

Next Door Solutions to Domestic Violence

Financial Statements
and Single Audit Reports and Schedules

June 30, 2019
(With Comparative Totals for 2018)



TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 18
Single Audit Reports and Schedules	
Independent Auditor's 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>	20 - 21
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	22 - 23
Schedule of Expenditures of Federal and Other Governmental Awards	24 - 25
Notes to Schedule of Expenditures of Federal and Other Governmental Awards	26
Schedule of Findings and Questioned Costs	27 - 28
Summary Schedule of Prior Audit Findings	29



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Next Door Solutions to Domestic Violence
San Jose, California

We have audited the accompanying financial statements of Next Door Solutions to Domestic Violence (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of June 30, 2019, 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.

Auditor's 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 of America. 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 auditor's 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.

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 Next Door Solutions to Domestic Violence as of June 30, 2019, 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.

Change in Accounting Principle

As described in Note 3 to the financial statements, the Organization has adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.



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Other Matter

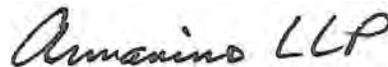
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and other governmental awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal 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 December 11, 2019, 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 the effectiveness of the Organization's 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.

Report on Summarized Comparative Information

We have previously audited Next Door Solutions to Domestic Violence's 2018 financial statements, and our report dated October 19, 2018 expressed an unmodified opinion on those audited financial statements. As part of our audit of the 2019 financial statements, we also audited the adjustments to the 2018 financial statements to apply the change in accounting principle discussed above. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, adjusted for the change in accounting principle discussed above, is consistent, in all material respects, with the audited financial statements from which it has been derived. Also, in our opinion, such adjustments are appropriate and have been properly applied.



Armanino^{LLP}
San Jose, California

December 11, 2019

Next Door Solutions to Domestic Violence
Statement of Financial Position
June 30, 2019
(With Comparative Totals for 2018)

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,457,133	\$ 1,394,167
Government grants receivable	349,774	205,767
Pledges and grants receivable	236,187	201,591
Accounts receivable	3,929	943
Prepaid expenses and other current assets	50,505	51,864
Total current assets	2,097,528	1,854,332
Property and equipment, net	174,719	187,046
Total assets	\$ 2,272,247	\$ 2,041,378
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 27,325	\$ 3,531
Accrued expenses	202,061	202,245
Deferred revenue	768	2,700
Total current liabilities	230,154	208,476
Net assets		
Without donor restrictions		
Undesignated	601,218	362,829
Board designated operating reserve	830,000	830,000
Board designated administrative reserve	52,526	52,526
Property and equipment fund	174,719	187,046
Total without donor restrictions	1,658,463	1,432,401
With donor restrictions		
Restricted for a specific purpose	283,630	305,501
Restricted to a passage of time	100,000	95,000
Total with donor restrictions	383,630	400,501
Total net assets	2,042,093	1,832,902
Total liabilities and net assets	\$ 2,272,247	\$ 2,041,378

The accompanying notes are an integral part of these financial statements.

Next Door Solutions to Domestic Violence
Statement of Activities
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Support and revenue				
Government grants	\$ 1,779,868	\$ -	\$ 1,779,868	\$ 1,569,416
Contributions and grants	800,309	428,611	1,228,920	1,210,062
Contributions in-kind	168,948	-	168,948	162,925
Government fees	98,808	-	98,808	94,616
Special events, net of expenses of \$14,152 and \$15,615 for the years ended June 30, 2019 and 2018, respectively	31,916	-	31,916	18,824
Other income	12,951	-	12,951	17,834
Interest	2,589	-	2,589	1,360
Net assets released from restriction	<u>445,482</u>	<u>(445,482)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,340,871</u>	<u>(16,871)</u>	<u>3,324,000</u>	<u>3,075,037</u>
Functional expenses				
Program services				
24 hour emergency services	682,413	-	682,413	698,972
Self-sufficiency	985,992	-	985,992	976,180
Community and Systems Advocacy	<u>728,459</u>	<u>-</u>	<u>728,459</u>	<u>780,353</u>
Total program services	<u>2,396,864</u>	<u>-</u>	<u>2,396,864</u>	<u>2,455,505</u>
Support services				
Management and General	358,068	-	358,068	357,945
Fundraising	<u>359,877</u>	<u>-</u>	<u>359,877</u>	<u>406,611</u>
Total support services	<u>717,945</u>	<u>-</u>	<u>717,945</u>	<u>764,556</u>
Total functional expenses	<u>3,114,809</u>	<u>-</u>	<u>3,114,809</u>	<u>3,220,061</u>
Change in net assets	226,062	(16,871)	209,191	(145,024)
Net assets, beginning of year	<u>1,432,401</u>	<u>400,501</u>	<u>1,832,902</u>	<u>1,977,926</u>
Net assets, end of year	<u>\$ 1,658,463</u>	<u>\$ 383,630</u>	<u>\$ 2,042,093</u>	<u>\$ 1,832,902</u>

