



# FAMILY VIOLENCE APPELLATE PROJECT

*Financial Statements*

**Year Ended**

*December 31, 2016*

**With Independent Auditors' Report Thereon**



Regalia &  
Associates

C E R T I F I E D P U B L I C A C C O U N T A N T S  
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## INDEPENDENT AUDITORS' REPORT

### The Board of Directors Family Violence Appellate Project

We have audited the accompanying financial statements of Family Violence Appellate Project (a California nonprofit organization) which comprise the statement of financial position as of December 31, 2016 and the related statements of activities and changes in net assets, 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 relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Violence Appellate Project as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Other Matters*

The prior year financial statements of Family Violence Appellate Project as of December 31, 2015 were reviewed by us. In our report dated April 18, 2016, we stated that we were not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

March 8, 2017  
Danville, California

*Regalia & Associates*

**FAMILY VIOLENCE APPELLATE PROJECT**

**Statements of Financial Position  
December 31, 2016 and 2015**

**ASSETS**

	<b>[Audited]</b>	<b>[Reviewed]</b>
	<b>2016</b>	<b>2015</b>
Current assets:		
Cash and cash equivalents	\$ 764,146	\$ 741,788
Grants and pledges receivable	159,043	50,000
Prepaid expenses and other assets	11,738	9,622
	<b>\$ 934,927</b>	<b>\$ 801,410</b>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable and accrued liabilities	\$ 16,429	\$ 16,653
Deferred revenue	10,000	-
	<b>26,429</b>	<b>16,653</b>
Net assets:		
Unrestricted	883,505	693,605
Temporarily restricted	24,993	91,152
	<b>908,498</b>	<b>784,757</b>
	<b>\$ 934,927</b>	<b>\$ 801,410</b>

**FAMILY VIOLENCE APPELLATE PROJECT**

**Statements of Activities and Changes in Net Assets  
Years Ended December 31, 2016 and 2015**

	[Audited]	[Reviewed]
	2016	2015
<i>Changes in unrestricted net assets:</i>		
Revenue and support:		
Program fees and other earned income	\$ 1,867	\$ 3,347
Contributed income:		
Foundation grants	56,622	162,716
Government grants	298,495	147,683
Individual donations	105,299	160,761
Corporate/Law Firm Contributions	22,421	89,445
In-kind contributions	1,341,609	1,653,501
Fundraising activities	185,279	-
Total contributed income	<u>2,009,725</u>	<u>2,214,106</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>66,159</u>	<u>13,710</u>
Total revenue and support	<u>2,077,751</u>	<u>2,231,163</u>
Expenses:		
Program expenses	1,647,773	1,930,736
General and administrative	137,904	95,699
Fundraising	102,174	81,054
Total expenses	<u>1,887,851</u>	<u>2,107,489</u>
Increase in unrestricted net assets	<u>189,900</u>	<u>123,674</u>
<i>Changes in temporarily restricted net assets:</i>		
Grants and contributions	-	91,152
Net assets released from restrictions	<u>(66,159)</u>	<u>(13,710)</u>
Increase (decrease) in temporarily restricted net assets	<u>(66,159)</u>	<u>77,442</u>
Increase in net assets	<u>123,741</u>	<u>201,116</u>
Net assets at beginning of year	<u>784,757</u>	<u>583,641</u>
Net assets at end of year	<u>\$ 908,498</u>	<u>\$ 784,757</u>

