

STAND! For Families Free of Violence
(A Nonprofit Corporation)

FINANCIAL REPORT

JUNE 30, 2017
(with comparative totals for 2016)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
STAND! For Families Free of Violence
(A Nonprofit Corporation)
Concord, California

Report on the Financial Statements

We have audited the accompanying financial statements of **STAND! For Families Free of Violence (A Nonprofit Corporation)**, which are comprised of the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows, and functional expenses 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 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 of 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.

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 STAND! For Families Free of Violence as of June 30, 2017 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal 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. The schedule of Cal-OES grant revenue and expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2017 on our consideration of STAND! For Families Free of Violence's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering STAND! For Families Free of Violence's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the STAND! For Families Free of Violence June 30, 2016 financial statements, and our report dated November 01, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bowman & Company, LLP

Stockton, California
December 6, 2017

STAND! FOR FAMILIES FREE OF VIOLENCE
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 552,391	\$ 970,204
Accounts receivable, net	931,489	864,034
Contributions receivable, current portion, net	91,710	59,495
Prepaid expenses	<u>52,383</u>	<u>102,004</u>
Total current assets	1,627,973	1,995,737
PROPERTY AND EQUIPMENT, net	1,491,019	1,609,548
OTHER ASSETS		
Deposits	2,521	4,221
Contributions receivable, less current portion, net	191,702	203,687
Investments - restricted	124,171	124,171
Investments	<u>509,749</u>	<u>466,469</u>
Total assets	<u><u>\$ 3,947,135</u></u>	<u><u>\$ 4,403,833</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 63,101	\$ 47,621
Accrued vacation	154,385	173,787
Accrued payroll	205,379	153,115
Accrued expenses	2,746	11,012
Deferred revenue	11,294	118,326
Advance from HUD	171,093	171,093
Notes payable, current portion	<u>10,149</u>	<u>10,313</u>
Total current liabilities	<u>618,147</u>	<u>685,267</u>
LONG TERM LIABILITIES		
Notes payable, less current portion	<u>691,095</u>	<u>692,733</u>
Total liabilities	<u>1,309,242</u>	<u>1,378,000</u>
NET ASSETS		
Unrestricted	2,463,722	2,756,662
Temporarily restricted	50,000	145,000
Permanently restricted - endowment fund	<u>124,171</u>	<u>124,171</u>
Total net assets	<u>2,637,893</u>	<u>3,025,833</u>
Total liabilities and net assets	<u><u>\$ 3,947,135</u></u>	<u><u>\$ 4,403,833</u></u>

STAND! FOR FAMILIES FREE OF VIOLENCE
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STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

(With Comparative Totals for 2016)

	Year Ended June 30, 2017				2016 Total
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total	
PUBLIC SUPPORT AND REVENUE					
Public support					
Contributions	\$ 755,261	\$ 100,000	\$ --	\$ 855,261	\$ 1,060,004
Special events	157,050	--	--	157,050	142,780
In-kind donations	155,959	--	--	155,959	148,216
Total public support	1,068,270	100,000	--	1,168,270	1,351,000
Revenue					
Grants and support	4,400,387	--	--	4,400,387	4,231,813
Fees and sales	56,453	--	--	56,453	78,608
Rental income	14,903	--	--	14,903	11,007
Investment returns	44,797	--	--	44,797	12,275
Miscellaneous	12,072	--	--	12,072	2,156
Release of temporarily restricted net assets - Contributions	195,000	(195,000)	--	--	--
Total revenue	4,723,612	(195,000)	--	4,528,612	4,335,859
Total public support and revenue	5,791,882	(95,000)	--	5,696,882	5,686,859
EXPENSES					
Program services	4,381,327	--	--	4,381,327	4,097,900
Supporting services	1,703,495	--	--	1,703,495	1,684,981
Total expenses	6,084,822	--	--	6,084,822	5,782,881
Change in net assets	(292,940)	(95,000)	--	(387,940)	(96,022)
Net assets, beginning of year	2,756,662	145,000	124,171	3,025,833	3,121,855
Net assets, end of year	\$ 2,463,722	\$ 50,000	\$ 124,171	\$ 2,637,893	\$ 3,025,833

STAND! FOR FAMILIES FREE OF VIOLENCE
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STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

