

NEXT DOOR SOLUTIONS TO  
DOMESTIC VIOLENCE

JUNE 30, 2013

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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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<b>Independent Auditors' Report</b>	1 - 2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 17
<b>Schedule of Expenditures of Federal and Other Governmental Awards</b>	18 - 20
<b>Note to Schedule of Expenditures of Federal and Other Governmental Awards</b>	21
<b>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 <i>Government Auditing Standards</i></b>	22- 23
<b>Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance</b>	24 - 25
<b>Schedule of Findings and Questioned Costs</b>	26 - 27
<b>Summary Schedule of Prior Year Audit Findings</b>	28

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE (the Organization)**, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

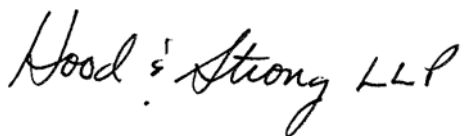
We have previously audited the Organization's June 30, 2012 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 10, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal and Other Governmental Awards is presented for purposes of additional analysis and is not a required part of the 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 audit 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2013 on our consideration of the Organization's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Handwritten signature of Hood & Strong LLP in black ink.

San Jose, California  
November 5, 2013

# Next Door Solutions to Domestic Violence

## Statement of Financial Position

<i>June 30, 2013 (with comparative totals for June 30, 2012)</i>	2013	2012
<b>Assets:</b>		
Cash and cash equivalents	\$ 877,345	\$ 1,012,703
Grants receivable	433,470	358,195
Prepaid expenses and other current assets	42,810	45,221
Property and equipment, net	234,070	223,623
<b>Total assets</b>	<b>\$ 1,587,695</b>	<b>\$ 1,639,742</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 141,232	\$ 26,720
Accrued liabilities	146,525	232,593
<b>Total liabilities</b>	<b>287,757</b>	<b>259,313</b>
<b>Net Assets:</b>		
Unrestricted:		
Operating fund	167,716	207,981
Board designated - operating reserve	620,000	620,000
Board designated - property and equipment fund	300,000	300,000
<b>Total unrestricted</b>	<b>1,087,716</b>	<b>1,127,981</b>
Temporarily restricted	212,222	252,448
<b>Total net assets</b>	<b>1,299,938</b>	<b>1,380,429</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,587,695</b>	<b>\$ 1,639,742</b>

The accompanying notes are an integral part of these statements.

# Next Door Solutions to Domestic Violence

## Statement of Activities

*Year Ended June 30, 2013 (with comparative totals for the year ended June 30, 2012)*

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
<b>Support and Revenue:</b>				
Support:				
Contributions	\$ 588,701	\$ 393,050	\$ 981,751	\$ 921,857
Contributions in-kind	212,579		212,579	178,441
Total support	801,280	393,050	1,194,330	1,100,298
Revenue:				
Government grants	1,229,935		1,229,935	1,287,378
Government fees	186,794		186,794	273,078
Other income	7,702		7,702	19,309
Interest and dividends	3,208		3,208	3,710
Total revenue	1,427,639		1,427,639	1,583,475
Total support and revenue	2,228,919	393,050	2,621,969	2,683,773
Net assets released from restrictions	433,276	(433,276)		
Total support and revenue	2,662,195	(40,226)	2,621,969	2,683,773
<b>Operating Expenses:</b>				
Programs:				
Crisis services	672,093		672,093	649,675
Family support services	329,103		329,103	344,703
Self-sufficiency	292,722		292,722	162,945
Support services	278,610		278,610	376,445
Systems advocacy	521,831		521,831	482,388
Total program expenses	2,094,359		2,094,359	2,016,156
Support services:				
Management and general	240,061		240,061	304,936
Fundraising	368,040		368,040	333,092
Total support services	608,101		608,101	638,028
Total expenses	2,702,460		2,702,460	2,654,184
<b>Change in Net Assets</b>	(40,265)	(40,226)	(80,491)	29,589
<b>Net Assets - beginning of year</b>	1,127,981	252,448	1,380,429	1,350,840
<b>Net Assets - end of year</b>	\$ 1,087,716	\$ 212,222	\$ 1,299,938	\$ 1,380,429

The accompanying notes are an integral part of these statements.

