

FAMILY VIOLENCE APPELLATE PROJECT
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

April 28, 2021

Board of Directors
Family Violence Appellate Project
Oakland, California

I have audited the financial statements of Family Violence Appellate Project (a nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Board of Directors
Family Violence Appellate Project
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Opinion

In my 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Healy and Associates
Concord, California

FAMILY VIOLENCE APPELLATE PROJECT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,015,929
Contributions receivable	335,000
Government grants receivable	176,724
Prepaid expenses	<u>17,739</u>

Total Current Assets	2,545,392
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Security deposits	12,767
Right of use - premises	<u>155,508</u>

Total Assets	<u><u>\$ 2,713,667</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 67,759
Lease payable - current portion	<u>71,103</u>

Total Current Liabilities	138,862
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PPP grant payable	140,650
Lease payable - long-term portion	<u>102,741</u>

Total Liabilities	<u>382,253</u>
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COMMITMENT AND CONTINGENCIES

NET ASSETS

Without donor restrictions	1,683,489
With donor restrictions	<u>647,925</u>

Total Net Assets	<u>2,331,414</u>
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Total Liabilities and Net Assets	<u><u>\$ 2,713,667</u></u>
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FAMILY VIOLENCE APPELLATE PROJECT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Government grants	\$ 443,446	\$ 769,238	\$ 1,212,684
In-kind revenue	1,120,167	-	1,120,167
Contributions	239,740	382,001	621,741
Fundraising activities	88,380	-	88,380
Program fees and other revenue	2,390	-	2,390
	<u>1,894,123</u>	<u>1,151,239</u>	<u>3,045,362</u>
Net assets released from restriction	<u>645,579</u>	<u>(645,579)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>2,539,702</u>	<u>505,660</u>	<u>3,045,362</u>
EXPENSES			
Program services	2,062,391	-	2,062,391
Administrative services	371,157	-	371,157
Fundraising expenses	89,044	-	89,044
	<u>2,522,592</u>	<u>-</u>	<u>2,522,592</u>
CHANGE IN NET ASSETS	17,110	505,660	522,770
NET ASSETS, beginning of year	<u>1,666,379</u>	<u>142,265</u>	<u>1,808,644</u>
NET ASSETS, end of year	<u>\$ 1,683,489</u>	<u>\$ 647,925</u>	<u>\$ 2,331,414</u>

See Notes to Financial Statements

FAMILY VIOLENCE APPELLATE PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services	Administrative Services	Fundraising Expenses	Total
Wages	\$ 728,613	\$ 226,543	\$ 60,045	\$ 1,015,201
Payroll taxes	35,938	16,656	3,456	56,050
Employee benefits	67,162	27,842	6,059	101,063
Total Personnel Expenses	831,713	271,041	69,560	1,172,314
In-kind services	1,086,390	32,571	-	1,118,961
Occupancy	47,515	20,751	4,487	72,753
Professional services	42,968	26,229	3,071	72,268
Computers and technology	17,467	3,946	666	22,079
Insurance	12,293	3,082	235	15,610
Telecommunications	8,359	3,101	721	12,181
Events and discretionary	-	3,401	7,475	10,876
Case and accessibility expenses	6,142	-	-	6,142
Banks charges and fees	15	3,126	2,581	5,722
Dues and memberships	4,645	-	-	4,645
Travel	2,732	1,437	128	4,297
In-kind goods and supplies	-	1,206	-	1,206
Office supplies	636	447	57	1,140
Miscellaneous expenses	313	679	41	1,033
Other program expenses	906	-	-	906
Printing, shipping, and postage	297	140	22	459
Total Expenses	\$ 2,062,391	\$ 371,157	\$ 89,044	\$ 2,522,592

FAMILY VIOLENCE APPELLATE PROJECT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING	
ACTIVITIES:	
Change in net assets	\$ 522,770
CHANGES IN ASSETS AND LIABILITIES:	
Contributions and grants receivable	(408,462)
Prepaid expenses	2,148
Deposits	(80)
Accounts payable and accrued expenses	31,445
Change in right of use asset	64,348
Principal payments applied to lease payable	<u>(66,136)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>146,033</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
PPP grant payable	<u>140,650</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>140,650</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	286,683
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,729,246</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,015,929</u>

FAMILY VIOLENCE APPELLATE PROJECT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE A – NATURE OF ACTIVITIES

Family Violence Appellate Project (Organization) is a California nonprofit public benefit corporation, incorporated in 2012 and operates from its headquarters in Oakland, California. The Organization'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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method and Basis of Presentation

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

FAMILY VIOLENCE APPELLATE PROJECT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months, which are neither held for nor restricted by donors for long term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Fair Value Measurements

The Organization's financial instruments include cash and cash equivalents measured using Level 1 inputs. The carrying amount of these financial instruments has been estimated by management to approximate fair value. Fair value is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date." When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. Accounting Standards Codification (ASC) 820-10, *Fair Value Measurement*, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1— Quoted prices for identical assets in active markets.

Level 2—Observable inputs other than Level 1, which include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets.

Contributions and Grants Receivable

Contributions and grants receivable are recorded at net realizable value consisting of the amount awarded less an allowance for uncollectible amounts. The Organization evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. Management did not consider an allowance for doubtful accounts necessary as of December 31, 2020.

