



FAMILY VIOLENCE APPELLATE PROJECT

Financial Statements

Year Ended

December 31, 2015

With Independent Accountants' Review Report Thereon



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors Family Violence Appellate Project

We have reviewed the accompanying statements of financial position of Family Violence Appellate Project (a California nonprofit corporation) as of December 31, 2015 and 2014 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications 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.

Regalia & Associates

*April 18, 2016
Danville, California*

FAMILY VIOLENCE APPELLATE PROJECT

**Statements of Financial Position
December 31, 2015 and 2014**

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 741,788	\$ 564,802
Grants and pledges receivable	50,000	24,238
Prepaid expenses and other assets	9,622	4,831
	<u>9,622</u>	<u>4,831</u>
	<u>\$ 801,410</u>	<u>\$ 593,871</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 16,653	\$ 10,230
	<u>16,653</u>	<u>10,230</u>
Total current liabilities	<u>16,653</u>	<u>10,230</u>
Net assets:		
Unrestricted	693,605	569,931
Temporarily restricted	91,152	13,710
	<u>91,152</u>	<u>13,710</u>
Total net assets	<u>784,757</u>	<u>583,641</u>
	<u>\$ 801,410</u>	<u>\$ 593,871</u>

FAMILY VIOLENCE APPELLATE PROJECT

**Statements of Activities and Changes in Net Assets
Years Ended December 31, 2015 and 2014**

<i>Changes in unrestricted net assets:</i>	2015	2014
Revenue and support:		
Program fees and other earned income	\$ 3,347	\$ 1,595
Contributed income:		
Foundation grants	162,716	123,200
Government grants	147,683	55,598
Individual donations	160,761	155,087
Corporate/Law Firm Contributions	89,445	173,179
In-kind contributions	1,653,501	1,565,406
Total contributed income	2,214,106	2,072,470
Net assets released from restrictions:		
Satisfaction of program restrictions	13,710	41,290
Total revenue and support	2,231,163	2,115,355
Expenses:		
Program expenses	1,930,736	1,707,505
General and administrative	95,699	71,936
Fundraising	81,054	79,819
Total expenses	2,107,489	1,859,260
Increase in unrestricted net assets	123,674	256,095
<i>Changes in temporarily restricted net assets:</i>		
Grants and contributions	91,152	5,000
Net assets released from restrictions	(13,710)	(41,290)
Increase (decrease) in temporarily restricted net assets	77,442	(36,290)
Increase in net assets	201,116	219,805
Net assets at beginning of year	583,641	363,836
Net assets at end of year	\$ 784,757	\$ 583,641

FAMILY VIOLENCE APPELLATE PROJECT

Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
<i>Operating activities:</i>		
Increase in net assets	\$ 201,116	\$ 219,805
Adjustments to reconcile to cash provided by (used for) operating activities:		
Changes in:		
Grants and pledges receivable	(25,762)	40,762
Prepaid expenses and other assets	(4,791)	285
Accounts payable and accrued liabilities	6,423	6,813
Cash provided by operating activities	176,986	267,665
Net increase in cash and cash equivalents	176,986	267,665
Cash and cash equivalents at beginning of year	564,802	297,137
Cash and cash equivalents at end of year	\$ 741,788	\$ 564,802
 <i>Additional cash flow information:</i>		
State registration taxes paid	\$ 75	\$ 75
Interest and finance charges paid	\$ -	\$ -

FAMILY VIOLENCE APPELLATE PROJECT

Statement of Functional Expenses

Year Ended December 31, 2015

(with comparative results for the year ended December 31, 2014)

	General and				
	Program	Admin-	Fund-	Total	Total
	Services	istrative	raising	2015	2014
Bank charges and fees	\$ -	\$ 1,473	\$ 5,982	\$ 7,455	\$ 7,653
Computers and technology	9,443	1,738	1,264	12,445	5,846
Events	1,480	214	27,127	28,821	39,105
In-kind expenses:					
In-kind attorney services	1,249,920	-	-	1,249,920	1,266,450
In-kind professional fees	7,875	-	-	7,875	19,040
In-kind rent	-	-	-	-	19,250
Other pro-bono services	392,697	3,009	-	395,706	260,666
Insurance	943	1,585	173	2,701	1,640
Occupancy	18,809	5,773	3,248	27,830	2,088
Office/phone/supplies	2,895	794	1,551	5,240	3,793
Professional fees	22,474	10,375	571	33,420	40,830
Program expenses	6,181	65	155	6,401	5,503
Salaries, payroll taxes, and benefits	214,075	70,471	40,682	325,228	179,831
Travel, meals and conferences	3,944	202	301	4,447	7,565
Totals	\$1,930,736	\$ 95,699	\$ 81,054	\$ 2,107,489	\$ 1,859,260

**Notes to Financial Statements
December 31, 2015**

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, 2015 and 2014, 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 \$741,788 and \$564,802 at December 31, 2015 and 2014, respectively, consist of funds on deposit in checking, savings and online accounts. Funds on deposit in savings bear interest at 0.01% per annum as of December 31, 2015. 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 \$50,000 and \$24,238 at December 31, 2015 and 2014, 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. Lease Arrangement

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 \$2,309 per month during the year ended December 31, 2015, \$2,378 per month during the year ending 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.

During the year ended December 31, 2014, FVAP received complimentary office space and related services for its office space and the value of this in-kind rent contribution was estimated to be \$19,250.

6. In-Kind Contributions

During the years ended December 31, 2015 and 2014, 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:

	<u>2015</u>		<u>2014</u>
In-kind attorney services	\$ 1,249,920	\$	1,266,450
In-kind professional fees	7,875		19,040
In-kind rent	-		19,250
Other pro-bono services	395,706		260,666
Total in-kind donations received	<u>\$ 1,653,501</u>	\$	<u>1,565,406</u>

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. Net Assets

FVAP recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. As of December 31, 2015, 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, 2015 is as follows:

Description	Dec. 31, 2014 Beginning Balance	Additions	Released to Unrestricted	Dec. 31, 2015 Ending Balance
Blue Shield of California Foundation	\$ 8,710	\$ 91,152	\$ 8,710	\$ 91,152
AAML Foundation	5,000	-	5,000	-
Totals	\$ 13,710	\$ 5,000	\$ 13,710	\$ 91,152

9. 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 \$6,081 and \$4,848 at December 31, 2015 and 2014, respectively.

10. 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 2015. FVAP contributed \$2,465 and \$2,250 to the plan for the years ended December 31, 2015 and 2014, respectively.

11. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, FVAP has evaluated subsequent events through April 18, 2016, 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.