The accompanying notes are an integral part of these financial statements.

Next Door Solutions to Domestic Violence
Statement of Functional Expenses
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	Program Services				Support Services			2019 Total	2018 Total
	24 Hour Emergency Services	Self- sufficiency	Community and Systems Advocacy	Total Program Services	Management and General	Fundraising	Total Support Services		
Salaries and related expenses									
Salaries and wages	\$ 386,485	\$ 421,694	\$ 451,110	\$ 1,259,289	\$ 247,665	\$ 259,318	\$ 506,983	\$ 1,766,272	\$ 1,780,908
Employee benefits	46,870	25,098	46,537	118,505	34,736	23,849	58,585	177,090	186,275
Payroll taxes	35,418	39,068	38,749	113,235	18,141	21,158	39,299	152,534	155,480
Total salaries and related expenses	468,773	485,860	536,396	1,491,029	300,542	304,325	604,867	2,095,896	2,122,663
Program supplies and client assistance	55,628	246,461	17,918	320,007	-	-	-	320,007	387,480
Professional services (includes in-kind)	33,023	154,641	57,905	245,569	10,248	9,440	19,688	265,257	273,121
Occupancy	54,491	67,068	72,190	193,749	18,706	12,550	31,256	225,005	220,829
In-kind materials	25,081	1,200	16,675	42,956	4,395	1,596	5,991	48,947	31,898
Communications	18,529	7,330	7,394	33,253	3,753	1,512	5,265	38,518	43,450
Office expenses	3,931	4,088	4,542	12,561	3,108	14,213	17,321	29,882	33,779
Insurance	4,505	6,514	5,233	16,252	2,291	1,462	3,753	20,005	21,614
Equipment maintenance and rent	2,195	2,747	3,716	8,658	4,305	5,771	10,076	18,734	22,687
Other expenses	1,235	1,121	1,415	3,771	7,256	6,989	14,245	18,016	17,716
Travel, conferences, and meetings	698	7,806	4,128	12,632	3,056	1,721	4,777	17,409	23,294
Depreciation and amortization	14,324	1,156	947	16,427	408	298	706	17,133	21,530
	<u>\$ 682,413</u>	<u>\$ 985,992</u>	<u>\$ 728,459</u>	<u>\$ 2,396,864</u>	<u>\$ 358,068</u>	<u>\$ 359,877</u>	<u>\$ 717,945</u>	<u>\$ 3,114,809</u>	<u>\$ 3,220,061</u>
Percentage of total	<u>21.9 %</u>	<u>31.7 %</u>	<u>23.4 %</u>	<u>77.0 %</u>	<u>11.5 %</u>	<u>11.5 %</u>	<u>23.0 %</u>	<u>100.0 %</u>	

The accompanying notes are an integral part of these financial statements.

