

DOMESTIC VIOLENCE SOLUTIONS  
FOR SANTA BARBARA COUNTY  
FINANCIAL STATEMENTS  
FOR YEAR ENDED  
JUNE 30, 2014

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY  
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REED S. SPANGLER  
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## INDEPENDENT AUDITORS' REPORT

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ARJUN S. McAVOY  
HOWARD B. ATKINSON  
KATHY J. SCROGGS  
MARILYN D. PARKE  
DIANE M. RAVENSCROFT  
VANESSA M. GARCIA  
DAVID E. LEHMAN  
DAVID R. DUARTE

To the Board of Directors of  
Domestic Violence Solutions for Santa Barbara County

We have audited the accompanying financial statements of Domestic Violence Solutions for Santa Barbara County (a California nonprofit organization) which comprise the statement of financial position as of June 30, 2014, the related statements of activities and functional expenses for the year ended June 30, 2014, and cash flows for the years ended June 30, 2014 and 2013, and the related notes to the financial statements.

RICHARD L. HUNT  
*Consultant*

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

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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 (GAAP); 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.

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### ***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 (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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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 Domestic Violence Solutions for Santa Barbara County as of June 30, 2014, 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.

***Report on Summarized Prior Period Financial Statements***

The financial statements of Domestic Violence Solutions for Santa Barbara County as of June 30, 2013, were audited by other auditors whose report dated November 15, 2013, expressed an unmodified opinion on those statements. The summarized comparative information presented herein was derived from those financial statements. We express no opinion on the summarized comparative information.

*MacFarlane, Faletti & Co. LLP*

Santa Barbara, California  
October 9, 2014

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2014 WITH COMPARATIVE TOTALS AS OF JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2014	Totals 2013
<u>ASSETS</u>					
Cash and cash equivalents	\$ 320,118	\$ 22,067	\$ -	\$ 342,185	\$ 380,441
Accounts receivable	57,553	-	-	57,553	88,586
Pledges receivable (Note 3)	-	100,500	-	100,500	193,500
Grants receivable (Note 3)	-	363,692	-	363,692	433,773
Deposits and prepaid expenses	21,607	-	-	21,607	15,239
Property and equipment, net (Note 4)	1,986,890	-	-	1,986,890	2,066,284
Beneficial interest in assets held by others (Note 5)	25,000	101,124	1,237,500	1,363,624	1,175,155
<b>Total Assets</b>	<b>\$ 2,411,168</b>	<b>\$ 587,383</b>	<b>\$ 1,237,500</b>	<b>\$ 4,236,051</b>	<b>\$ 4,352,978</b>
<u>LIABILITIES AND NET ASSETS</u>					
<b>Liabilities</b>					
Accounts payable	\$ 13,097	\$ -	\$ -	\$ 13,097	\$ 13,671
Accrued payroll and related expenses	83,792	-	-	83,792	73,323
Security deposits	12,149	-	-	12,149	8,100
Notes Payable (Note 6)	797,479	-	-	797,479	869,828
<b>Total Liabilities</b>	<b>906,517</b>	<b>-</b>	<b>-</b>	<b>906,517</b>	<b>964,922</b>
<b>Net Assets</b>					
Unrestricted net assets	1,479,651	-	-	1,479,651	1,574,864
Unrestricted - board designated (Note 7)	25,000	-	-	25,000	50,000
<b>Total Unrestricted Net Assets</b>	<b>1,504,651</b>	<b>-</b>	<b>-</b>	<b>1,504,651</b>	<b>1,624,864</b>
Temporarily restricted net assets (Note 7)	-	587,383	-	587,383	525,692
Permanently restricted net assets (Note 7)	-	-	1,237,500	1,237,500	1,237,500
<b>Total Net Assets</b>	<b>1,504,651</b>	<b>587,383</b>	<b>1,237,500</b>	<b>3,329,534</b>	<b>3,388,056</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,411,168</b>	<b>\$ 587,383</b>	<b>\$ 1,237,500</b>	<b>\$ 4,236,051</b>	<b>\$ 4,352,978</b>

