

NEXT DOOR SOLUTIONS TO
DOMESTIC VIOLENCE

JUNE 30, 2012

INDEPENDENT AUDITORS' REPORT,

FINANCIAL STATEMENTS

AND

SINGLE AUDIT REPORTS AND SCHEDULES

Next Door Solutions to Domestic Violence

Independent Auditors' Report, Financial Statements and Single Audit Reports and Schedules

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Independent Auditors' Report

THE 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, 2012, and the related statements of activities, cash flows and functional expenses 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.

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 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, 2012, 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 10, 2012 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 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

San Jose, California
December 10, 2012

Next Door Solutions to Domestic Violence

Statement of Financial Position

<i>June 30, 2012 (with comparative totals for June 30, 2011)</i>	2012	2011
Assets:		
Cash and cash equivalents	\$ 1,012,703	\$ 978,289
Grants receivable	358,195	251,805
Prepaid expenses and other current assets	45,221	45,592
Property and equipment, net	223,623	218,822
Total assets	\$ 1,639,742	\$ 1,494,508
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 26,720	\$ 32,625
Accrued liabilities	232,593	111,043
Total liabilities	259,313	143,668
Net Assets:		
Unrestricted:		
Operating fund	207,981	156,495
Board designated - operating reserve	620,000	620,000
Property and equipment fund	300,000	300,000
Total unrestricted	1,127,981	1,076,495
Temporarily restricted	252,448	274,345
Total net assets	1,380,429	1,350,840
Total liabilities and net assets	\$ 1,639,742	\$ 1,494,508

The accompanying notes are an integral part of these statements.

Next Door Solutions to Domestic Violence

Statement of Activities

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue:				
Support:				
Contributions	\$ 479,769	\$ 442,088	\$ 921,857	\$ 997,213
Contributions in-kind	178,441		178,441	279,150
Total support	658,210	442,088	1,100,298	1,276,363
Revenue:				
Government grants	1,287,378		1,287,378	1,359,259
Program service fees	273,078		273,078	35,165
Other income	19,309		19,309	11,280
Interest and dividends	3,710		3,710	3,808
Total revenue	1,583,475		1,583,475	1,409,512
Total support and revenue	2,241,685	442,088	2,683,773	2,685,875
Net assets released from restrictions	463,985	(463,985)		
Total support and revenue	2,705,670	(21,897)	2,683,773	2,685,875
Operating Expenses:				
Programs:				
Self-sufficiency	162,945		162,945	158,431
Systems advocacy	482,388		482,388	382,099
Client support services	376,445		376,445	391,418
Counseling	344,703		344,703	360,440
Housing	649,675		649,675	827,907
Total program expenses	2,016,156		2,016,156	2,120,295
Support services:				
Management and general	304,936		304,936	271,021
Fundraising	333,092		333,092	324,074
Total support services	638,028		638,028	595,095
Total expenses	2,654,184		2,654,184	2,715,390
Change in Net Assets	51,486	(21,897)	29,589	(29,515)
Net Assets - beginning of year	1,076,495	274,345	1,350,840	1,380,355
Net Assets - end of year	\$ 1,127,981	\$ 252,448	\$ 1,380,429	\$ 1,350,840

The accompanying notes are an integral part of these statements.

Next Door Solutions to Domestic Violence

Statement of Cash Flows

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	2012	2011
Cash Flows from Operating Activities:		
Change in net assets	\$ 29,589	\$ (29,515)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,647	37,059
Decrease (increase) in assets:		
Grants receivable	(106,390)	142,610
Prepaid expenses and other current assets	371	4,633
(Decrease) increase in liabilities:		
Accounts payable	(5,905)	3,775
Accrued liabilities	121,550	(28,229)
Deferred revenue		(26,148)
Net cash provided by operating activities	57,862	104,185
Cash Flows from Investing Activities:		
Purchase of property and equipment	(23,448)	
Net cash used in investing activities	(23,448)	
Increase in Cash and Cash Equivalents	34,414	104,185
Cash and Cash Equivalents - beginning of year	978,289	874,104
Cash and Cash Equivalents - end of year	\$ 1,012,703	\$ 978,289

The accompanying notes are an integral part of these statements.

