

HIGH DESERT DOMESTIC VIOLENCE PROGRAM, INC.

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

HIGH DESERT DOMESTIC VIOLENCE PROGRAM, INC.
(A California Nonprofit Corporation)
JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Directors
High Desert Domestic Violence Program, Inc.
Victorville, California

We have audited the accompanying statement of financial position of High Desert Domestic Violence Program, Inc. (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of High Desert Domestic Violence Program, Inc., as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated [DATE], on our consideration of High Desert Domestic Violence Program, Inc.'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 basic financial statements as a whole.

[DATE]

HIGH DESERT DOMESTIC VIOLENCE PROGRAM, INC.
(A California Nonprofit Organization)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS

CURRENT ASSETS		
Cash	\$ 5,507	
Grants and contracts receivable	99,474	
Prepaid expenses	<u>1,125</u>	
TOTAL CURRENT ASSETS		\$ 106,106
PROPERTY AND EQUIPMENT		
Land, shelter, building and improvements	390,352	
Furniture, fixtures and equipment	101,171	
Vehicles	<u>20,699</u>	
	512,222	
Less accumulated depreciation	<u>(277,312)</u>	
NET PROPERTY AND EQUIPMENT		<u>234,910</u>
TOTAL ASSETS		<u>\$ 341,016</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 12,388	
Accrued expenses	27,510	
Line of credit	79,572	
Mortgage payable, current portion	<u>7,863</u>	
TOTAL CURRENT LIABILITIES		\$ 127,333
LONG-TERM LIABILITIES		
Mortgage payable, net of current portion above		<u>69,465</u>
TOTAL LIABILITIES		196,798
NET ASSETS		
Unrestricted net assets		
Designated unrestricted net assets	234,910	
Undesignated	<u>(90,692)</u>	
TOTAL NET ASSETS		<u>144,218</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 341,016</u>

HIGH DESERT DOMESTIC VIOLENCE PROGRAM, INC.
 (A California Nonprofit Organization)
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

UNRESTRICTED NET ASSETS

Revenue and support			
Grants/contract support	\$ 1,049,540		
Contributions	19,276		
In-kind contributions	28,709		
Fees and fines	19,763		
Fundraising	9,230		
Interest income	<u>1</u>		
Total unrestricted revenue and support		\$ 1,126,519	
Expenses			
Program services	1,014,597		
Support services	<u>119,477</u>		
Total expenses		<u>1,134,074</u>	
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS			(7,555)
NET ASSETS AT BEGINNING OF YEAR			<u>151,773</u>
NET ASSETS AT END OF YEAR			<u>\$ 144,218</u>

HIGH DESERT DOMESTIC VIOLENCE PROGRAM, INC.
(A California Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>	<u>Support Services</u>	<u>Totals</u>
Salaries	\$ 302,932	\$ 61,017	\$ 363,949
Payroll taxes	30,718	5,851	36,569
Workers' compensation insurance	18,582	3,539	22,121
Medical benefits	<u>14,130</u>	<u>2,691</u>	<u>16,821</u>
Total salaries and related expenses	366,362	73,098	439,460
Advertising and promotions	2,649	335	2,984
Auditing	5,950	1,050	7,000
Bookkeeping/payroll service	4,885	862	5,747
CAP food assistance	29,280	---	29,280
Dues and subscriptions	250	529	779
Fingerprinting/drug screening	---	161	161
Fundraising expense	---	5,072	5,072
HPRP expenses	462,337	---	462,337
Insurance	8,885	1,708	10,593
Interest expense	11,147	---	11,147
Legal fees	---	20,690	20,690
Licenses and fees	---	510	510
Mileage expense	1,891	510	2,401
Office expenses	11,727	1,597	13,324
Postage	---	356	356
Property taxes	466	---	466
Repairs and maintenance	2,045	961	3,006
Shelter supplies	38,708	---	38,708
Telephone	6,056	1,932	7,988
Training and seminars	19,297	2,711	22,008
Transitional housing	18,050	---	18,050
Transportation	844	---	844
Utilities	<u>13,419</u>	<u>5,569</u>	<u>18,988</u>
Total expenses before depreciation	1,004,248	117,651	1,121,899
Depreciation	<u>10,349</u>	<u>1,826</u>	<u>12,175</u>
Total expenses	<u>\$ 1,014,597</u>	<u>\$ 119,477</u>	<u>\$ 1,134,074</u>

HIGH DESERT DOMESTIC VIOLENCE PROGRAM, INC.
(A California Nonprofit Organization)
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$	(7,555)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		12,175
(Increase) decrease in operating assets:		
Accounts receivable		(24,298)
Prepaid expenses		(37)
Increase (decrease) in operating liabilities:		
Accounts payable		(69,263)
Accrued expenses		<u>14,194</u>
NET CASH USED BY OPERATING ACTIVITIES	\$	(74,784)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of long-term debt		(7,968)
Line of credit activity		<u>32,572</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		<u>24,604</u>
 NET INCREASE (DECREASE) IN CASH		(50,180)
 CASH AT BEGINNING OF YEAR		<u>55,687</u>
 CASH AT END OF YEAR	\$	<u>5,507</u>
 SUPPLEMENTAL INFORMATION		
Cash paid for interest expense	\$	11,147

HIGH DESERT DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of High Desert Domestic Violence Program, Inc., (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. The financial statements have been prepared on the accrual basis of accounting. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

High Desert Domestic Violence Program, Inc., is a nonprofit organization. The Organization provides a temporary "live-in" shelter for victims of domestic violence residing in the Victor Valley area. Food, clothing, counseling, transportation, and education are also provided.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

HIGH DESERT DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

It is the Organization's policy to capitalize property and equipment having a cost in excess of \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on any donor restrictions.