See accompanying notes

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals 2014</u>	<u>Totals 2013</u>
Revenue and Support:					
Public Support:					
Contributions and grants	\$ 543,430	\$ 122,567	\$ -	\$ 665,997	\$ 779,817
Bequests	-	-	-	-	1,238,728
In-Kind donations	125,401	-	-	125,401	120,750
Government grants	791,060	-	-	791,060	870,748
Special Events:					
Special events - Gross	215,225	-	-	215,225	241,331
Direct special event costs	(65,387)	-	-	(65,387)	(49,726)
Net Special event proceeds	149,838	-	-	149,838	191,605
Total Public Support	<u>1,609,729</u>	<u>122,567</u>	<u>-</u>	<u>1,732,296</u>	<u>3,201,648</u>
Revenue:					
Thrift Shop	30,011	-	-	30,011	28,441
Client fees	24,755	-	-	24,755	25,238
Court ordered fees	17,730	-	-	17,730	20,895
Investment income	60	-	-	60	931
Change in value of beneficial interest in assets held by others	-	100,969	-	100,969	155
Loss on sale of assets	(912)	-	-	(912)	-
Rental income	28,224	-	-	28,224	23,937
Miscellaneous income	3,922	-	-	3,922	8,727
Total Revenue	<u>103,790</u>	<u>100,969</u>	<u>-</u>	<u>204,759</u>	<u>108,324</u>
Total Revenue and Support	<u>1,713,519</u>	<u>223,536</u>	<u>-</u>	<u>1,937,055</u>	<u>3,309,972</u>
Assets Released From Restriction	<u>161,845</u>	<u>(161,845)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses					
Program services	1,396,343	-	-	1,396,343	1,458,044
Management and general	344,734	-	-	344,734	361,791
Fundraising	254,500	-	-	254,500	258,606
Total Expenses	<u>1,995,577</u>	<u>-</u>	<u>-</u>	<u>1,995,577</u>	<u>2,078,441</u>
Change in Net Assets	(120,213)	61,691	-	(58,522)	1,231,531
Net Assets at Beginning of Year	<u>1,624,864</u>	<u>525,692</u>	<u>1,237,500</u>	<u>3,388,056</u>	<u>2,156,525</u>
Net Assets at End of Year	<u>\$ 1,504,651</u>	<u>\$ 587,383</u>	<u>\$ 1,237,500</u>	<u>\$ 3,329,534</u>	<u>\$ 3,388,056</u>

See accompanying notes

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	Program Services	Management and General	Fundraising	Totals 2014	Totals 2013
Salaries and wages	\$ 729,176	\$ 188,763	\$ 113,224	\$ 1,031,163	\$ 1,103,416
Payroll taxes	72,749	17,376	9,767	99,892	111,412
Employee benefits	95,135	21,361	15,276	131,772	163,125
	<u>897,060</u>	<u>227,500</u>	<u>138,267</u>	<u>1,262,827</u>	<u>1,377,953</u>
Conferences and training	383	7,579	4,201	12,163	10,571
Direct assistance	10,417	-	-	10,417	5,751
Direct mailings	-	-	20,666	20,666	-
Professional services	8,609	58,183	68,658	135,450	124,614
Office expenses	33,113	12,665	6,718	52,496	56,662
Occupancy	112,804	14,818	1,314	128,936	150,932
Interest	43,327	184	-	43,511	44,123
Insurance	33,799	6,475	2,534	42,808	48,667
Transportation	29,081	4,804	3,663	37,548	34,426
Outreach and education	7,355	1,038	7,735	16,128	8,479
In-kind expenses	78,615	-	-	78,615	71,274
Miscellaneous	79	5,491	744	6,314	6,993
Total Expenses before Depreciation	<u>1,254,642</u>	<u>338,737</u>	<u>254,500</u>	<u>1,847,879</u>	<u>1,940,445</u>
Depreciation	<u>141,701</u>	<u>5,997</u>	<u>-</u>	<u>147,698</u>	<u>137,996</u>
Total Expenses, Year Ended June 30, 2014	<u>\$ 1,396,343</u>	<u>\$ 344,734</u>	<u>\$ 254,500</u>	<u>\$ 1,995,577</u>	
Total Expenses, Year Ended June 30, 2013	<u>\$ 1,458,044</u>	<u>\$ 361,791</u>	<u>\$ 258,606</u>		<u>\$ 2,078,441</u>

