ 460,527	\$ 227,826	\$ 461,723	\$ 1,150,076
Employee benefits	91,757	43,363	115,044	250,164
Total salaries and benefits	552,284	271,189	576,767	1,400,240
Professional services	22,238	35,760	10,980	68,978
Professional services - in-kind	201,803			201,803
Occupancy	76,387	22,500	85,759	184,646
Telephone	14,972	2,357	15,056	32,385
Office expenses	7,303	2,235	10,410	19,948
Shelter food and supplies	6,676	8,214	67,530	82,420
Materials - in-kind	21,063	11,072	45,212	77,347
Travel, conferences and meetings	5,936	816	597	7,349
Insurance	5,173	1,581	3,827	10,581
Miscellaneous expenses	153		319	472
Equipment maintenance and rent	7,583	2,863	8,115	18,561
Total expenses before depreciation	921,571	358,587	824,572	2,104,730
Depreciation	10,377	1,853	3,335	15,565
Total expenses	\$ 931,948	\$ 360,440	\$ 827,907	\$ 2,120,295

The accompanying notes are an integral part of these statements.

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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### 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 40 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 2011 and 2010, the Organization's programs have collectively served 10,189 and 8,548 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 22 languages through 36 on-call Language Bank Advocates.

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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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. 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.

g. Self-sufficiency Program

Next Door works with women to become self-sufficient through case management and/or workshops. We help them with jobs skills, resume writing, interviews, banking, learning about credit and credit cards. All of these topics are done both in case management and in the workshops. This program is to help empower women, as well as mentor and educate them on what self-sufficiency goals they have for themselves. As with all of Next Door's services, this work is done in conjunction with safety planning.

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, a quilting group, a yoga group, a support group at the Palo Alto Medical Foundation in Mountain View, and a support group at the Elmwood Correctional Facility.

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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### *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.

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.

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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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.

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.

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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*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, 2010, from which the summarized information was derived.

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. Management believes it is not exposed to any significant risk on cash accounts.

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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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, 2011 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

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.

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 on the statement of activities.

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.

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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j. Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state franchise 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 Organization follows Financial Accounting Standards Board (FASB) ASC Topic 740 Income Taxes to account for uncertain tax positions. Management has concluded that the Organization has taken no uncertain tax positions that would require adjustments to the financial statements to comply with provisions of this guidance. The Organization is generally no longer subject to tax examinations by Federal and state authorities for years prior to 2007.

k. Subsequent Events

The Organization evaluated subsequent events through November 16, 2011, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**Note 3 - Property and Equipment:**

The cost and related accumulated depreciation of property and equipment as of June 30, are as follows:

	2011	2010
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	(490,089)	(453,030)
Property and equipment, net	\$ 218,822	\$ 255,881

Depreciation expense for the years ended June 30, 2011 and 2010 was \$37,059 and \$41,990, respectively.

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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### 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 expectations. 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.

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. These funds are part of the Organization's operating reserve for 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:

	2011	2010
Housing	\$ 130,798	\$ 91,305
Children and youth	56,240	28,333
Advocacy	66,717	10,240
Fund development	20,590	8,197
	<hr/>	<hr/>
Total temporarily restricted net assets	\$ 274,345	\$ 138,075

Net assets were released from restrictions during the year ended June 30, 2011 by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

Housing	\$ 178,258
Children and youth	51,318
Advocacy	84,083
Fund development	18,358
Counseling	1,200
	<hr/>
Total net assets released from restrictions	\$ 333,217

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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### Note 6 - Contributions In-Kind:

During the years ended June 30, 2011 and 2010, volunteers donated approximately 3,529 and 3,631 hours, respectively, 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, 2011 and 2010, management has estimated the value of these services to be \$201,803 and \$199,716, respectively.

For the years ended June 30, 2011 and 2010, volunteers also donated 6,255 and 4,194 hours of non professional services, such as childcare and general administrative services, respectively. Management has estimated the value of these services to be \$115,188 and \$84,704. 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, 2011 and 2010, the value of these items was estimated at \$77,347 and \$74,324, respectively.

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

	2011	2010
Professional services	\$ 201,803	\$ 199,716
Materials	77,347	74,324
<hr/>		
Total contributions in-kind	\$ 279,150	\$ 274,040

### 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, 2011 and June 30, 2010 totaled \$165,888 and \$166,088, respectively.

Future minimum lease payments are as follows:

Year Ending June 30,	
2012	\$ 183,378
2013	172,349
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Total future minimum lease payments	\$ 355,727

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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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, 2011*