Next Door Solutions to Domestic Violence
Statement of Cash Flows
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 209,191	\$ (145,024)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	17,133	21,530
Changes in operating assets and liabilities		
Government grants receivable	(144,007)	125,661
Pledges and grants receivable	(34,596)	12,985
Accounts receivable	(2,986)	(249)
Prepaid expenses and other current assets	1,359	6,142
Accounts payable	23,794	(20,759)
Accrued expenses	(184)	38
Deferred revenue	(1,932)	2,700
Net cash provided by operating activities	<u>67,772</u>	<u>3,024</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>(4,806)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(4,806)</u>	<u>-</u>
Net increase in cash and cash equivalents	62,966	3,024
Cash and cash equivalents, beginning of year	<u>1,394,167</u>	<u>1,391,143</u>
Cash and cash equivalents, end of year	<u>\$ 1,457,133</u>	<u>\$ 1,394,167</u>

The accompanying notes are an integral part of these financial statements.

Next Door Solutions to Domestic Violence
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

1. NATURE OF OPERATIONS

Next Door Solutions to Domestic Violence (the "Organization"), established in 1971, has extensive experience in working with the unique needs of those impacted by domestic violence ("DV") and in the provision of targeted and impactful programs with measurable outcomes that address serious unmet community need in Santa Clara County ("SCC"). The Organization has positioned itself as a recognized and trusted *Thought Leader* in the nonprofit and domestic violence services sector and participates in collaborative efforts to address systemic domestic violence and ensuing issues faced by those escaping violence and seeking safety, stability and self-sufficiency. Currently, the Organization is the only free-standing domestic violence agency in the county that provides a full array of domestic violence services. Organization programs offer a range of culturally and linguistically appropriate services that are comprehensive, compassionate and women-defined in order to meet the unique and diverse needs of SCC's diverse families. In the years ended June 30, 2019 and 2018, the Organization's programs provided 19,683 and 22,250 advocacy services, respectively with 14,377 and 14,609 hotline calls, respectively. As a multi-cultural, public benefit agency dedicated to proactive and progressive solutions to domestic violence through advocates embedded in multiple community entry points, the Organization also conducts community outreach and DV educational activities with the goal of creating a community environment where violence and abuse are not tolerated.

The Organization:

- Believes that domestic violence happens across our community regardless of socio-economic status, ethnicity, gender identity, and language differences and our community environment should be healthy, peaceful and sustainable,
- Affirms that all aspects of domestic violence must be addressed to reduce this problem,
- 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, and
- Believes that community support, advocacy, and multiple community entry points are critical to long-term solutions to the epidemic of domestic violence that affects our local and national population.

2. PROGRAM SERVICES

The Organization serves victims of domestic violence in various advocacy capacities and multiple community entry points. The Organization builds a partnership between advocates and battered women whereby the women define the advocacy and help needed.

24 hour emergency services

- The Shelter Next Door - Clients receive safe respite from potentially life-threatening abuse including shelter, food, toiletries, medicines, links to emergency cash aid and food stamps, peer counseling (case management), housing assistance, financial literacy screening, and emergency transportation. The Shelter houses approximately 19 people at any one time.

Next Door Solutions to Domestic Violence
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

2. PROGRAM SERVICES (continued)

24 hour emergency services (continued)

- 24/7 hotline - Callers receive a live-voice response from a bilingual advocate 24 hours a day, seven days a week; interpreter services are available for other languages. Services received include peer crisis counseling, information, and referrals to other social service agencies as needed.

Self-sufficiency

The Organization's belief is that with support, a victim can gain confidence and self-empowerment, increase in self-efficacy and resilience and ultimately move to self-sufficiency.