See accompanying notes

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	\$ (58,522)	\$ 1,231,531
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	147,698	137,996
In-kind loan forgiveness	(70,081)	(57,960)
Realized and unrealized gain on sale of securities and beneficial interest in assets held by others	(100,969)	(477)
Loss on sale of assets	912	-
Changes in:		
Accounts receivable	31,033	-
Pledges receivable	93,000	(194,196)
Grants receivable	70,081	13,805
Deposits and prepaid expenses	(6,368)	7,063
Accounts payable	(574)	(7,638)
Accrued payroll and related expenses	10,469	(12,923)
Security deposits	4,049	(81)
Net Cash Provided by Operating Activities	120,728	1,117,120
Cash Flows from Investing Activities:		
Proceeds from sale of securities	-	355,167
Invest in beneficial interest in others	(112,500)	(1,175,000)
Distribution from beneficial interest in others	25,000	-
Purchase of fixed assets	(71,241)	(99,868)
Proceeds from sale of fixed assets	2,025	-
Net Cash Used by Investing Activities	(156,716)	(919,701)
Cash Flows from Financing Activities:		
Proceeds from issuance of mortgages	-	58,655
Principal payments on mortgage	(2,268)	(2,178)
Net Cash (Used)/Provided by Investing Activities	(2,268)	56,477
Net (Decrease)/Increase in Cash and Cash Equivalents	(38,256)	253,896
Beginning Cash and Cash Equivalents	380,441	126,545
Ending Cash and Cash Equivalents	\$ 342,185	\$ 380,441

See accompanying notes



DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1: ORGANIZATION

Domestic Violence Solutions for Santa Barbara County, formerly Shelter Services for Women, Inc., (the Organization) is a California nonprofit corporation dedicated to ending the intergenerational cycle of domestic violence by providing prevention and intervention services and by challenging society's attitudes, beliefs and behaviors to effect social change. Incorporated March 30, 1980, the Organization operates three emergency shelters, two transitional housing sites, county-wide teen services, and a full range of counseling and support services for men, women, and children. Services include a 24-hour crisis support line, a Domestic Violence Emergency Response Team (DVRT), which works alongside law enforcement at the scene of a domestic violence crisis, and a 40-hour domestic violence education training program.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Domestic Violence Solutions for Santa Barbara County have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, cash and cash equivalents include cash on hand and amounts on deposit with an initial maturity of three months or less at financial institutions.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair market value at the time of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Management's policy is to capitalize certain purchases and donations with a value greater than \$1,000 and an expected life in excess of one year. Depreciation is computed using straight-line methods over the assets' estimated useful life.

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY  
NOTES TO FINANCIAL STATEMENTS

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Generally accepted accounting principles require the Organization to differentiate between exchange transactions and contributions. Due to the nature of the Federal grants and contracts, the Organization has determined funds received under grants and contracts to be exchange transactions. Accordingly, the Organization recognizes grant and contract revenue as it is earned. Amounts due at year end are recorded in accounts receivable.

Contributions and Grants

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

In-kind Contributions

Some individuals and organizations have donated time to the Organization to further its programs and objectives. No amounts have been recognized in the accompanying financial statements as these services do not meet the generally accepted accounting principles reporting requirements. Donated material and equipment are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt.