Year ended June 30, 2017

	Total Program Services	Supporting Services		Total Supporting Services	Total Expenses	2016 Total Expenses
		Management and General	Fundraising			
Salaries	\$ 2,797,836	\$ 806,621	\$ 273,167	\$ 1,079,788	\$ 3,877,624	\$ 3,667,653
Payroll taxes and benefits	652,168	146,049	42,061	188,110	840,278	730,228
Telephone & utilities	152,260	38,018	--	38,018	190,278	180,733
Other	62,681	42,530	77,796	120,326	183,007	90,506
Inkind expense	129,888	1,010	25,061	26,071	155,959	148,216
Depreciation	54,657	63,837	34	63,871	118,528	148,308
Travel	82,170	586	610	1,196	83,366	91,342
Repairs & maintenance	63,860	5,568	--	5,568	69,428	47,243
Supplies	55,760	11,875	853	12,728	68,488	62,025
Rent and equipment rental	52,378	11,483	2,352	13,835	66,213	67,372
Insurance expense	62,354	--	--	--	62,354	57,297
Legal and accounting	23,431	31,319	--	31,319	54,750	36,103
Dues, fees & subscriptions	20,516	19,616	8,503	28,119	48,635	47,004
Contract and outside services	30,811	2,008	9,890	11,898	42,709	44,000
Special events	--	--	37,737	37,737	37,737	52,581
Janitorial	34,367	63	--	63	34,430	31,734
Payments to collaborators	31,059	--	--	--	31,059	92,221
Printing	4,391	1,343	21,549	22,892	27,283	34,047
Interest	15,257	--	--	--	15,257	18,788
Professional services	10,010	3,668	--	3,668	13,678	60,000
Food	12,290	446	13	459	12,749	9,870
Property taxes	6,704	4,716	--	4,716	11,420	10,609
Emergency assistance	11,001	--	--	--	11,001	7,009
Network communications	8,817	1,514	30	1,544	10,361	8,076
Postage	1,137	1,565	4,785	6,350	7,487	10,485
Training	4,246	2,378	27	2,405	6,651	22,266
Public relations & advertisements	1,278	2,575	239	2,814	4,092	7,165
Totals	<u>\$ 4,381,327</u>	<u>\$ 1,198,788</u>	<u>\$ 504,707</u>	<u>\$ 1,703,495</u>	<u>\$ 6,084,822</u>	<u>\$ 5,782,881</u>

STAND! FOR FAMILIES FREE OF VIOLENCE
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STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (387,940)	\$ (96,022)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	118,529	148,308
Allowance for bad debt	12,383	25,413
Realized and unrealized (gain) loss on investments	(36,016)	(953)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(67,455)	(62,539)
Pledges receivable	(32,613)	(288,595)
Prepaid expenses	49,621	(23,517)
Deposits	1,700	5,928
(Decrease) increase in:		
Accounts payable	15,480	(72,162)
Accrued vacation	(19,402)	6,679
Accrued payroll	52,264	153,115
Accrued expenses	(8,266)	(17,444)
Deferred revenue	(107,032)	10,731
Net cash provided by (used in) operating activities	<u>(408,747)</u>	<u>(211,058)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	399,559	32,395
Purchases of investments	<u>(406,823)</u>	<u>(43,448)</u>
Net cash provided by (used in) investing activities	<u>(7,264)</u>	<u>(11,053)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable, net	<u>(1,802)</u>	<u>(9,319)</u>
Net cash provided by (used in) financing activities	<u>(1,802)</u>	<u>(9,319)</u>
Net increase (decrease) in cash and cash equivalents	(417,813)	(231,430)
Cash and cash equivalents, beginning of year	<u>970,204</u>	<u>1,201,634</u>
Cash and cash equivalents, end of year	<u>\$ 552,391</u>	<u>\$ 970,204</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 15,257</u>	<u>\$ 18,788</u>

STAND! FOR FAMILIES FREE OF VIOLENCE
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

STAND! for Families Free of Violence, a Nonprofit Corporation, (the Organization) formerly STAND! Against Domestic Violence, incorporated September 14, 1977, merged with the Family Stress Center, Inc. on July 1, 2010. The Organization operates a 24 hour crisis line; housing centers for battered women and their children; group and individual counseling; legal services; an employment assistance program; a battering abatement program; child abuse; and prevention programs.