- Self-sufficiency program - Through workshops in the broader subject areas of financial literacy, advanced training and education, job readiness/job searches, and individual consultations, clients receive information that helps them move towards personal self-sufficiency. Clients receive comprehensive, woman-defined case management to assist each client in reaching personal self-sufficiency goals based on the seven pillars: Income, Education, Housing, Food, Health, Employment, and Wellness.
- CalWorks (California's Welfare to Work Program) - CalWorks is a welfare program that gives cash aid and services to eligible needy California families. The Organization provides an embedded advocate at the CalWorks office where DV victims receive services to protect their benefits when DV prevents them from gaining and maintaining meaningful employment.
- HomeSafe - Through a partnership with Charities Housing and LifeMoves, clients receive long-term supportive services at two housing sites located in San Jose and Santa Clara. Supportive services including self-sufficiency workshops, health focus workshops, case management, Kids Club, and other youth and family activities that promote bonding.
- Support groups - Clients receive peer support aimed at building individual resilience and self-esteem in a group setting. Each group is facilitated by an advocate and clients can choose from a number of the customized support groups, including six groups offered in Spanish and one Quilting Support Group. Eight groups are held at the Community Office, one Men's group, and an additional five are held in Mountain View, Los Gatos, Sunnyvale, and East San Jose. Support groups are ongoing.
- Kids Club - Children of women attending Support Groups at the Community Office and those residing at HomeSafe are given the opportunity to participate in thoughtful, engaging and fun activities through Kids Club. Children ages 5 to 12 years receive and engage in structured play groups and individual activities in a safe, inviting, and consistent environment that promotes positive play. It is a space for kids who have experienced/witnessed trauma to just be kids. Activities and subjects vary by site and can include art, reading and storytelling, homework help, health and nutrition, creative play, and fun.

Next Door Solutions to Domestic Violence
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

2. PROGRAM SERVICES (continued)

Self-sufficiency (continued)

- Housing First - Working with an Organization advocate, clients increase access to and retention of safe permanent housing. Services include case management and other supportive services that are directed at addressing other life domain barriers, i.e. income, employment, health, that may contribute to the client's risk of homelessness.

Community and systems advocacy

- Walk-in crisis counseling - Clients receive services from an Organization advocate to address barriers to safety, stability and self-sufficiency. Working with the advocate, clients receive an assessment, to determine the client's particular needs, and then help in determining which services would benefit them, and assistance in accessing those services. Services include safety planning, risk assessments, advocacy, restraining order assistance, support, and referrals.
- Legal services - Working with the Organization's advocates, clients receive legal assistance with temporary restraining orders, court accompaniment and other domestic violence related court hearings and immigration services. The Organization also provides follow-up services for the Campbell Police Department and the Sheriff's Office.
- Partnerships - Building on an award-winning pilot with the Mayview Community Health Center to bridge health care providers with domestic violence agencies, the Organization is identifying healthcare partners in the public, private, and non-governmental sectors. The Organization also provides training and technical assistance in order to develop procedures for clinics to effectively screen and refer domestic violence patients.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of Next Door Solutions to Domestic Violence have been prepared on the accrual basis of accounting.

In accordance with accounting principles generally accepted in the United States of America, the Organization reports its financial position and operating activities in two classes of net assets:

- *Net assets without donor restrictions* - include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund, any net assets designated by the Board for specific purposes and the property and equipment fund.

Next Door Solutions to Domestic Violence
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *Net assets with donor restrictions* - include contributions received from donors that are restricted for specific purposes or for subsequent periods. When a donor restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Net assets held in perpetuity include those assets which are subject to a non-expiring donor restriction, such as endowments. The Organization had no net assets subject to non-expiring donor restrictions as of June 30, 2019.

Change in accounting principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 makes certain improvements to current reporting requirements, including:

1. Reducing the classes of net assets from three (unrestricted, temporarily restricted, and permanently restricted) to two (without donor restrictions and with donor restrictions).
2. Enhancing disclosures about:
 - a. Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions.
 - b. Composition of net assets with donor restrictions and how the restrictions affect the use of resources.
 - c. Qualitative information about management of liquid resources and quantitative information about the availability of liquid resources to meet cash needs for general expenditures within one year of the statement of financial position date.
 - d. Methods used to allocate costs among program and support functions.

The amendments have been applied on a retrospective basis for the year ended June 30, 2018.

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, 2018, from which the summarized information was derived.

Next Door Solutions to Domestic Violence
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and cash equivalents

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

Fair value measurements

Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- *Level 1* - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.
- *Level 3* - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Next Door Solutions to Domestic Violence
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

The carrying amounts reported in the statement of financial position for the following items approximate fair value because of the short maturity value of these instruments: government grants receivable, pledges and grants receivable, accounts receivable, accounts payable, and accrued expenses.