Estimates

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

Significant estimates used in preparing these financial statements include:

- Depreciable lives and estimated residual value of property and equipment
- Allocation of certain expenses by function
- Collectability of pledges receivable
- Discount of pledges receivable
- Imputed interest rates on below market loans
- Value of beneficial interest in assets held by others

It is at least reasonably possible that the significant estimates used will change within the next year.

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY  
NOTES TO FINANCIAL STATEMENTS

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The carrying value of cash in banks, accounts, pledges and grants receivables, accounts payable and accrued expenses, approximate fair value due to the relatively short maturity of these instruments. The amount shown for the note payable approximate fair value since the interest rate is at current market rates.

Income Taxes

Domestic Violence Solutions for Santa Barbara County is exempt from taxes on income under Internal Revenue Code section 501(c)(3) and California Revenue and Taxation Code 23701(d); therefore no amounts for income taxes are reflected in the accompanying financial statements. Domestic Violence Solutions for Santa Barbara County is not considered a private foundation. At June 30, 2014, nor for any year for which the statute is open, the Organization is not aware of any uncertain tax positions.

Financial Statement Presentation

Under generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to three classes based on the existence and nature of donor imposed restrictions on net assets:

Unrestricted Net Assets

Unrestricted net assets consist of funds free of any donor-imposed restrictions and which the governing board has discretionary control for use in carrying on the general operations of the Organization, funds received under exchange transactions and dividends less expenses incurred in providing services and fund-raising and other administrative expenses. 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 received.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions and other increases of funds temporarily subject to donor-imposed restrictions. The restrictions are temporary in that they are expected to expire with the passage of time or be satisfied and removed by actions of the Organization that fulfill donor stipulations.

Permanently Restricted Net Assets

Permanently restricted net assets consist of contributions and other inflows of funds subject to donor imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the actions of the Organization.

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY  
NOTES TO FINANCIAL STATEMENTS

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The Organization allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Comparative Totals

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 audited financial statements for the year ended June 30, 2013, from which the information was derived.

Reclassifications

Certain reclassifications have been made to the June 30, 2013 balances, as reported in the prior year financial statements, to make them comparable to the balances reported for the year ended June 30, 2014.

NOTE 3: PLEDGES AND GRANTS RECEIVABLE

Pledges receivable at June 30, 2014 and 2013 consist of promises to give cash contributions. Grants receivable consist of promises to forgive debt by local municipalities. Management anticipates full receipt of these receivables; therefore, no allowance for uncollectible receivables has been recorded. As of June 30, 2014, the pledges are expected to be received in the following amounts:

	<u>Grants Receivable</u>	<u>Pledges Receivable</u>
2015	\$ 64,612	\$ 20,500
2016	59,514	20,000
2017	59,514	20,000
2018	59,514	20,000
2019	44,329	20,000
Thereafter	<u>76,209</u>	<u>-</u>
Totals	<u>\$ 363,692</u>	<u>\$ 100,500</u>

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY  
NOTES TO FINANCIAL STATEMENTS

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NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>Estimated Life</u>	<u>2014</u>	<u>2013</u>
Land	-	\$ 474,896	\$ 474,896
Building and improvements	20 years	3,805,888	3,841,789
Furniture and equipment	5-7 years	211,662	233,128
Vehicles	3-5 years	<u>65,870</u>	<u>104,791</u>
		4,558,316	4,654,604
Less: accumulated depreciation		<u>(2,571,426)</u>	<u>(2,588,320)</u>
Net Property and Equipment		<u>\$ 1,986,890</u>	<u>\$ 2,066,284</u>

Depreciation expense for the years ended June 30, 2014 and 2013, was \$147,698 and \$137,996, respectively.