A summary of significant accounting policies applied in the preparation of the financial statement follows:

Basis of Accounting:

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

Basis of Presentation:

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

The Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted Net Assets:

Unrestricted net assets are those net assets presently available for use by the Organization at the discretion of the Board of Directors. If the Board specifies a purpose where none has been stated by the original donor, such assets are classified as Board designated operating net assets.

Temporarily Restricted Net Assets:

Temporarily restricted net assets reflect donor contributions or grant revenue with restrictions that expire when a time restriction ends or purpose restriction is accomplished.

Permanently Restricted Net Assets – Endowment Fund:

Permanently restricted net assets-endowment fund consists of an endowment fund to be held in perpetuity, the income from which is expendable in support of a program operated by the Organization to provide services to persons impacted by family violence.

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NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments:

The Organization did not hold financial instruments for trading purposes at June 30, 2017 and 2016.

The carrying amount of financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate their fair value due to the short-term maturities of these instruments.

The carrying amounts (which are fair value) of long-term investments are based on values provided by quoted market values.

The carrying amount of notes payable approximates fair value because those financial instruments bear interest at variable rates that approximate current market rates for notes with similar maturities and credit quality.

Investments:

The Organization carries the endowment investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair value in the Statement of Financial Position. The Organization also carries some investments in a pooled investment account at their fair value in the Statement of Financial Position. The realized and unrealized gains and losses are allocated to the individual investors on a time and dollar weighted basis for the pool. The realized and unrealized gains and losses of the investment accounts are included in the change in net assets in the accompanying Statement of Activities.

In August 2008, the Financial Accounting Standards Board issued FASB Staff Position No. FAS 117-1, "Endowments of Not-for-Profit Organization: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Organizational Funds Act (UPMIFA), and Enhances Disclosures for All Endowment Funds". FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to UPMIFA. FAS 117-1 also requires additional disclosures about an organization's endowment funds.

The State of California enacted UPMIFA effective January 1, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Organization has adopted FSP FAS 117-1. The Board of Directors has determined their permanently restricted net assets meet the definition of endowment funds under UPMIFA.

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NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Accounts Receivable:

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if principal payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collectible. At June 30, 2017 and 2016, allowance for doubtful accounts on accounts receivable was \$0.

Contributions Receivable:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Due to the immaterial amount of the calculated discount, the Organization has not recorded the discount amount.

The Organization continually monitors donors and customers' creditworthiness and recognizes allowances for estimated bad debts on donor and customer accounts that are no longer estimated to be collectible. The Organization adjusts any allowance for subsequent collections upon final determination that an account or contribution receivable is no longer collectible. At June 30, 2017 and 2016, allowance for doubtful accounts on contributions receivable was \$37,796 and \$25,413, respectively.

Property and Equipment:

Property and equipment are stated at cost if purchased or at the approximate fair value at the date placed in service, if donated. Depreciation is computed on the straight-line basis over the estimated useful lives:

	<u>Years</u>
Buildings and improvements	10-30
Furniture and equipment	5-10
Leasehold improvements	15

It is the policy of the Organization to capitalize additions with costs greater than \$5,000.

Accumulated Vacation:

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation at June 30, 2017 and 2016 was \$154,385 and \$173,787, respectively.

STAND! FOR FAMILIES FREE OF VIOLENCE
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NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Accumulated Sick Leave:

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the agency since payment of such benefits is not probable or estimable. Therefore, sick leave benefits are recorded as expenditures in the period sick leave is taken.

Notes Payable:

The Organization does not accrue interest on the note payable to Contra Costa County. The Organization expects the note to be forgiven at the maturity date.

Revenue Recognition:

A substantial portion of program revenues is derived from restricted federal and state grants. Revenues are recognized as expenses are incurred by the programs.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as satisfaction of restrictions on temporarily restricted net assets.

Donated Materials and Services:

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

Income Tax Status:

The Organization has been granted tax-exempt status by the Internal Revenue Service under IRC Section 501(c)3 and the California Franchise Tax Board under Section 23701(d). The Organization is classified by the Internal Revenue Service as an other-than-private foundation. Accordingly, no provision for federal or state income taxes is made in the accompanying financial statements. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

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NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Expense Allocation:

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that are common to several functions are allocated based on estimates made by the Organization's management.