Grants, pledges, and accounts receivable

Grants, pledges, and accounts receivable are principally with governmental organizations and private foundations. As of June 30, 2019, 42% was due from one governmental organization, and 17% and 13% from two private foundations. As of June 30, 2018, 59%, 15%, and 10% were due from three governmental organizations, and 37%, 30%, and 20% were due from three private foundations.

The Organization considers all grants, pledges, and accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

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 and amortization is computed on the straight-line method based on the estimated useful lives of the assets, which range from 5 to 39 years. Depreciation and amortization is charged to the activity benefiting from the use of the property or equipment.

Accrued vacation

Accrued vacation represents vacation earned, but not taken as of June 30, 2019 and 2018, and is included in "accrued expenses" in the statement of financial position. The accrued vacation balance as of June 30, 2019 and 2018 was \$81,352 and \$68,586, respectively.

Revenue recognition

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

Next Door Solutions to Domestic Violence
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with or without donor restrictions depending on the nature of donor restrictions. Restricted contributions are reported as increases in net assets with donor restrictions. When the restriction is met the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions.

Contribution in-kind

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 7.

Functional 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 support services benefited. Indirect salary allocations are based on timesheets. Other indirect costs are allocated on the basis of full time equivalent staff members in each function.

Income taxes

Next Door Solutions to Domestic Violence is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(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.

Uncertainty in income taxes

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more-likely-than-not to be sustained upon examination.

Next Door Solutions to Domestic Violence
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

Management of the Organization has evaluated events and transactions subsequent to June 30, 2019 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the fiscal year ended June 30, 2019. Subsequent events have been evaluated through the date the financial statements became available to be issued, December 11, 2019.

Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2019	2018
Land	\$ 96,974	\$ 96,974
Building and improvements	275,459	271,959
Equipment and furniture	212,929	211,623
Leasehold improvements	52,642	52,642
Vehicles	33,253	33,253
	671,257	666,451
Accumulated depreciation and amortization	(496,538)	(479,405)
	\$ 174,719	\$ 187,046

5. BOARD DESIGNATED NET ASSETS

Operating reserve

The Organization maintains a three month reserve to stabilize cash flow and cover any support and revenue shortfalls that occur because of grant delays and seasonal variation in fundraising receipts that do not meet budget 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. The operating reserve totaled \$830,000 as of June 30, 2019 and 2018, respectively.

Next Door Solutions to Domestic Violence
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

5. BOARD DESIGNATED NET ASSETS (continued)

Administrative reserve

A second reserve was established during the year ended June 30, 2015, to ensure adequate administrative support for the Organization which will allow for greater efficiency and increased community outreach. The scope of the administrative reserve was expanded in 2017 to ensure the agency is following Santa Clara County living wage compensation recommendations. The administrative reserve totaled \$52,526 as of June 30, 2019 and 2018.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>2019</u>	<u>2018</u>
Purpose restricted		
Self-sufficiency	\$ 180,191	\$ 149,000
Health partnership	50,000	50,000
Community and systems advocacy	33,072	65,446
24 hour emergency services	13,420	33,608
Professional development	4,500	4,500
Cultural responsiveness	<u>2,447</u>	<u>2,947</u>
	283,630	305,501
Time restricted		
General operating	<u>100,000</u>	<u>95,000</u>
	<u>\$ 383,630</u>	<u>\$ 400,501</u>

Net assets with donor restrictions released from restriction during the year were as follows:

	<u>2019</u>	<u>2018</u>
Purpose restricted		
Self-sufficiency	\$ 139,003	\$ 161,061
Community and systems advocacy	113,291	72,112
Health partnership	50,000	54,452
24 hour emergency services	42,688	40,129
Winter open house	5,000	16,000
Cultural responsiveness	500	6,753
Professional development	<u>-</u>	<u>500</u>
	350,482	351,007
Time restricted		
General operating	<u>95,000</u>	<u>60,000</u>
	<u>\$ 445,482</u>	<u>\$ 411,007</u>

Next Door Solutions to Domestic Violence
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

7. CONTRIBUTIONS IN-KIND

During the years ended June 30, 2019 and 2018, volunteers donated 3,457 and 4,110 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, 2019 and 2018, management has estimated the value of these services to be \$120,001 and \$131,027, respectively.