NOTE 5: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has a beneficiary interest in the Santa Barbara Foundation Endowment Fund (Fund) under an Agency Fund Agreement (Fund Agreement). The Fund attempts to provide stable capital appreciation on a total return basis. Assets of the Fund are fully exposed to market risks and may be exposed to market risks and may experience market volatility and principal loss. The beneficial interest in the Fund is reported by the Organization at the estimated fair market value which is based on the reported net asset value of the fund as reported by the Santa Barbara Foundation. At June 30, 2014 and 2013, the estimated fair market value of the Organization's interest in the Fund was \$1,363,624 and 1,175,155, respectively.

The Fund Agreement provides for the distribution of funds to be in accordance with the Santa Barbara Foundation's spending policy for its endowed funds and consistent with the applicable provisions of the California Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with California State law Santa Barbara Foundation (SBF) retains sole and absolute discretion over distributions from the Fund. However, the Fund Agreement allows SBF to seek the Organization's advice concerning the timing and amounts of distributions from the Fund to the Organization. The Organization also may request an extraordinary distribution from the Fund. The funding of any extraordinary distribution is at the SBF's sole discretion.

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 6: NOTES PAYABLE

Notes payable consists of the following at June 30, 2014:

	<u>2014</u>	<u>2013</u>
Mortgage secured by a first trust deed on the Lompoc Shelter payable to the City of Lompoc, bearing interest at 4% with monthly payments of \$206 until January 1, 2016 when the mortgage will be fully paid.	\$ 3,787	\$ 6,055
Mortgage secured by a first trust deed on the Santa Maria Second Stage, payable to the Redevelopment Agency, City of Santa Maria. The non-interest-bearing note will be forgiven over a period of ten years beginning 2009.	91,815	114,563
Mortgage secured by a second trust deed on the Santa Maria Second Stage, payable to the Redevelopment Agency, City of Santa Maria. The non-interest-bearing note will be forgiven over a period of ten years.	40,973	46,082
Mortgage secured by a first trust deed on the Santa Maria Shelter, payable to the Redevelopment Agency, City of Santa Maria. The non-interest-bearing note will be forgiven over a period of ten year.	5,098	11,039
Mortgage secured by a third trust deed on the Santa Maria Second Stage, payable to the Redevelopment Agency, City of Santa Maria. The non-interest-bearing note will be forgiven over a period of ten years.	174,990	203,434
Mortgage secured by a fourth trust deed on the Santa Maria Second Stage, payable to the Redevelopment Agency, City of Santa Maria. The non-interest-bearing note will be forgiven over a period of ten years.	50,816	58,655
Mortgage secured by a first trust deed on second stage transitional housing building and rent income from the building, payable to the Redevelopment Agency, City of Santa Barbara bearing interest at 4.5% per annum. Principal is due October 2023. Payments of 1/12 of the project's positive cash flow are to begin the first month of the year following any fiscal year in which the project has a net positive cash flow.	<u>430,000</u>	<u>430,000</u>
Total Notes Payable	<u>\$ 797,479</u>	<u>\$ 869,828</u>

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

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NOTE 6: NOTES PAYABLE (continued)

Aggregate principal maturities of the mortgages for the next five years at the stated interest rates are as follows:

2015	\$ 66,971
2016	60,942
2017	59,514
2018	59,514
2019	44,329
Thereafter	<u>506,209</u>
Total	<u>\$ 797,479</u>

NOTE 7: RESTRICTED NET ASSETS AND ENDOWMENT

Board Designated Unrestricted Endowment Net Assets

Included in total unrestricted net assets on the Statement of Financial Position are net assets designated by the Board of Directors for the longevity of The Organization. These net assets are unavailable for operations without specific board approval. As of June 30, 2014 and 2013, the Board of Directors has designated \$25,000 and \$50,000, respectively. The designated funds have been placed into the Organization's endowment and are subject to the endowment spending policies.