**FAMILY VIOLENCE APPELLATE PROJECT**

**Statements of Cash Flows**  
**Years Ended December 31, 2016 and 2015**

	[Audited]	[Reviewed]
	2016	2015
<i>Operating activities:</i>		
Increase in net assets	\$ 133,741	\$ 201,116
Adjustments to reconcile to cash provided by (used for) operating activities:		
Changes in:		
Grants and pledges receivable	(109,043)	(25,762)
Prepaid expenses and other assets	(2,116)	(4,791)
Accounts payable and accrued liabilities	(224)	6,423
Deferred revenue	10,000	-
Cash provided by operating activities	<u>22,358</u>	<u>176,986</u>
Net increase in cash and cash equivalents	22,358	176,986
Cash and cash equivalents at beginning of year	<u>741,788</u>	<u>564,802</u>
Cash and cash equivalents at end of year	<u>\$ 764,146</u>	<u>\$ 741,788</u>
<i>Additional cash flow information:</i>		
State registration taxes paid	<u>\$ 75</u>	<u>\$ 75</u>
Interest and finance charges paid	<u>\$ -</u>	<u>\$ -</u>

**FAMILY VIOLENCE APPELLATE PROJECT**

**Statement of Functional Expenses  
Year Ended December 31, 2016**

*(with comparative results for the year ended December 31, 2015)*

	General and			[Audited]	[Reviewed]
	Program Services	Admin- istrative	Fund- raising	Total 2016	Total 2015
Bank charges and fees	\$ 194	\$ 2,056	\$ 9,149	\$ 11,399	\$ 7,455
Computers and technology	8,260	1,888	708	10,856	12,445
Events	2,693	421	24,290	27,404	28,821
In-kind expenses:					
In-kind attorney services	1,006,938	-	-	1,006,938	1,249,920
In-kind professional fees	54,928	14,423	2,914	72,265	7,875
Other pro-bono services	254,466	312	7,628	262,406	395,706
Insurance	1,130	1,999	574	3,703	2,701
Occupancy	21,614	6,852	3,998	32,464	27,830
Office/phone/supplies	2,960	1,235	635	4,830	5,240
Professional fees	35,491	20,016	785	56,292	33,420
Program expenses	9,260	-	-	9,260	6,401
Salaries, payroll taxes, and benefits	244,334	88,656	50,989	383,979	325,228
Travel, meals and conferences	5,505	46	504	6,055	4,447
<b>Totals</b>	<b>\$1,647,773</b>	<b>\$ 137,904</b>	<b>\$ 102,174</b>	<b>\$ 1,887,851</b>	<b>\$ 2,107,489</b>

**Notes to Financial Statements  
December 31, 2016 [Audited] and 2015 [Reviewed]**

**1. Organization**

Family Violence Appellate Project (FVAP) is a non-profit organization incorporated in California in 2012 and operates from its headquarters in Oakland, California. FVAP's primary mission is to ensure the safety and well-being of survivors of domestic violence and their children by helping survivors of domestic violence obtain effective appellate representation

FVAP works to empower victims and survivors of domestic violence through the court system to ensure that they and their children can live in safe and healthy environments, free from abuse.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of FVAP have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, FVAP is required to report 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

*Grants and Pledges Receivable*

Grants and pledges receivable are recognized as unrestricted or temporarily restricted contributed revenue when the contractual obligation is received.

*Revenue Recognition*

FVAP records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in unrestricted or temporarily 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 on the statements of activities and changes in net assets as net assets released from restrictions.

**Notes to Financial Statements**

**2. Summary of Significant Accounting Policies *(continued)***

*Income Taxes*

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, FVAP is required to report information regarding its exposure to various tax positions taken by the organization and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that FVAP has adequately evaluated its current tax positions and has concluded that as of December 31, 2016 and 2015, FVAP does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

FVAP has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. FVAP may periodically receive unrelated business income requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, FVAP calculates and accrues the applicable taxes payable.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

*Functional Allocation of Expenses*

The costs of providing FVAP's various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Contributed Services and Costs*

FVAP is the recipient of substantial in-kind and pro-bono services. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Such contributed time and services were recognized in the accompanying financial statements because they met the criteria for recognition under ASC 958.30 *Gifts in Kind*.