Volunteers also donated 2,315 and 1,017 hours of non-professional services, such as childcare and general administrative services for the years ended June 30, 2019 and 2018, respectively. Management has estimated the value of these services to be \$18,368 and \$17,208. Since these services did not require specialized skills, they have not been recorded as support and expense in the financial statements.

The Organization receives a large volume of food, clothing and other materials for use in its programs. All donated food items are primarily used in The Shelter Next Door program. Value of food items was estimated for the years ended June 30, 2019 and 2018 to be \$48,947 and \$31,898, respectively. All donated clothing and other materials are used by clients in all programs and their value has not been estimated by the Organization.

Contributions in-kind consist of the following:

	2019	2018
Professional services	\$ 120,001	\$ 131,027
Materials	48,947	31,898
	\$ 168,948	\$ 162,925

8. OPERATING LEASE COMMITMENTS

The Organization rents 11,520 square feet of office space at the rate of \$15,298 per month under a four year operating lease which expires March 31, 2021. The rate is to increase annually by 3%. Rent expense for the years ended June 30, 2019 and 2018 under this lease was \$190,503 and \$184,953, respectively.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>	
2020	\$ 196,221
2021	150,453
	\$ 346,674

Next Door Solutions to Domestic Violence
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

9. CONTINGENCIES

Grants and contracts awarded to Next Door Solutions to Domestic Violence 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.

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.

11. CONCENTRATIONS

The Organization receives grants from various governmental agencies to provide services with governmental funding representing approximately 54% of all support and revenue for the Organization. During the year ended June 30, 2019, two governmental agencies provided approximately 38% and 35% of the total support and revenue. During the year ended June 30, 2018, two governmental agencies provided approximately 31% and 14% of the total support and revenue. In the event that either of these funding opportunities were to be reduced or terminated, the Organization's ability to provide services would be impacted, though not eliminated, and alternative funding sources would be secured.

12. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization is substantially supported by contributions and government grants. The Organization holds all of its cash in bank accounts that can be readily available for operating needs. Short-term receivable consists of accounts, government grants and pledges and grants receivable expected to be received within one year from June 30, 2019. Short-term accounts and pledges and grants receivable without donor restrictions will be available to support general operations of the Organization.

Next Door Solutions to Domestic Violence
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

12. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

The following is a quantitative disclosure which describes financial assets that are available within one year of June 30, 2019 to fund general expenditures and other obligations when they become due:

Financial assets:	
Cash and cash equivalents	\$ 1,457,133
Government grants receivable	349,774
Pledges and grants receivable	236,187
Accounts receivable	<u>3,929</u>
	<u>2,047,023</u>
Less amounts unavailable for general expenditure within one year due to:	
Board designated operating reserve	(830,000)
Board designated administrative reserve	(52,526)
Restricted for a specific purpose	(283,630)
Restricted to a passage of time	<u>(50,000)</u>
	<u>(1,216,156)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 830,867</u>

SINGLE AUDIT REPORTS AND SCHEDULES

INDEPENDENT AUDITOR'S 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*

To 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 (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of June 30, 2019, 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 December 11, 2019.

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.

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.

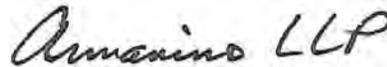
Compliance and Other Matters

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armanino^{LLP}
San Jose, California

December 11, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

To 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 (a California nonprofit corporation) (the "Organization")'s compliance with the types of compliance requirements described in the *OMB 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, 2019. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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.

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, 2019.