Nature 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events:

Management has evaluated subsequent events through December 6, 2017, the date on which the financial statements were available to be issued.

Note 2. Concentrations of Credit Risk

Financial instruments that subject the Organization to concentrations of credit risk at June 30, 2017 and 2016, respectively, consist principally of accounts receivable. At June 30, 2017 and 2016, 99% and 95% of accounts receivable are from government contracts and grants, respectively.

The Organization had deposits in excess of FDIC limits of \$360,089 and \$572,109 for the years ended June 30, 2017 and 2016, respectively.

The Organization had uninsured investments of \$180,030 and \$147,512 for the years ended June 30, 2017 and 2016, respectively.

Note 3. Related Party Transactions

During 2017 and 2016, contributions from the Board of Directors totaled \$22,625 and \$141,635, respectively. Undiscounted contributions receivable from such related parties were \$102,342 and \$113,000 at June 30, 2017 and 2016, respectively.

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NOTES TO FINANCIAL STATEMENTS

Note 4. Contributions Receivable

Contributions receivable consisted of the following at June 30, 2017:

Due in less than one year	\$ 91,710
Due in one to five years	<u>229,498</u>
	321,208
Less: allowance for uncollectible contributions receivable	<u>(37,796)</u>
Total	<u><u>\$ 283,412</u></u>

Note 5. Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1—quoted prices in active markets for identical investments.

Level 2—observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted price for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3—unobservable inputs not corroborated by market data, therefore requiring the entity to use the best information available in the circumstances, including the entity's own data.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All of the cash and cash equivalents and investments invested in marketable securities are deemed to be Level 1 within the valuation hierarchy with the exception of the pooled investment account. The pooled investment account funds are valued at net asset value per unit. These pooled investment account funds are a fund of funds and are directly held funds, which in aggregate; represent a number of underlying funds with a wide range of investment strategies. These funds are deemed to be Level 2 within the valuation hierarchy. There are no Level 3 valuations.

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NOTES TO FINANCIAL STATEMENTS

Note 6. Investments

Investments consisted of the following at June 30, 2017:

	Investments at Fair Value			Total
	Level 1	Level 2	Level 3	
Money market	\$ 127,244	\$ --	\$ --	\$ 127,244
Mutual funds	88,155	--	--	88,155
Real estate investment trusts	20,233			20,233
Equity securities	194,398	--	--	194,398
Pooled investment account	--	203,890	--	203,890
Total	<u>\$ 430,030</u>	<u>\$ 203,890</u>	<u>\$ --</u>	<u>\$ 633,920</u>

Investments consisted of the following at June 30, 2016:

	Investments at Fair Value			Total
	Level 1	Level 2	Level 3	
Money market	\$ 11,883	\$ --	\$ --	\$ 11,883
Mutual funds	119,533	--	--	119,533
Equity securities	277,979	--	--	277,979
Pooled investment account	--	181,245	--	181,245
Total	<u>\$ 409,395</u>	<u>\$ 181,245</u>	<u>\$ --</u>	<u>\$ 590,640</u>

The following schedule summarizes the investment returns and its classification in the Statement of Activities for the years ended June 30:

	2017	2016
Investment income, net of fees	\$ 8,781	\$ 11,322
Unrealized gains (losses), net	(32,843)	12,847
Realized gains (losses), net	<u>68,859</u>	<u>(11,894)</u>
Total investment returns	<u>\$ 44,797</u>	<u>\$ 12,275</u>

Note 7. Endowment

The Organization's endowment consists of approximately one endowment fund – Rollie Mullen Endowment Fund. Its endowment includes only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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NOTES TO FINANCIAL STATEMENTS

Note 7. Endowment (Cont.)