**3. Cash and Cash Equivalents**

Cash and cash equivalents of \$764,146 and \$741,788 at December 31, 2016 and 2015, respectively, consist of funds on deposit in checking, savings and online accounts. Funds on deposit in savings bear interest at rates ranging from 0.08% to 0.20% per annum as of December 31, 2016. FVAP attempts to limit its credit risk associated with cash balances by utilizing financial institutions that are well capitalized and highly rated.



**Notes to Financial Statements**

**4. Grants and Pledges Receivable**

Grants and pledges receivable of \$159,043 and \$50,000 at December 31, 2016 and 2015, respectively, are due from various foundations and are stated at net realizable value. Management has determined that all amounts are fully collectible and therefore no reserve for uncollectible amounts has been established.

**5. Office Lease**

Effective October 29, 2014, FVAP is committed to leasing its corporate office space under a 37-month operating lease through December 31, 2017. The lease stipulates a payment amount of \$2,378 per month during the year ended December 31, 2016 and \$2,450 per month during the year ending December 31, 2017. FVAP is responsible for its own property insurance, maintenance, and utilities.

Occupancy expense (rent and common area maintenance charges) amounted to \$32,464 and \$27,830 for the years ended December 31, 2016 and 2015, respectively.

**6. In-Kind Contributions**

During the years ended December 31, 2016 and 2015, FVAP was the recipient of a substantial amount of in-kind contributions. The values of these contributions, as reflected in the financial statements, are as follows for the year ended December 31:

	[Audited] 2016	[Reviewed] 2015
In-kind attorney services	\$ 1,006,938	\$ 1,249,920
In-kind professional fees	72,265	7,875
Other pro-bono services	262,406	395,706
Total in-kind donations received	\$ 1,341,609	\$ 1,653,501

**7. Commitments and Contingencies**

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future performances, which are not reflected in the combined financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate FVAP to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond the FVAP's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management and operating personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the combined financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting entities.

**Notes to Financial Statements**

**8. Deferred Revenue**

Deferred revenue of \$10,000 at December 31, 2016 represents funds received in advance of a contractual obligation for the following year. This amount has been recorded as a short-term liability and will be reflected as earned income on the statements of activities and changes in net assets in the subsequent fiscal period.

**9. Net Assets**

Unrestricted

Unrestricted net assets of \$883,505 and \$693,605 represent the cumulative retained surpluses of FVAP through December 31, 2016 and 2015, respectively.

Temporarily Restricted

FVAP recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. As of December 31, 2016, temporarily restricted net assets consist of donations which are available for a future time period. A summary of the activity affecting temporarily restricted net assets for the year ended December 31, 2016 is as follows:

<b>Description</b>	<b>Balance Dec. 31, 2015</b>	<b>Additions</b>	<b>Released to Unrestricted</b>	<b>Balance Dec. 31, 2016</b>
Blue Shield of California Foundation	\$ 91,152	\$ -	\$ 66,159	\$ 24,993
<b>Totals</b>	<b>\$ 91,152</b>	<b>\$ -</b>	<b>\$ 66,159</b>	<b>\$ 24,993</b>

**10. Compensated Absences (Accrued Payroll and Related Benefits)**

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, FVAP is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of personal time off which is payable upon termination of the employee. Annual leave accruals are recorded in the financial statements as an accrued liability on the statement of financial position based on hourly rates in effect at the end of the fiscal year. Accrued payroll liabilities amounted to \$11,681 and \$6,081 at December 31, 2016 and 2015, respectively.

**11. Retirement Plan**

FVAP offers employees the opportunity for participation in a salary reduction retirement plan (with a discretionary Employer match) qualified under Internal Revenue Code Section 401(k). The Plan covers all eligible participants and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and, as such, has been amended periodically to comply with changes made to ERISA through 2016. FVAP contributed \$2,481 and \$2,465 to the plan for the years ended December 31, 2016 and 2015, respectively.

**12. Subsequent Events**

In compliance with ASC 855, *Subsequent Events*, FVAP has evaluated subsequent events through March 8, 2017, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.