Temporarily Restricted Net Assets

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

	<u>2014</u>	<u>2013</u>
Playground equipment	\$ 22,067	\$ 10,764
Unspent endowment earnings	101,124	155
Restricted for time	<u>464,192</u>	<u>514,773</u>
	<u>\$ 587,383</u>	<u>\$ 525,692</u>

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY  
NOTES TO FINANCIAL STATEMENTS

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NOTE 7: RESTRICTED NET ASSETS AND ENDOWMENT (continued)

Permanently Restricted Net Assets and Endowment

Permanently restricted net assets of \$1,237,500 consist of a beneficiary interest in assets held by others (See Note 5) to provide income into perpetuity for general operations.

The Organization's endowment has been established for general operating purposes. Its endowment consists of board designated and donor-restricted endowment funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 8: CONTINGENT LIABILITIES

The Organization received a number of grants from various governmental agencies. These grants are subject to audit by the granting agencies as to allowable costs paid with federal funds. The Organization would be liable for up to the full amount of government funds expended should costs charged to the grants be disallowed.

NOTE 9: TRANSITIONAL HOUSING

In May 1993, the Organization purchased an apartment building in Santa Barbara County to be used for transitional housing. The down payment on the building amounting to \$400,000 was provided by a grant from the U.S. Department of Housing and Urban Development (HUD).

HUD grant terms require that the facility be used as transitional housing for 10 years from the date of purchase. Additionally, if the facility is sold within 20 years of initial occupancy, proceeds from that sale should be used to provide supportive housing or for the benefit of low-income persons or for another use approved by HUD.

NOTE 10: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest for year end June 30, 2014	\$ 384
Non-cash transactions consist of the following:	
Imputed interest for bargain rate notes payable	\$ 43,127



DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

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NOTE 11: CONCENTRATION OF RISK

Domestic Violence Solutions for Santa Barbara County occasionally does have more than \$250,000 on deposit with financial institutions. The Federal Deposit Insurance Corporation (FDIC) only insures the first \$250,000 of funds on deposit with any one bank. At June 30, 2014, Domestic Violence Solutions for Santa Barbara County did not have uninsured funds.

A significant portion of the Organization's revenues come from Federal and state grants and contracts. Individual donors come primarily from Santa Barbara County, as do the clients of the Organization.

NOTE 12: ASSETS VALUED AT FAIR VALUE

The Financial Accounting Standard Board's authoritative guidance on fair value measurements establishes a framework for measuring fair value, and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Assets carried at fair value as of June 30, 2014 include a beneficial interest in assets held by others. As described in Footnote 5, the Organization has placed \$1,312,500 with the Santa Barbara Foundation as an expendable fund. The Fund has been invested by the Santa Barbara Foundation in a variety of investments including:

<u>Nature of Investment</u>	<u>Approximate Portfolio Allocation</u>
Domestic equities	11%
International equities	14%
Domestic and global fixed income	33%
Absolute return	10%
Cash	20%
Treasury inflation-protected securities	7%
Real asset	5%

DOMESTIC VIOLENCE SOLUTIONS FOR SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

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NOTE 12: ASSETS VALUED AT FAIR VALUE (continued)

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Financial instruments carried at fair value as of June 30, 2014, are classified in the table below in one of the three categories described above:

	Quoted prices in active markets for identical asset <u>Level 1</u>	Significant other observable inputs <u>Level 2</u>	Significant unobservable inputs <u>Level 3</u>
Santa Barbara Fdn. Endowment Fund	\$ -	\$ 1,363,624	\$ -
Grants receivable	<u>-</u>	<u>363,692</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 1,727,316</u>	<u>\$ -</u>

During the year ended June 30, 2014, the Organization did not transfer any equity securities from level 2 or level 3 to level 1.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 9, 2014, which is the date the financial statements were available to be issued pending final approval by the Board of Directors. Management has determined no subsequent events requiring disclosure of significantly impacting disclosure have occurred.