Report on Internal Control Over Compliance

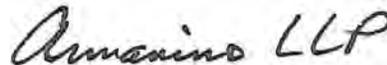
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance 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 the Uniform Guidance, 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 weakness 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Armanino^{LLP}
San Jose, California

December 11, 2019

Next Door Solutions to Domestic Violence
Schedule of Expenditures of Federal and Other Governmental Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Expenditures
<u>Expenditures of Federal Awards</u>			
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants			
Passed-through: City of Milpitas	14.218	N/A	\$ 9,172
Passed-through: City of Santa Clara	14.218	N/A	20,000
Passed-through: County of Santa Clara	14.218	PS-19-09	<u>12,159</u>
Total Community Development Block Grants/Entitlement Grants			<u>41,331</u>
Emergency Solutions Grant Program			
Passed-through: City of San Jose	14.231	HALA-17-001	<u>25,060</u>
Housing Opportunities for Persons with AIDS			
Passed-through: City of San Jose	14.241	HVAW-16-001	751
Passed-through: City of San Jose	14.241	HVAW-16-002A	<u>40,364</u>
Total Housing Opportunities for Persons with AIDS			<u>41,115</u>
Total U.S. Department of Housing and Urban Development			<u>107,506</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	N/A	<u>18,913</u>
U.S. Department of Justice			
Crime Victim Assistance			
Passed-through:			
State of California - California Emergency Management Agency	16.575	DV17 28 1416	41,974
State of California - California Emergency Management Agency	16.575	DV18 29 1416	262,727
State of California - California Emergency Management Agency	16.575	XD16 01 1416	316,898
State of California - California Emergency Management Agency	16.575	KL18 01 1416	60,665
State of California - California Emergency Management Agency to County of Santa Clara	16.575	440007131	101,068
ProBono Project	16.575	N/A	<u>13,437</u>
Total U.S Department of Justice			<u>796,769</u>
Total Expenditures of Federal Awards			<u>923,188</u>

The accompanying notes to the Schedule of Expenditures of Federal and Other Governmental Awards
are an integral part of this schedule.

Next Door Solutions to Domestic Violence
Schedule of Expenditures of Federal and Other Governmental Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Expenditures
<u>Expenditures of Other Governmental Awards</u>			
State of California			
California Emergency Management Agency	N/A	DV17 28 1416	51,818
California Emergency Management Agency	N/A	DV17 28 1416	1,146
California Emergency Management Agency	N/A	DV18 29 1416	185,519
California Emergency Management Agency	N/A	DV18 29 1416	653
Total State of California			<u>239,136</u>
County of Santa Clara			
Department of Social Services - Services to Survivors of Domestic Violence	N/A	4300015338	218,881
Department of Social Services - Inventory Support Services	N/A	N/A	99,771
Department of Social Services - CalWORKS	N/A	MC.NDSO.ESI.18	85,000
Department of Social Services - Adult Protective Services	N/A	4300010190	60,000
Department of Social Services - Commission on Status of Women	N/A	37-53528	732
Department of Social Services - STOPGAP	N/A	430012084	40,306
Department of Social Services - STOPGAP	N/A	430012084	30,829
Department of Social Services - The Children and Family Shelter Advocacy Program	N/A	4300014192	79,025
Total County of Santa Clara			<u>614,544</u>
City of Los Gatos	N/A	20190084	<u>3,000</u>
Total Expenditures of Other Governmental Awards			<u>856,680</u>
Total Expenditures of Federal and Other Governmental Awards			<u>\$ 1,779,868</u>

The accompanying notes to the Schedule of Expenditures of Federal and Other Governmental Awards are an integral part of this schedule.

Next Door Solutions to Domestic Violence
Notes to Schedule of Expenditures of Federal and Other Governmental Awards
June 30, 2019

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and other governmental awards (the "Schedule") includes the federal award activity of Next Door Solutions to Domestic Violence (the "Organization") under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

The Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Next Door Solutions to Domestic Violence
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Crime Victim Assistance	16.575
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Next Door Solutions to Domestic Violence
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Next Door Solutions to Domestic Violence
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

There were no prior year findings.