The Board of Directors of the Organization has interpreted the State Prudent Management of Organizational Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporary restricted net assets in a manner consistent with the standard of prudence prescribed by SPMIFA. However, in accordance with the Organization's accounting policy of restricted revenue and support (see Note 1), these earnings are reflected as unrestricted activity. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the endowment fund, (b) the purposes of the Organization and the donor-restricted endowment fund, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, (f) other resources of the Organization, and (g) the investment policies of the Organization

Endowment net asset composition by type of fund consisted of the following as of June 30:

<u>2017</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ <u> -- </u>	\$ <u> -- </u>	\$ <u> 124,171 </u>	\$ <u> 124,171 </u>

<u>2016</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ <u> -- </u>	\$ <u> -- </u>	\$ <u> 124,171 </u>	\$ <u> 124,171 </u>

There was no change in endowment net assets for the year ended June 30, 2017 and 2016.

The Organization has adopted an investment policy for its endowment assets that attempt to provide a stream of funding for its mission supported by the endowment. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from this amount.

STAND! FOR FAMILIES FREE OF VIOLENCE
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 7. Endowment (Cont.)

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The earnings on the Organization endowment assets are classified as unrestricted earnings.

Note 8. Property and Equipment

Property and equipment and the related accumulated depreciation consisted of the following at June 30:

	2017	2016
Buildings and improvements	\$ 3,264,373	\$ 3,264,373
Land	505,000	505,000
Furniture and equipment	958,787	958,787
Leasehold improvements	20,314	20,314
	<u>4,748,474</u>	<u>4,748,474</u>
Less accumulated depreciation	<u>(3,257,455)</u>	<u>(3,138,926)</u>
	<u>\$ 1,491,019</u>	<u>\$ 1,609,548</u>

Note 9. Line of Credit

The Organization maintains a \$250,000 operating line of credit which matures in January 2018. There was no amount outstanding at June 30, 2017 and 2016. The interest rate is the greater of prime plus one percentage point, currently 3.75% or the floor rate of 4.75%.

Note 10. Advance from HUD

The Organization has an advance from HUD in the amount of \$466,616. Beginning in October, 2000, 10% of the advance was forgiven annually if the building was used for domestic violence programs. As of June 30, 2017 and 2016, \$295,523 of the advance had been forgiven.

In April 2012, the Organization sold the building and as a result, the remaining balance of \$171,093 of the advance was payable on demand. The Organization has received permission from HUD to use these funds at another transitional housing project which supports domestic violence survivors and their families.

STAND! FOR FAMILIES FREE OF VIOLENCE
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 11. Notes Payable

Notes payable consisted of the following at June 30:	<u>2017</u>	<u>2016</u>
Note payable to Contra Costa County, no annual payments, interest accrues at 3%, and the note matures in September, 2046. The intention of Contra Costa County is to forgive the loans and interest at maturity. The note is secured by a building with a net book value of \$1,090,670 and \$1,213,198 at June, 2017 and 2016. Restrictions have been imposed on the use of the building whereby the grant funds must be repaid if the building is not used permanently as housing for battered women and their children. These financial statements do not reflect an adjustment to discount this note.	\$ 412,800	\$ 412,800
Note payable to Farmers and Merchants Bank, monthly payments of \$1,841 including variable interest at 2.82% over the bank's current index; the rate was 4.21% at June 30, 2017. The note is unsecured and matures July 2026.	288,444	--
Note payable to Mechanics Bank, monthly payments of \$2,397 including variable interest at 3.91% over the bank's current index; the rate was 6.25% at June 30, 2016. The note was paid off in July 2016.	<u>--</u>	<u>290,246</u>
Total notes payable	701,244	703,046
Less current maturities	<u>10,149</u>	<u>10,313</u>
Totals	\$ <u>691,095</u>	\$ <u>692,733</u>

Maturities of notes payable are as follows at June 30:

2018	\$ 10,149
2019	10,584
2020	11,039
2021	11,512
2022	12,007
Thereafter	<u>645,953</u>
Total	\$ <u>701,244</u>

STAND! FOR FAMILIES FREE OF VIOLENCE
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 12. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	2017	2016
Leshner Foundation grant	\$ 50,000	\$ 50,000
Kaiser Foundation YESS grant	--	95,000
	<u>\$ 50,000</u>	<u>\$ 145,000</u>

Note 13. In-kind Donations

The Organization received more than 6,450 hours of donated services for administration, fund development and for the intervention and prevention programs. The in-kind donations are recorded as both revenue and expense, in accordance with accounting principles generally accepted in the United States of America and are valued as follows:

Services – valued at fair market wage for the particular service.