Next Door Solutions to Domestic Violence

Statement of Functional Expenses

Year Ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)

	Programs	Support Services			2012 Total	2011 Total
		Management and General	Fundraising	Total Support Services		
Salaries	\$ 1,090,068	\$ 157,426	\$ 73,437	\$ 230,863	\$ 1,320,931	\$ 1,442,658
Employee benefits	235,407	25,249	14,317	39,566	274,973	301,529
Total salaries and benefits	1,325,475	182,675	87,754	270,429	1,595,904	1,744,187
Professional services	341,291	52,991	204,304	257,295	598,586	415,250
Occupancy	178,760	20,928	9,965	30,893	209,653	204,287
Telephone	32,457	6,879	738	7,617	40,074	38,065
Office expenses	18,989	6,852	14,395	21,247	40,236	39,489
Shelter food and supplies	47,265	549	575	1,124	48,389	82,688
Materials - in-kind	22,518				22,518	77,347
Travel, conferences and meetings	9,018	15,133	1,210	16,343	25,361	23,303
Insurance	13,808	4,971	724	5,695	19,503	18,024
Miscellaneous expenses	597	4,345	4,467	8,812	9,409	6,829
Equipment maintenance and rent	18,146	3,646	4,112	7,758	25,904	28,862
Total expenses before depreciation	2,008,324	298,969	328,244	627,213	2,635,537	2,678,331
Depreciation	7,832	5,967	4,848	10,815	18,647	37,059
Total expenses	\$ 2,016,156	\$ 304,936	\$ 333,092	\$ 638,028	\$ 2,654,184	\$ 2,715,390
Percentage of Total	76%	11%	13%	24%	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, 2012

	Self-sufficiency	Systems Advocacy	Client Support Services	Counseling	Housing	Total Program Services
Salaries	\$ 114,323	\$ 241,624	\$ 173,223	\$ 181,782	\$ 379,116	\$ 1,090,068
Employee benefits	21,888	47,945	31,132	33,350	101,092	235,407
Total salaries and benefits	136,211	289,569	204,355	215,132	480,208	1,325,475
Professional services	338	103,096	140,558	88,778	8,521	341,291
Occupancy	14,912	48,685	20,001	21,950	73,212	178,760
Telephone	1,946	8,534	3,196	2,950	15,831	32,457
Office expenses	4,742	3,554	1,512	1,897	7,284	18,989
Shelter food and supplies	1,173	9,233	3,438	7,080	26,341	47,265
Materials - in-kind					22,518	22,518
Travel, conferences and meetings	1,560	4,871	1,005	1,187	395	9,018
Insurance	963	4,846	959	2,254	4,786	13,808
Miscellaneous expenses		100		77	420	597
Equipment maintenance and rent	1,100	4,679	1,421	2,465	8,481	18,146
Total expenses before depreciation	162,945	477,167	376,445	343,770	647,997	2,008,324
Depreciation		5,221		933	1,678	7,832
Total expenses	\$ 162,945	\$ 482,388	\$ 376,445	\$ 344,703	\$ 649,675	\$ 2,016,156

The accompanying notes are an integral part of these statements.

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 41 years, the Organization offers a range of culturally and linguistically appropriate, comprehensive services to meet the unique and diverse needs of families impacted by domestic violence. In fiscal year 2012 and 2011, the Organization's programs have collectively served 10,859 and 10,189 clients respectively through the programs and services described below. Currently, the Organization 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.

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

Crisis Services

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.

Family Support Services

a. 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, 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

b. Children and Youth

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.

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 Foothill High School. Teen Services provide leadership opportunities, field trips, and other incentives.

The POWER Program (Proud of Wanting Equal Relationships)

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 create and develop teen dating violence prevention, education and outreach campaigns that help youth engage in healthy relationships and learn signs of unhealthy relationships.

Self-Sufficiency

a. Self-Sufficiency Program

The Organization works with women to become self-sufficient through case management and/or workshops. The Organization helps them with jobs skills, resume writing, interviews, banking, and learning about credit and credit cards. All of these topics are done both in case management and in the workshops. This program empowers women, as well as mentors and educates them on the self-sufficiency goals they have. As with all of the Organization's services, this work is done in conjunction with safety planning.

b. 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.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

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 in 48 units while receiving supportive services such as case management, housing and employment assistance, and children's services.

Support Services

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.

Systems Advocacy

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 provides follow-up services for the Campbell Police Department and the Sheriff's Office. The Organization also embeds a domestic violence advocate at the Los Gatos / Monte Sereno Police Department and provides on site domestic violence advocacy and service during police domestic violence calls, when appropriate and safe.