# Next Door Solutions to Domestic Violence

## Statement of Cash Flows

*Year Ended June 30, 2013 (with comparative totals for the year ended June 30, 2012)*

	2013	2012
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (80,491)	\$ 29,589
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	15,512	18,647
Decrease (increase) in assets:		
Grants receivable	(75,275)	(106,390)
Prepaid expenses and other current assets	2,411	371
(Decrease) increase in liabilities:		
Accounts payable	114,512	(5,905)
Accrued liabilities	(86,068)	121,550
Net cash (used) provided by operating activities	(109,399)	57,862
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(25,959)	(23,448)
Net cash used by investing activities	(25,959)	(23,448)
<b>(Decrease) Increase in Cash and Cash Equivalents</b>	(135,358)	34,414
<b>Cash and Cash Equivalents - beginning of year</b>	1,012,703	978,289
<b>Cash and Cash Equivalents - end of year</b>	\$ 877,345	\$ 1,012,703

The accompanying notes are an integral part of these statements.

## Next Door Solutions to Domestic Violence

### Statement of Functional Expenses

*Year Ended June 30, 2013 (with comparative totals for the year ended June 30, 2012)*

	Programs	Support Services			2013 Total	2012 Total
		Management and General	Fundraising	Total Support Services		
Salaries	\$ 1,081,005	\$ 113,187	\$ 147,798	\$ 260,985	\$ 1,341,990	\$ 1,320,931
Employee benefits	238,658	15,616	26,936	42,552	281,210	274,973
Total salaries and benefits	1,319,663	128,803	174,734	303,537	1,623,200	1,595,904
Professional services	408,334	50,107	144,367	194,474	602,808	598,586
Occupancy	171,954	17,739	11,753	29,492	201,446	209,653
Telephone	25,587	7,066	421	7,487	33,074	40,074
Office expenses	25,099	5,183	22,052	27,235	52,334	43,001
Program food and supplies	51,011				51,011	48,389
Materials - in-kind	40,205				40,205	22,518
Travel, conferences and meetings	16,314	6,872	4,463	11,335	27,649	25,361
Insurance	13,173	5,481	993	6,474	19,647	19,503
Miscellaneous expenses	976	7,868	3,699	11,567	12,543	6,644
Equipment maintenance and rent	15,528	5,978	1,525	7,503	23,031	25,904
Total expenses before depreciation	2,087,844	235,097	364,007	599,104	2,686,948	2,635,537
Depreciation	6,515	4,964	4,033	8,997	15,512	18,647
Total expenses	\$ 2,094,359	\$ 240,061	\$ 368,040	\$ 608,101	\$ 2,702,460	\$ 2,654,184
Percentage of Total	77%	9%	14%	23%	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, 2013*

	Crisis Services	Family Support Services	Self-Sufficiency	Support Services	Systems Advocacy	Total Program Services
Salaries	\$ 338,570	\$ 179,136	\$ 182,792	\$ 157,683	\$ 222,824	\$ 1,081,005
Employee benefits	88,451	34,482	36,796	32,050	46,879	238,658
<b>Total salaries and benefits</b>	<b>427,021</b>	<b>213,618</b>	<b>219,588</b>	<b>189,733</b>	<b>269,703</b>	<b>1,319,663</b>
Professional services	77,339	61,833	28,892	41,252	199,018	408,334
Occupancy	64,998	23,693	25,973	26,770	30,520	171,954
Telephone	14,564	2,318	3,250	1,761	3,694	25,587
Office expenses	6,988	4,684	5,476	2,203	5,748	25,099
Program food and supplies	29,104	8,325	2,826	6,326	4,430	51,011
Materials - in-kind	40,205					40,205
Travel, conferences and meetings	72	8,909	1,737	2,538	3,058	16,314
Insurance	4,098	2,119	2,676	1,979	2,301	13,173
Miscellaneous expenses	432	75		69	400	976
Equipment maintenance and rent	5,876	2,753	2,304	1,636	2,959	15,528
<b>Total expenses before depreciation</b>	<b>670,697</b>	<b>328,327</b>	<b>292,722</b>	<b>274,267</b>	<b>521,831</b>	<b>2,087,844</b>
Depreciation	1,396	776		4,343		6,515
<b>Total expenses</b>	<b>\$ 672,093</b>	<b>\$ 329,103</b>	<b>\$ 292,722</b>	<b>\$ 278,610</b>	<b>\$ 521,831</b>	<b>\$ 2,094,359</b>

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 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 2013 and 2012, 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

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### 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

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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**

a. 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

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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 in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

#### 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

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### 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

### d. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. 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 the amount expected to be received.

Grants receivable are due from various government agencies, corporations and foundations. As of June 30, 2013 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 fees are recognized as revenue in the period in which the service is provided.

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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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 basis of full time equivalent staff members in each function.

j. Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California franchise taxes under Section 23701(d) of the California Revenue and 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 authorities for years ended June 30, 2009 and before and California authorities for years ended June 30, 2008 and before.