Materials – valued at fair market value or estimated value per donor.

The total in-kind revenues were as follows for the year ended June 30:

	2017	2016
Services	\$ 155,959	\$ 142,592
Materials	--	5,624
	<u>\$ 155,959</u>	<u>\$ 148,216</u>

Note 14. Lease Commitments

The Organization has long-term operating leases of real property and equipment. The Organization has the option to extend the lease upon expiration. The Organization also has short-term operating leases on office equipment. Future minimum annual rental for the next five years on long-term lease commitments at June 30 are as follows:

2018	\$ 65,442
2019	40,000
2020	29,517
2021	17,780
2022	7,998

Rent expense on all leases for the year ended June 30, 2017 and 2016 was \$66,214 and \$67,373, respectively.

STAND! FOR FAMILIES FREE OF VIOLENCE
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 15. Retirement Plan

The Organization sponsors a salary deferral plan in accordance with the provision of the Internal Revenue Code Section 403(b). An employee is defined as any person regularly employed by the Organization. According to the Plan, each employee may defer up to the smaller of an exclusion allowance of 20% of compensation or the maximum allowed by the Internal Revenue Service. The Organization matches contributions annually up to 2% of compensation, not to exceed \$2,000. For the year ended June 30, 2017 and 2016, the Organization's matching contributions were \$36,381 and \$24,040, respectively.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
STAND! For Families Free of Violence
(A Nonprofit Corporation)
Concord, 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 **STAND! For Families Free of Violence (A Nonprofit Corporation)** which comprise the statement of financial position as of June 30, 2017, 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 6, 2017.

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.

Bowman & Company, LLP

Bowman & Company, LLP
Stockton, California
December 6, 2017



B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
STAND! For Families Free of Violence
(A Nonprofit Corporation)
Concord, California

Report on Compliance for Each Major Federal Program

We have audited **STAND! For Families Free of Violence (A Nonprofit Corporation)**'s compliance with the types of compliance requirements described in OMB Compliance Supplement that could have a direct and material effect on each of STAND! For Families Free of Violence's major federal programs for the year ended June 30, 2017. STAND! For Families Free of Violence'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 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 STAND! For Families Free of Violence'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* (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 STAND! For Families Free of Violence'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 STAND! For Families Free of Violence's compliance.

Established 1949
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Stockton, CA 95219

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Opinion on Each Major Federal Program

In our opinion, STAND! For Families Free of Violence 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, 2017.

Report on Internal Control Over Compliance

Management of STAND! For Families Free of Violence 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 STAND! For Families Free of Violence'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 STAND! For Families Free of Violence'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bowman & Company, LLP

Bowman & Company, LLP
Stockton, California
December 6, 2017

SUPPLEMENTARY INFORMATION

STAND! FOR FAMILIES FREE OF VIOLENCE
(A Nonprofit Corporation)

SCHEDULE OF CALIFORNIA OFFICE
OF EMERGENCY SERVICES PROGRAMS
For the Year Ended June 30, 2017

CalOES Cost Category STAND! expense accounts	DVAP DV 16301136	
	Total Costs	Match Costs
Personnel services	\$ 287,134	\$ 20,000
Operating expenses	<u>125,145</u>	<u>198</u>
Total expenditures	<u>\$ 412,279</u>	<u>\$ 20,198</u>

CalOES Cost Category STAND! expense accounts	CHAT AT 15011136/16021136	
Personnel services	\$ 120,711	\$ 32,077
Operating expenses	<u>31,760</u>	<u>4,874</u>
Total expenditures	<u>\$ 152,471</u>	<u>\$ 36,951</u>

CalOES Cost Category STAND! expense accounts	TH-XH XH 16011136	
Personnel services	\$ 74,454	\$ 26,044
Operating expenses	<u>37,371</u>	<u>760</u>
Total expenditures	<u>\$ 111,825</u>	<u>\$ 26,804</u>

STAND! FOR FAMILIES FREE OF VIOLENCE
(A Nonprofit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