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

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.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

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, 2011, from which the summarized information was derived.

Certain reclassifications have been made to the 2011 financial statements in order to conform to the 2012 presentation. These reclassifications had no impact on net assets or the change in net assets.

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.

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, 2012 the Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

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 temporarily restricted net assets. When the restriction is met the amount is shown as a reclassification of temporarily 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

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) Accounting Standards Codification 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 2008.

k. Subsequent Events

The Organization evaluated subsequent events through December 10, 2012, 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:

	2012	2011
Building and improvements	\$ 259,416	\$ 259,416
Equipment and furniture	237,029	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
	732,359	708,911
Less: Accumulated depreciation	(508,736)	(490,089)
Property and equipment, net	\$ 223,623	\$ 218,822

Depreciation expense for the years ended June 30, 2012 and 2011 was \$18,647 and \$37,059, respectively.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

Note 4 - Board Designated Net Assets:

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.

Note 5 - Temporarily Restricted Net Assets:

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

	2012	2011
Counseling	\$ 138,938	\$ 56,240
Self-Sufficiency	56,645	65,035
Fund Development	35,000	40,590
Crisis Services	20,865	71,700
Systems Advocacy	1,000	1,697
Client Support Services		39,083
	<hr/>	<hr/>
Total temporarily restricted net assets	\$ 252,448	\$ 274,345

Net assets were released from restrictions during the year ended June 30, 2012 by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

Self-Sufficiency	\$ 123,935
Counseling	121,052
Crisis Services	106,279
Fund Development	70,340
Client Support Services	39,083
Systems Advocacy	3,296
	<hr/>
Total net assets released from restrictions	\$ 463,985

Next Door Solutions to Domestic Violence

Notes to Financial Statements

Note 6 - Contributions In-Kind:

During the years ended June 30, 2012 and 2011, volunteers donated approximately 3,033 and 3,529 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, 2012 and 2011, management has estimated the value of these services to be \$155,923 and \$201,803, respectively.

For the years ended June 30, 2012 and 2011 volunteers also donated 2,191 and 6,255 hours of non professional services, such as childcare and general administrative services, respectively. Management has estimated the value of these services to be \$41,321 and \$115,188. 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, 2012 and 2011, the value of these items was estimated at \$22,518 and \$77,347, respectively.

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

	2012	2011
Professional services	\$ 155,923	\$ 201,803
Materials	22,518	77,347
	<hr/>	<hr/>
Total contributions in-kind	\$ 178,441	\$ 279,150

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, 2012 and June 30, 2011 totaled \$168,088 and \$165,888, respectively. The future minimum lease payment for the year ending June 30, 2012 is \$172,349.

Next Door Solutions to Domestic Violence

Notes to Financial Statements

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 board member 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, 2012

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
Federal Assistance						
<u>U.S. Department of Housing and Urban Development</u>						
Community Development Block Grants (CDBG):						
Passed through:						
City of Milpitas	14.218	Unknown	7/01/11-6/30/12	\$ 5,000	\$ 5,000	\$ 5,000
City of Los Gatos	14.218	20050104	7/01/11-6/30/12	11,520	11,520	11,520
City of San Jose	14.218	CPS-10-028	7/01/11-6/30/12	63,639	63,639	63,639
City of Campbell	14.218	CA-11-32	7/01/11-6/30/12	5,850	5,300	5,300
County of Santa Clara	14.218	NC-10A-31	7/01/11-6/30/12	7,873	7,873	7,873
Homelessness Prevention and Rapid Rehousing Program (HPRP)						
Passed through:						
Emergency Housing Consortium of Santa Clara County	14.Unknown	Unknown	10/1/09-9/30/11	69,612	3,754	3,754
Emergency Shelter Grants Program						
Passed through:						
City of San Jose	14.231	ESG-10-009	7/01/11-6/30/12	27,000	27,000	27,000
Supportive Housing Program - San Jose HomeSafe						
Passed through:						
InnVision	14.235	N/A	12/01/10-11/30/11	36,696	5,317	5,317
InnVision	14.235	N/A	12/01/11-11/30/12	28,530	21,354	21,354
Total U.S. Department of Housing and Urban Development				255,720	150,757	150,757
<u>U.S. Department of Homeland Security</u>						
Emergency Food and Shelter National Board Program	97.024	N/A	10/01/10-11/30/11	15,817	15,817	15,817
Total U.S. Department of Homeland Security				15,817	15,817	15,817
<u>U.S. Department of Health and Human Services</u>						
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes:						
Passed through:						
State of California - California Emergency Management Agency	93.671	VA11011416	7/01/11-6/30/12	125,000	125,000	125,000
Total U.S. Department of Health and Human Services				125,000	125,000	125,000