Support and Revenues

Certain revenues received under government grant programs are subject to audit by the providing agency. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or the Board of Directors. Donated land, buildings, and equipment are recorded at estimated fair value at the date of receipt if the value is measurable. The Organization received volunteer services that are not measurable and therefore have been excluded from the financial statements.

Income Taxes

The Organization qualifies for exemption from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Advertising

Advertising is expensed as incurred.

HIGH DESERT DOMESTIC VIOLENCE PROGRAM, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE B: GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at June 30, 2011, were as follows:

CalEMA	\$ 33,559
San Bernardino County, CFS	2,242
San Bernardino County, HPRP	43,270
California Department of Education	2,125
Emergency Shelter	11,467
Presley	<u>6,811</u>
	<u>\$ 99,474</u>

NOTE C: MORTGAGE PAYABLE

Mortgage payable at June 30, 2011, consisted of the following:

Mortgage payable to American Security Bank, payable in monthly payments of \$1,233.00, including interest at 7.25% for the current year. Under the current loan, final payment is due February 2013. Secured by a building. The Organization plans on refinancing the current loan in October 2012.

Less current maturity

	\$ 77,328
	<u>(7,863)</u>
	<u>\$ 69,465</u>

Maturities of mortgage payable are as follows:

Year Ending June 30,	Amount Due
2012	\$ 7,863
2013	<u>69,465</u>
	<u>\$ 77,328</u>

NOTE D: LINE OF CREDIT

The Organization has available a line of credit with American Security Bank, with an advance limit of \$99,500. The line bears interest at 2.0% over prime as reported in the *Wall Street Journal*. At June 30, 2011, the Organization had \$79,572 in borrowings on the line.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

Board of Directors
High Desert Domestic Violence Program, Inc.
Victorville, California

Compliance

We have audited High Desert Domestic Violence Program, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of High Desert Domestic Violence Program, Inc.'s major federal programs for the year ended June 30, 2011. High Desert Domestic Violence Program, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of High Desert Domestic Violence Program, Inc.'s management. Our responsibility is to express an opinion on High Desert Domestic Violence Program, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about High Desert Domestic Violence Program, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of High Desert Domestic Violence Program, Inc.'s compliance with those requirements.

In our opinion, High Desert Domestic Violence Program, Inc. complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of High Desert Domestic Violence Program, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered High Desert Domestic Violence Program, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of High Desert Domestic Violence Program, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

High Desert Domestic Violence Program, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit High Desert Domestic Violence Program, Inc.'s responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

[DATE]

HIGH DESERT DOMESTIC VIOLENCE PROGRAM, INC.
(A California Nonprofit Organization)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of High Desert Domestic Violence Program, Inc..
2. No instances of noncompliance material to the financial statements of High Desert Domestic Violence Program, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
3. The auditors' report on compliance for the major federal award programs for High Desert Domestic Violence Program, Inc. expresses an unqualified opinion on all major federal programs.
4. The programs tested as major programs included ARRA-Homelessness Prevention and Rapid Re-housing Program.
5. The threshold used for distinguishing between Type A and B programs was \$300,000.
6. High Desert Domestic Violence Program, Inc. did not qualify as a low-risk auditee.

HIGH DESERT DOMESTIC VIOLENCE PROGRAM, INC.
(A California Nonprofit Organization)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Dept. of Housing & Urban Development: ARRA-Homelessness Prevention & Rapid Re-housing Program	14.257	09-900	\$ 508,288
City of Hesperia Community Development Block Grant	14.218	HDDV	7,500
County of San Bernardino Community Development Block Grant	14.218	N1097	6,000
Cold Weather ESG	14.231	371-29345/3012	5,051
Emergency Shelter Grants Program	14.231	083000-012	<u>11,467</u>
Total U.S. Dept. of Housing & Urban Development			538,306
Dept. of Health & Human Services: ARRA-Community Services Block Grant	93.710	CAPSBC-09010	38,577
CalWORKs/Presley Domestic Violence Intervention & Shelter Services	93.558	09-586 A-2	<u>111,275</u>
Total Dept. of Health & Human Services			149,852
USDA-Dept. of Agriculture: Child & Adult Care Food Program	10.558	05184-CACFP- 36-NP-IC	24,243
Dept. of Justice: California Emergency Management Agency Domestic Violence Services Program	16.575	DX-10-02-8632	<u>13,131</u>
Total expenditures of federal awards			<u>\$ 725,532</u>

HIGH DESERT DOMESTIC VIOLENCE PROGRAM, INC.
(A California Nonprofit Organization)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of High Desert Domestic Violence Program, Inc. under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of High Desert Domestic Violence Program, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of High Desert Domestic Violence Program, Inc.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity identifying numbers are presented.