Federal or State Grantor/ Program Title/ Pass-Through Grantor	CFDA Number	Award #/ Pass-Through Grantor's Number	Federal Expenditures
FEDERAL:			
<u>U.S. Department of Housing and Urban Development</u>			
<u>Office of Community Planning and Development:</u>			
Supportive Housing Program	14.235	CA0188L9T051407	\$ 20,218
Emergency Solutions Grant Program			
Pass-through Contra Costa County	14.231	16-52D-ESG	31,000
Community Development Block Grants / Entitlement Grants			
Pass-through Contra Costa County	14.218	N/A	10,000
Pass-through Contra Costa County	14.218	N/A	16,000
Pass-through City of Walnut Creek	14.218	N/A	6,000
Pass-through City of Antioch	14.218	N/A	8,000
Pass-through City of Richmond	14.218	N/A	12,745
Pass-through City of Concord	14.218	N/A	10,000
Total U.S. Department of Housing and Urban Development			113,963
<u>U.S. Department of Justice</u>			
<u>Violence Against Women Office:</u>			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			
Pass-through Contra Costa County EHS	16.590	19-650-6	31,771
Pass-through Contra Costa County EHS	16.590	19-650-7	38,048
Transitional Housing Assistance For Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Abuse	16.736	2013-WH-AX-0066 / 2016-WH-AX-0012	117,707
<u>Office for Victims of Crime:</u>			
Crime Victim Assistance			
Pass-through Cal OES	16.575	AT 15011136	101,067
Pass-through Cal OES	16.575	XH 16011136	111,825
Pass-through Cal OES	16.575	DV 16301136	210,299
Pass-through Cal OES	16.575	AT 116021136	51,404
Total U.S. Department of Justice			662,121
<u>U.S. Department of Health and Human Services</u>			
<u>Administration For Community Living:</u>			
National Family Caregiver Support, Title III, Part E			
Pass-through EMQ Families First	93.052	N/A	238,359
<u>Administration For Children and Families:</u>			
Healthy Marriage Promotion and Responsible Fatherhood Grants			
Pass-through Rubicon, Inc.	93.086	N/A	20,152
Promoting Safe & Stable Families			
Pass-through Contra Costa County	93.556	19-914-2	81,219
Community Services Block Grant			
Pass-through Contra Costa County EHS	93.569	16F-5525	5,040
Pass-through Contra Costa County EHS	93.569	38-590-6/7/8	78,474
Pass-through Contra Costa County EHS	93.569	38-590-9/10	26,534
<u>Centers for Medicare and Medicaid Services:</u>			
Medical Assistance Program			
Pass-through Contra Costa County	93.778	74-051-24	531,115
Total U.S. Department of Health and Human Services			980,893

STAND! FOR FAMILIES FREE OF VIOLENCE
(A Nonprofit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont.)

For the Year Ended June 30, 2017

Federal or State Grantor/ Program Title/ Pass-Through Grantor	CFDA Number	Award #/Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program			
Pass-through United Way	97.024	Phase 34	4,540
Pass-through United Way	97.024	Phase 33	15,000
			<hr/>
Total U.S. Department of Homeland Security			19,540
			<hr/>
Total Expenditures of Federal Awards			\$ 1,776,517
			<hr/>

Note A - Basis of Presentation:

The schedule expenditures of federal awards includes the federal award activity of STAND! For Families Free of Violence (A Nonprofit Corporation) under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR), 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 STAND! For Families Free of Violence, it is not intended to and does not present the financial position, changes in net assets, or cash flows of STAND! For Families Free of Violence.

Note B – Summary of Significant Accounting Policies:

Expenditures reported on the accompanying schedule are reported on the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate:

STAND! For Families Free of Violence has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D - Sub-recipients:

STAND! For Families Free of Violence provided federal awards to sub-recipients as follows:

Program Title	CFDA Number	Amount Provided
Bay Area Legal Aid	16.575	21,000
		<hr/>
		\$ 21,000
		<hr/>

STAND! FOR FAMILIES FREE OF VIOLENCE
(A Nonprofit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified
Internal control over financial report:
Material weakness(es) identified? _____ yes X no
Significant deficiency identified that is
not considered to be material weakness? _____ yes X none reported
Noncompliance material to financial
statements noted? _____ yes X no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? _____ yes X no
Significant deficiency identified that is
not considered to be material weakness? _____ yes X 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 the Uniform Guidance? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance Program

Dollar threshold used to distinguish
between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Federal Award Findings and Questioned Costs

None