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

### k. Subsequent Events

The Organization evaluated subsequent events through November 5, 2013, 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:

	2013	2012
Building and improvements	\$ 260,948	\$ 259,416
Equipment and furniture	185,492	237,029
Land	96,974	96,974
Equipment under capital lease	53,045	53,045
Leasehold improvements	52,642	52,642
Vehicles	33,253	33,253
	682,352	732,359
Less: Accumulated depreciation	(448,282)	(508,736)
Property and equipment, net	\$ 234,070	\$ 223,623

Depreciation expense for the years ended June 30, 2013 and 2012 was \$15,512 and \$18,647, respectively.

### 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. At June 30, 2013 and 2012, that reserve totaled \$620,000.

The Organization also maintains a reserve for future property and equipment costs, which totaled \$300,000 at June 30, 2013 and 2012.



# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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### Note 5 - Temporarily Restricted Net Assets:

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

	2013	2012
Family Support Services	\$ 155,313	\$ 138,938
Self-Sufficiency	23,525	56,645
Fund Development	21,053	35,000
Crisis Services	9,331	20,865
Support Services	2,000	
Systems Advocacy	1,000	1,000
	<hr/>	<hr/>
Total temporarily restricted net assets	\$ 212,222	\$ 252,448

Net assets were released from restrictions during the year ended June 30, 2013 by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

Family Support Services	\$ 242,469
Self-Sufficiency	93,065
Crisis Services	56,795
Fund Development	33,947
Support Services	6,000
Systems Advocacy	1,000
	<hr/>
Total net assets released from restrictions	\$ 433,276

### Note 6 - Contributions In-Kind:

During the years ended June 30, 2013 and 2012, volunteers donated approximately 5,242 and 3,033 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, 2013 and 2012, management has estimated the value of these services to be \$172,374 and \$155,923, respectively.

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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For the years ended June 30, 2013 and 2012 volunteers also donated 1,737 and 2,191 hours of nonprofessional services, such as childcare and general administrative services, respectively. Management has estimated the value of these services to be \$29,244 and \$41,321. Since these services did not meet recognition requirements under U.S. GAAP, 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, 2013 and 2012, the value of these items was estimated at \$40,205 and \$22,518, respectively.

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

	2013	2012
Professional services	\$ 172,374	\$ 155,923
Materials	40,205	22,518
<hr/>		
Total contributions in-kind	\$ 212,579	\$ 178,441

**Note 7 - Operating Lease Commitments:**

The Organization's office space lease expired May 31, 2013 and the Organization is currently paying month to month until a longer term agreement is determined. The monthly base rent includes common area and maintenance costs. Rent expense for the years ended June 30, 2013 and 2012 totaled \$ 166,988 and \$168,088, respectively.

**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, much of which is 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.

# Next Door Solutions to Domestic Violence

## Notes to Financial Statements

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### **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, 2013*

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Identifying 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	7/1/12-6/30/13	\$ 5,000	\$ 5,000	\$ 5,000
City of Los Gatos	14.218	20130158	7/1/12-6/30/13	11,520	11,520	11,520
County of Santa Clara	14.218	PS-13-09	7/1/12-6/30/13	15,000	15,000	15,000
Emergency Shelter Grants Program						
Passed through:						
City of San Jose	14.231	ESG-12-003	7/1/12-6/30/13	235,000	206,452	206,452
Supportive Housing Program - San Jose HomeSafe						
Passed through:						
InnVision	14.235	Unknown	12/1/11-11/30/12	28,530	7,176	7,176
InnVision	14.235	Unknown	12/1/12-11/30/13	27,172	16,618	16,618
Total U.S. Department of Housing and Urban Development				322,222	261,766	261,766
<b><u>Federal Emergency Management Agency</u></b>						
Emergency Food and Shelter National Board Program	97.024	N/A	10/1/12-11/30/13	15,369	15,369	15,369
Total Federal Emergency Management Agency				15,369	15,369	15,369
<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	VA12021416	7/1/12-6/30/13	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**

*Year Ended June 30, 2013*

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Identifying Number	Grant Period	Award Amount	Revenue Recognized	Federal Expenditures
(Continued)						
<b><u>U.S. Department of Justice</u></b>						
Crime Victim Assistance:						
Passed through:						
State of California - California Emergency Management Agency	16.575	DV12231416	7/1/12-6/30/13	\$ 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	2011-VT-BX-K010	5/1/12-4/30/14	78,000	20,465	20,465
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	7/1/12-8/31/12	323,707	8,359	8,359
City of Morgan Hill	16.590	2008-WE-AX-0036	9/1/12-6/30/13	127,052	34,801	34,801
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	-	(9,400)	(9,400)
<b>Total U.S. Department of Justice</b>				<b>734,328</b>	<b>259,794</b>	<b>259,794</b>
<b>Total Federal Assistance</b>				<b>\$ 1,196,919</b>	<b>\$ 661,929</b>	<b>\$ 661,929</b>