(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, 2012

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
<u>U.S. Department of Justice</u>						
Crime Victim Assistance:						
Passed through:						
State of California - California Emergency Management Agency	16.575	DV10211416	7/01/11-6/30/12	205,569	205,569	205,569
Services for Victims of Human Trafficking						
Passed through:						
Katharine and George Alexander Community Law Center - Santa Clara University	16.320	2009-VT-BX-K003	9/01/09-3/31/12	38,332	1,944	1,944
Santa Clara University	16.320	2011-VT-BX-K010	3/01/12-2/28/14	78,000	1,141	1,141
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	9/01/08-8/31/12	323,707	76,721	76,721
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault						
	16.736	2005-WH-AX-0053	9/01/05-4/30/12	369,052	59,226	59,226
Total U.S. Department of Justice				1,014,660	344,601	344,601
Total Federal Assistance				1,411,197	636,175	636,175

(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, 2012

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
<u>NON-FEDERAL ASSISTANCE</u>						
<u>State of California</u>						
State of California - California Emergency Management Agency	N/A	DV10211416	7/1/11-6/30/12	198,096	198,096	198,096
Total State of California				198,096	198,096	198,096
<u>County of Santa Clara</u>						
Department of Social Services-General Fund	N/A	MCANDS12	7/1/11-6/30/12	117,671	117,671	117,671
Department of Social Services-Marriage License	N/A	MCANDS12	7/1/11-6/30/12	62,000	62,000	62,000
Department of Social Services-CalWORKS	N/A	MCANDS12	7/1/11-6/30/12	83,189	83,138	83,138
Department of Social Services-Adult Protective Services	N/A	MCANDS12	7/1/11-6/30/12	55,000	55,000	55,000
Total County of Santa Clara				317,860	317,809	317,809
<u>City of San Jose</u>						
City of San Jose-Family Violence Center	N/A	74309	3/1/11-2/28/12	77,024	53,989	53,989
City of San Jose-Family Violence Center	N/A	AC21049	3/01/12-2/28/13	79,304	23,882	23,882
City of San Jose-SSIG	N/A	644100	6/15/11-9/15/11	8,000	8,000	8,000
City of San Jose-BEST	N/A	643991	9/01/10-8/31/11	36,800	5,141	5,141
City of San Jose-BEST	N/A	643991	9/01/11-8/31/12	22,080	21,766	21,766
Total City of San Jose				223,208	112,778	112,778
<u>Others</u>						
Affordable Housing Services:						
City of Santa Clara	N/A	N/A	7/01/11-6/30/12	23,877	22,520	22,520
TOTAL NON-FEDERAL ASSISTANCE				763,041	651,203	651,203
TOTAL GOVERNMENTAL ASSISTANCE				\$ 2,174,238	\$ 1,287,378	\$ 1,287,378

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, 2012**

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***

THE 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, 2012, and have issued our report thereon dated December 10, 2012. 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

Management of the Organization is responsible for establishing and maintaining effective 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*.

We noted a matter that we reported to management of the Organization in a separate letter dated December 10, 2012.

This report is intended solely for the information and use of the Board of Directors, management, the audit committee, 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 of Hood & Story LLP in cursive script.

San Jose, California
December 10, 2012

**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**

THE 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of 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 compliance requirements referred to above that are could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of 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, management, the audit committee, 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 & Story LLP".

San Jose, California
December 10, 2012

Next Door Solutions to Domestic Violence

Schedule of Findings and Questioned Costs Year Ended June 30, 2012

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be a material weakness? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be a material weakness(es)? _____ Yes X 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 X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
16.575	U.S. Department of Justice <i>Crime Victim Assistance</i>
93.671	U.S. Department of Health and Human Services <i>Family Violence Prevention and Services/ Grants for Battered Women's Shelters – Grants to States and Indian Tribes</i>

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

Auditee qualified as low-risk auditee? X Yes _____ No

Next Door Solutions to Domestic Violence

Schedule of Findings and Questioned Costs Year Ended June 30, 2012

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, 2012**

Not applicable. There were no prior year audit findings.