



FAMILY VIOLENCE APPELLATE PROJECT

Financial Statements

Year Ended

December 31, 2017

With Independent Auditors' Report Thereon



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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, 2017 and 2016 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2017 and 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 summarized comparative information has been derived from Family Violence Appellate Project's December 31, 2016 financial statements. In our report dated March 8, 2017, we expressed an unmodified opinion on those financial statements.

March 27, 2018
Danville, California

Regalia & Associates

FAMILY VIOLENCE APPELLATE PROJECT

**Statements of Financial Position
December 31, 2017 and 2016**

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 1,205,179	\$ 764,146
Grants and pledges receivable	151,478	159,043
Prepaid expenses and other assets	19,026	11,738
	<u>\$ 1,375,683</u>	<u>\$ 934,927</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 29,949	\$ 16,429
Deferred revenue	-	10,000
	<u>29,949</u>	<u>26,429</u>
Net assets:		
Unrestricted	1,250,734	883,505
Temporarily restricted	95,000	24,993
	<u>1,345,734</u>	<u>908,498</u>
	<u>\$ 1,375,683</u>	<u>\$ 934,927</u>

FAMILY VIOLENCE APPELLATE PROJECT

**Statements of Activities and Changes in Net Assets
Years Ended December 31, 2017 and 2016**

<i>Changes in unrestricted net assets:</i>	2017	2016
Revenue and support:		
Program fees and other earned income	\$ 5,322	\$ 1,867
Contributed income:		
Foundation grants	108,299	56,622
Government grants	609,029	298,495
Individual donations	212,134	105,299
Corporate/Law Firm Contributions	21,780	22,421
In-kind contributions	1,652,738	1,341,609
Fundraising activities	190,142	185,279
Total contributed income	<u>2,794,122</u>	<u>2,009,725</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>24,993</u>	<u>66,159</u>
Total revenue and support	<u>2,824,437</u>	<u>2,077,751</u>
Expenses:		
Program expenses	2,110,433	1,647,773
General and administrative	232,265	137,904
Fundraising	114,510	102,174
Total expenses	<u>2,457,208</u>	<u>1,887,851</u>
Increase in unrestricted net assets	<u>367,229</u>	<u>189,900</u>
<i>Changes in temporarily restricted net assets:</i>		
Grants and contributions	95,000	-
Net assets released from restrictions	<u>(24,993)</u>	<u>(66,159)</u>
Increase (decrease) in temporarily restricted net assets	<u>70,007</u>	<u>(66,159)</u>
Increase in net assets	437,236	123,741
Net assets at beginning of year	908,498	784,757
Net assets at end of year	<u>\$ 1,345,734</u>	<u>\$ 908,498</u>

FAMILY VIOLENCE APPELLATE PROJECT

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<i>Operating activities:</i>		
Increase in net assets	\$ 437,236	\$ 123,741
Adjustments to reconcile to cash provided by (used for) operating activities:		
Changes in:		
Grants and pledges receivable	7,565	(109,043)
Prepaid expenses and other assets	(7,288)	(2,116)
Accounts payable and accrued liabilities	13,520	(224)
Deferred revenue	(10,000)	10,000
Cash provided by operating activities	<u>441,033</u>	<u>22,358</u>
Net increase in cash and cash equivalents	441,033	22,358
Cash and cash equivalents at beginning of year	<u>764,146</u>	<u>741,788</u>
Cash and cash equivalents at end of year	<u>\$ 1,205,179</u>	<u>\$ 764,146</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, 2017**

(with comparative results for the year ended December 31, 2016)

	General and				
	Program	Admin-	Fund-	Total	Total
	Services	istrative	raising	2017	2016
Bank charges and fees	\$ 166	\$ 2,291	\$ 7,660	\$ 10,117	\$ 11,399
Computers and technology	10,637	3,091	606	14,334	10,856
Events	2,576	688	23,521	26,785	27,404
In-kind expenses:					
In-kind attorney services	1,382,955	-	-	1,382,955	1,006,938
In-kind professional fees	60,755	28,520	5,950	95,225	72,265
Other pro-bono services	157,069	1,606	15,883	174,558	262,406
Insurance	2,183	2,402	260	4,845	3,703
Occupancy	17,460	11,220	2,067	30,747	32,464
Office/phone/supplies	3,390	2,059	718	6,167	4,830
Professional fees	27,514	22,955	2,494	52,963	56,292
Program expenses	13,521	-	-	13,521	9,260
Salaries, payroll taxes, and benefits	424,264	156,968	54,991	636,223	383,979
Travel, meals and conferences	7,943	465	360	8,768	6,055
Totals	\$2,110,433	\$ 232,265	\$ 114,510	\$ 2,457,208	\$ 1,887,851

**Notes to Financial Statements
December 31, 2017 and 2016**

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, 2017 and 2016, 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 \$1,205,179 and \$764,146 at December 31, 2017 and 2016, respectively, consist of funds on deposit in checking, savings and online accounts. Funds on deposit in savings bear interest at rates ranging from 0.05% to 0.10% per annum as of December 31, 2017. 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 \$151,478 and \$159,043 at December 31, 2017 and 2016, 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

FVAP is committed to leasing its corporate office space under a 63-month operating lease (signed in early 2018) through May 15, 2023. The lease provides for an option to extend the length for an additional 36 months. FVAP is responsible for its own property insurance. As of December 31, 2017, minimum annual payments due under the lease are as follows: **Year Ending December 31, 2018: \$47,300; Year Ending December 31, 2019: \$72,369; Year Ending December 31, 2020: \$74,540; Year Ending December 31, 2021: \$76,772; Year Ending December 31, 2022: \$79,078; and Year Ending December 31, 2023: \$26,618.**

Occupancy expense (rent and common area maintenance charges) amounted to \$30,747 and \$32,464 for the years ended December 31, 2017 and 2016, respectively.

6. In-Kind Contributions

During the years ended December 31, 2017 and 2016, 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:

	2017	2016
In-kind attorney services	\$ 1,382,955	\$ 1,006,938
In-kind professional fees	95,225	72,265
Other pro-bono services	174,558	262,406
Total in-kind donations received	\$ 1,652,738	\$ 1,341,609

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. There was no deferred revenue at December 31, 2017.

9. Net Assets

Unrestricted

Unrestricted net assets of \$1,250,734 and \$883,505 represent the cumulative retained surpluses of FVAP through December 31, 2017 and 2016, respectively.

Temporarily Restricted

A summary of the activity affecting temporarily restricted net assets for the year ended December 31, 2017 is as follows:

Description	Balance Dec. 31, 2016	Additions	Released to Unrestricted	Balance Dec. 31, 2017
American Academy of Matrimonial Lawyers Foundation	\$ -	\$ 5,000	\$ -	\$ 5,000
Blue Shield of California Foundation	24,993	75,000	24,993	75,000
CA Partnership To End Domestic Violence	-	15,000	-	15,000
Totals	\$ 24,993	\$ 95,000	\$ 24,993	\$ 95,000

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 \$20,834 and \$11,681 at December 31, 2017 and 2016, 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 2017. FVAP contributed \$6,870 and \$2,481 to the plan for the years ended December 31, 2017 and 2016, respectively.

12. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, FVAP has evaluated subsequent events through March 27, 2018, 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.