Fixed Assets

Fixed asset additions in excess of \$5,000 are recorded at cost, or if donated, at fair value on the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred. The Organization has no capitalized fixed assets at December 31, 2020.

FAMILY VIOLENCE APPELLATE PROJECT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Exemption Status

The Organization has received exempt status under section 501(c)(3) of the Internal Revenue Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The Organization has no unrelated business income, and management has analyzed tax positions taken and has concluded that there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Revenue Recognition

The Organization is supported primarily through government grants, foundation grants and awards, contributions, and in-kind services.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at December 31, 2020, contributions of approximating \$250,000, have not been recognized in the accompanying statement of activities because the condition(s) on which they depend has not yet been met.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has \$381,252 in cost-reimbursement grants that have not been recognized at December 31, 2020 because qualifying expenditures have not yet been incurred and is recognized in the statement of financial position as deferred revenue. No amounts have been received in advance under the cost-reimbursable federal and state grants.

In-kind Services, Goods, and Supplies

The Organization records donated services, goods, and supplies at their estimated fair value on the date of receipt. Donated professional services, goods, and supplies for the year ended December 31, 2020 are \$1,120,167 as reflected in the accompanying statement of activities and statement of functional expenses.

In addition, the Organization receives contributions of volunteer time in furtherance of the Organization's mission throughout the year. However, these services are not reflected in the accompany financial statements as they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

FAMILY VIOLENCE APPELLATE PROJECT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited based on employee time spent in the functional area.

NOTE C – CONCENTRATIONS

At December 31, 2020, the Organization has \$284,918 in cash held in financial institutions exceeding insured limits. To date, the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. Management monitors the creditworthiness of the financial institutions on an on-going basis.

At December 31, 2020, two funders accounted for 56% of total receivables (32% and 24%).

The Organization received approximately 42% of its annual revenue not including in-kind revenue, and 26% including in-kind, from one funder. The loss of that funding could have an impact on the future operations of the Organization.

NOTE D – PPP GRANT PAYABLE

In April 2020, the Organization received \$140,650 from the Payroll Protection Program, offered through the Small Business Administration, in response to COVID-19. The PPP carries an interest rate of 1% and becomes payable two years after issuance. The Organization plans to seek forgiveness of the small business loan in the fiscal year ended December 31, 2021, however the total amount of forgiveness is not known at December 31, 2020.

FAMILY VIOLENCE APPELLATE PROJECT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE E – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 2,015,929
Contributions and grants receivable	<u>511,724</u>
Total Financial Assets	2,527,653
Less amounts not available to be used within one year:	
Net assets with purpose restrictions to be met in one year	<u>(647,925)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$1,879,728</u></u>

The Organization has \$1,879,728 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE F – LEASE

The Organization leases its corporate office space under a 63-month operating lease through May 2023. The lease provides for an option to extend the term for an additional 36 months. The Organization has accounted for the right of use asset and lease liability in accordance with ASU 2016-02 and is reflected in the accompanying statement of financial position. The right of use assets present value was calculated using an annual discount rate of .4% for a total value of \$337,828 at the onset of the lease. At December 31, 2020, the remaining right of use asset is \$155,508 and the remaining lease liability is \$173,844.

Operating rental expense for the year ended December 31, 2020 was \$72,753. The future minimum lease commitments are as follows:

<u>Year Ended December 31</u>	
2021	\$ 76,772
2022	\$ 79,079
2023	\$ 26,618

FAMILY VIOLENCE APPELLATE PROJECT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE G – CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization’s management believes the Organization has complied with the terms of all grants.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of non-essential businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter could negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE H – IN-KIND CONTRIBUTIONS

During the year ended December 31, 2020, the Organization was the recipient of substantial amounts of in-kind contributions of services and goods. The values of these contributions, as reflected in the accompany financial statements, are as follows:

In-kind pro-bono attorney services	\$ 1,014,265
In-kind legal services	67,625
In-kind professional services	37,071
In-kind goods and supplies	1,206
Total	<u>\$ 1,120,167</u>

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

For the year ended December 31, 2020, net assets with donor restriction activity consisted of the following:

Nature of Restriction	Beginning Balance	Income and Contributions	Released from Restriction	Ending Balance
Purpose/Program:				
Legal assistance	\$ 126,265	\$ 759,239	(\$ 593,564)	\$ 291,940
Strategic planning	12,500	-	(12,500)	-
Other purpose	3,500	32,000	(4,515)	30,985
Time restricted	-	360,000	(35,000)	325,000
Total	<u>\$ 142,265</u>	<u>\$1,151,239</u>	<u>(\$ 645,579)</u>	<u>\$ 647,925</u>

FAMILY VIOLENCE APPELLATE PROJECT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE J – EMPLOYEE BENEFITS

The Organization's employees are entitled to paid time off based upon length of service and other factors. As of December 31, 2020, the respective accrued vacation liability was \$52,862. This amount is reflected as accrued expenses in the statement of financial position.

The Organization offers employees the opportunity to participate 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 2020. Employer contributions for matching is \$13,150 for the year ended December 31, 2020.

NOTE K – SUBSEQUENT EVENTS

In March 2021, the Organization received a second draw of \$192,797 from the PPP grant funding offered through the Small Business Administration.

In April 2021, the Organization received forgiveness of the full amount of the first PPP grant of \$140,650.

Management has evaluated subsequent events for recognition and disclosure through April 28, 2021, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2020, that required recognition or disclosure in the financial statements.