(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**

*Year Ended June 30, 2013*

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Identifying Number	Grant Period/ Period In Current Fiscal Year	Award Amount	Revenue Recognized	Governmental Expenditures
(Continued)						
<b><u>NON-FEDERAL ASSISTANCE</u></b>						
<u>State of California</u>						
State of California - California Emergency Management Agency	N/A	DV12231416	7/1/12-6/30/13	\$ 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	430008409	7/1/12-6/30/13	45,000	45,000	45,000
Department of Social Services - Marriage License	N/A	430008408	7/1/12-6/30/13	42,000	42,000	42,000
Department of Social Services - CalWORKS	N/A	MCND2013	7/1/12-6/30/13	83,189	83,189	83,189
Department of Social Services - Adult Protective Services	N/A	4300008477	7/1/12-6/30/13	55,000	55,000	55,000
Department of Social Services - The Children and Family Shelter Advocacy Program	N/A	4300008876	7/1/12-6/30/13	22,500	22,500	22,500
Total County of Santa Clara				247,689	247,689	247,689
<u>City of San Jose</u>						
City of San Jose - Family Violence Center	N/A	AC 21049	3/1/12-2/28/13	79,304	51,302	51,302
City of San Jose - Family Violence Center	N/A	AC 25165	3/01/13-2/28/14	79,304	21,640	21,640
City of San Jose - SSIG	N/A	644405	6/15/12-9/15/12	8,000	8,000	8,000
City of San Jose - BEST	N/A	643991	9/1/11-8/31/12	22,080	2,793	2,793
City of San Jose - BEST	N/A	644476	9/1/12-8/31/13	37,080	27,144	27,144
Total City of San Jose				225,768	110,879	110,879
<u>Others</u>						
Affordable Housing Services: City of Santa Clara	N/A	N/A	7/1/12-12/31/12	11,342	11,342	11,342
Total Non-Federal Assistance				682,895	568,006	568,006
Total Governmental Assistance				\$ 1,879,814	\$ 1,229,935	\$ 1,229,935

The accompanying notes are an integral part of this schedule.

## Next Door Solutions to Domestic Violence

### Note to Schedule of Expenditures of Federal and Other Governmental Awards Year Ended June 30, 2013

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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**

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

We have audited, in accordance with the 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, the financial statements of **NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE (the Organization)**, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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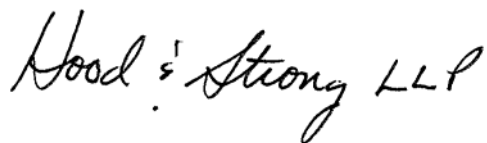
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Hood & Strong LLP". The signature is written in black ink and is positioned in the lower-left quadrant of the page.

San Jose, California  
November 5, 2013

**Independent Auditors' Report on  
Compliance for Each Major Federal Program and Report on  
Internal Control Over Compliance**

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

**Report on Compliance for Each Major Federal Program**

We have audited **NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE's (the Organization)** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2013. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

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## **Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

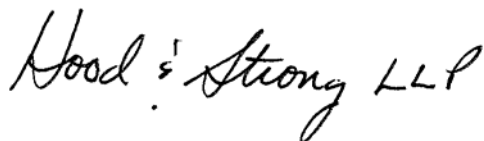
## **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Handwritten signature of Hood & Strong LLP in cursive script.

San Jose, California  
November 5, 2013

# Next Door Solutions to Domestic Violence

## Schedule of Findings and Questioned Costs Year Ended June 30, 2013

### I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: *Unmodified*

	Yes	No
Internal control over financial reporting:		
Material weakness(es) identified?		X
Significant deficiency(ies) identified that are not considered to be a material weakness? <i>None Reported</i>		X
Noncompliance material to financial statements noted?		X

#### Federal Awards

Internal control over major programs:		
Material weakness(es) identified?		X
Significant deficiency(ies) identified that are not considered to be a material weakness(es) ? <i>None Reported</i>		X
Type of auditors' report issued on compliance for major programs: <i>Unmodified</i>		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?		X

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.231	U.S. Department of Housing and Urban Development <i>Emergency Shelter Grants Program</i>
16.575	U.S. Department of Justice <i>Crime Victim Assistance</i>

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

Auditee qualified as low-risk auditee? X

# **Next Door Solutions to Domestic Violence**

## **Schedule of Findings and Questioned Costs Year Ended June 30, 2013**

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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, 2013**

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Not applicable. There were no findings or questioned costs for the year ended June 30, 2012.