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Identifying Number / Contract Number	Grant Period	Award Amount	Revenue Recognized	Federal Expenditures
<b>Federal Assistance</b>						
<b><u>U.S. Department of Housing and Urban Development</u></b>						
Community Development Block Grants (CDBG):						
Passed through:						
City of Milpitas	14.218	Unknown	7/1/10-6/30/11	\$ 5,000	\$ 5,000	\$ 5,000
City of Los Gatos	14.218	20050104	7/1/10-6/30/11	11,520	11,520	11,520
City of Los Altos	14.218	LA-10-35	7/1/10-6/30/11	3,600	3,600	3,600
City of San Jose	14.218	CPS-10-028	7/1/10-6/30/11	75,776	75,776	75,776
City of Campbell	14.218	CA-11-32	7/1/10-6/30/11	5,000	5,000	5,000
County of Santa Clara	14.218	NC-10A-31	7/1/10-6/30/11	9,731	9,731	9,731
Homelessness Prevention and Rapid Rehousing Program (HPRP)						
Passed through:						
Emergency Housing Consortium of Santa Clara County	14.Unknown	Unknown	10/1/09-8/31/11	69,612	23,039	23,039
Emergency Shelter Grants Program						
Passed through:						
City of San Jose	14.231	ESG-10-009	7/1/10-6/30/11	27,000	27,000	27,000
Supportive Housing Program - San Jose HomeSafe						
Passed through:						
InnVision	14.235	Unknown	7/1/10-6/30/11	63,000	47,031	47,031
Total U.S. Department of Housing and Urban Development				270,239	207,697	207,697
<b><u>U.S. Department of Health and Human Services</u></b>						
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	DV10211416	7/1/10-6/30/11	73,213	73,213	73,213
Total U.S. Department of Health and Human Services				73,213	73,213	73,213

(Continued)

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, 2011*

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Identifying Number / Contract Number	Grant Period	Award Amount	Revenue Recognized	Federal Expenditures
<b><u>U.S. Department of Justice</u></b>						
Crime Victim Assistance:						
Passed through:						
State of California - California Emergency Management Agency	16.575	DV10211416	7/1/10-6/30/11	110,244	110,244	110,244
Services for Victims of Human Trafficking						
Passed through:						
Katharine and George Alexander Community Law Center - Santa Clara University	16.320	2009-VT-BX-K003	9/1/09-3/31/12	38,332	6,775	6,775
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	9/1/08-8/31/12	323,707	89,373	89,373
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	76,259	76,259
Total U.S. Department of Justice				841,335	282,651	282,651
Total Federal Assistance				1,184,787	563,561	563,561

(Continued)

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, 2011*

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Identifying Number / Contract Number	Grant Period	Award Amount	Revenue Recognized	Federal Expenditures
<b><u>NON-FEDERAL ASSISTANCE</u></b>						
<b><u>State of California</u></b>						
State of California - California Emergency Management Agency	N/A	DV10211416	7/1/10-6/30/11	210,355	210,355	210,355
Total State of California				210,355	210,355	210,355
<b><u>County of Santa Clara</u></b>						
Department of Social Services-General Fund	N/A	MCANDS11	7/1/10-6/30/11	107,167	107,167	107,167
Department of Social Services-Marriage License	N/A	MCANDS11	7/1/10-6/30/11	62,000	62,000	62,000
Department of Social Services-Empowerment	N/A	MCANDS11	7/1/10-6/30/11	49,728	49,728	49,728
Department of Social Services-CalWORKS	N/A	MCANDS11	7/1/10-6/30/11	83,189	83,189	83,189
Department of Social Services-Adult Protective Services	N/A	MCANDS11	7/1/10-6/30/11	55,000	55,000	55,000
Total County of Santa Clara				357,084	357,084	357,084
<b><u>City of San Jose</u></b>						
City of San Jose-Housing Trust Fund	N/A	HTF-10-003	7/1/10-6/30/11	4,566	4,566	4,566
City of San Jose-HNVF	N/A	5014	7/1/10-6/30/11	72,000	72,000	72,000
City of San Jose-Family Violence Center	N/A	74309	3/1/09-2/28/11	113,073	61,329	61,329
City of San Jose-Family Violence Center	N/A	74309	3/1/11-2/28/12	77,024	22,850	22,850
City of San Jose-BEST	N/A	643991	9/1/09-8/31/10	46,410	8,579	8,579
City of San Jose-BEST	N/A	643991	9/1/10-8/31/11	36,800	33,801	33,801
Total City of San Jose				349,873	203,125	203,125
<b>Others</b>						
Affordable Housing Services:						
City of Santa Clara	N/A	N/A	7/1/10-6/30/11	25,134	25,134	25,134
<b>TOTAL NON-FEDERAL ASSISTANCE</b>				942,446	795,698	795,698
<b>TOTAL GOVERNMENTAL ASSISTANCE</b>				\$ 2,127,233	\$ 1,359,259	\$ 1,359,259

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, 2011**

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**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, 2011, and have issued our report thereon dated November 16, 2011. 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.

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### **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.

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

San Jose, California  
November 16, 2011

**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, 2011. The Organization's major federal programs are identified in the Summary of Independent Auditors' 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 programs 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 programs for the year ended June 30, 2011.

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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 a 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.

A handwritten signature in cursive script that reads "Hood & Story LLP".

San Jose, California  
November 16, 2011

# Next Door Solutions to Domestic Violence

## Schedule of Findings and Questioned Costs Year Ended June 30, 2011

### 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 programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.575	U.S. Department of Justice Crime Victim Assistance
16.590	U.S. Department of Justice Grants to Encourage Arrest Policies and Enforcement of Protection Orders – Woman's Advocacy

Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	_____ <u>  X  </u> Yes    _____ No

# **Next Door Solutions to Domestic Violence**

## **Schedule of Findings and Questioned Costs Year Ended June 30, 2011**

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### **II. FINANCIAL STATEMENT FINDINGS**

None.

### **III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**Next Door Solutions to Domestic Violence**

**Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2011**

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Not applicable. There were no prior year audit findings.