

FAMILY VIOLENCE APPELLATE PROJECT
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
NOTES TO FINANCIAL STATEMENTS	7-13

INDEPENDENT AUDITOR'S REPORT

April 28, 2022

To the Board of Directors
of Family Violence Appellate Project
Oakland, California

Opinion

I have audited the accompanying financial statements of Family Violence Appellate Project (a nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Family Violence Appellate Project and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Violence Appellate Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Family Violence Appellate Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Violence Appellate Project's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.



Healy and Associates
Concord, California

FAMILY VIOLENCE APPELLATE PROJECT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 613,012
Investments	1,629,272
Contributions receivable	399,712
Government grants receivable	158,518
Prepaid expenses	<u>19,790</u>

Total Current Assets 2,820,304

Security deposits	13,112
Right of use - premises	<u>91,160</u>

Total Assets \$ 2,924,576

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 61,396
Lease payable - current portion	<u>76,347</u>

Total Current Liabilities 137,743

PPP grant payable	194,313
Lease payable - long-term portion	<u>26,394</u>

Total Liabilities 358,450

COMMITMENT AND CONTINGENCIES

NET ASSETS

Without donor restrictions	1,923,924
With donor restrictions	<u>642,202</u>

Total Net Assets 2,566,126

Total Liabilities and Net Assets \$ 2,924,576

FAMILY VIOLENCE APPELLATE PROJECT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
In-kind services	\$ 1,705,812	\$ -	\$ 1,705,812
Government grants	797,372	520,369	1,317,741
Contributions	20,082	506,164	526,246
Fundraising activities	101,352	-	101,352
Other income	59,020	-	59,020
In-kind goods and supplies	3,951	-	3,951
Program fees and other revenue	2,508	-	2,508
	<u>2,690,097</u>	<u>1,026,533</u>	<u>3,716,630</u>
Net assets released from restriction	<u>1,032,256</u>	<u>(1,032,256)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>3,722,353</u>	<u>(5,723)</u>	<u>3,716,630</u>
EXPENSES			
Program services	2,952,228	-	2,952,228
Administrative services	410,411	-	410,411
Fundraising expenses	119,279	-	119,279
	<u>3,481,918</u>	<u>-</u>	<u>3,481,918</u>
CHANGE IN NET ASSETS	240,435	(5,723)	234,712
NET ASSETS, beginning of year	<u>1,683,489</u>	<u>647,925</u>	<u>2,331,414</u>
NET ASSETS, end of year	<u>\$ 1,923,924</u>	<u>\$ 642,202</u>	<u>\$ 2,566,126</u>

See Notes to Financial Statements

FAMILY VIOLENCE APPELLATE PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Administrative Services	Fundraising Expenses	Total
Wages	\$ 941,491	\$ 243,746	\$ 83,868	\$ 1,269,105
Employee benefits	97,360	36,730	8,989	143,079
Payroll taxes	55,640	22,206	5,100	82,946
Total Personnel Expenses	1,094,491	302,682	97,957	1,495,130
In-kind services	1,668,251	36,967	594	1,705,812
Professional services	81,546	21,791	163	103,500
Occupancy	45,936	19,214	4,867	70,017
Computers and technology	17,725	7,525	970	26,220
Insurance	14,158	4,079	339	18,576
Events and discretionary	1,857	2,700	11,541	16,098
Telecommunications	7,852	2,956	713	11,521
Banks charges, online donation, and fees	4	7,232	1,348	8,584
Case and accessibility expenses	7,301	-	-	7,301
Dues and memberships	6,085	-	-	6,085
In-kind goods and supplies	-	3,581	370	3,951
Travel	3,356	229	133	3,718
Office supplies	1,784	690	152	2,626
Printing, shipping, and postage	858	189	85	1,132
Fees and licenses	343	576	47	966
Other program expenses	681	-	-	681
Total Expenses	<u>\$ 2,952,228</u>	<u>\$ 410,411</u>	<u>\$ 119,279</u>	<u>\$ 3,481,918</u>

FAMILY VIOLENCE APPELLATE PROJECT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING	
ACTIVITIES:	
Change in net assets	\$ 234,712
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized loss	1,181
PPP #1 forgiveness	(140,650)
CHANGES IN ASSETS AND LIABILITIES:	
Contributions and grants receivable	(46,506)
Prepaid expenses	(2,051)
Deposits	(345)
Accounts payable and accrued expenses	(6,363)
Change in right of use asset	64,348
Principal payments applied to lease payable	<u>(71,103)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>33,223</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in investments	<u>(1,630,453)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,630,453)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
PPP #2 grant funds received	<u>194,313</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>194,313</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,402,917)
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,015,929</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 613,012</u></u>

FAMILY VIOLENCE APPELLATE PROJECT
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

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 APPELATE PROJECT
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

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 and investments 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, 2021.

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, 2021.

FAMILY VIOLENCE APPELATE PROJECT
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

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.

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 \$328,899 in cost-reimbursement grants that have not been recognized at December 31, 2021 because qualifying expenditures have not yet been incurred. 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, 2021 are \$1,709,763 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 accompanying financial statements as they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

FAMILY VIOLENCE APPELATE PROJECT
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021, the Organization has \$186,184 in cash held in financial institutions exceeding insured limits and \$2,251 in PayPal, which carries no insurance. 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.

The Organization received approximately 24% of its annual revenue not including in-kind revenue, and 13% including in-kind, from one funder. The loss of that funding could have an impact on the future operations of the Organization.

NOTE D – INVESTMENTS

The composition and fair value of cash and investments held in investment accounts at December 31, 2021 is as follows:

	<u>Level 1</u>
Fidelity government MMF	\$ 30,454
Certificates of deposit	1,598,818
Investments, end of year	<u>\$ 1,629,272</u>

Investment activity for the year ended December 31, 2021 is as follows:

Investments, beginning of year	\$ -
Cash invested	1,608,853
Contributed stock	10,678
Unrealized loss	(1,181)
Interest and realized earnings	10,922
Investments, end of year	<u>\$1,629,272</u>

FAMILY VIOLENCE APPELATE PROJECT
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE E – 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 #1 carries an interest rate of 1% and becomes payable two years after issuance. In April 2021, the Organization received forgiveness of the full amount of the PPP #1 grant of \$140,650 which is included in government grants in the accompanying statement of activities.

In March 2021, the Organization received a PPP #2 of \$194,313 offered through the Small Business Administration. The PPP #2 carries an interest rate of 1% and becomes payable five years after issuance. The Organization plans to seek forgiveness of the small business loan in the fiscal year ended December 31, 2022, however the total amount of forgiveness is not known at December 31, 2021.

NOTE F – 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	\$ 613,012
Investments	1,629,272
Contributions and grants receivable	<u>558,230</u>
Total Financial Assets	2,800,514
Less amounts not available to be used within one year:	
Net assets with purpose restrictions to be met in one year	<u>(642,202)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$2,158,312</u></u>

The Organization has \$2,158,312 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.

FAMILY VIOLENCE APPELATE PROJECT
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE G – 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, 2021, the remaining right of use asset is \$91,160 and the remaining lease liability is \$102,741. Operating rental expense for the year ended December 31, 2021 was \$70,017. The future minimum lease commitments are as follows:

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

NOTE H – 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 I – NET ASSETS WITH DONOR RESTRICTIONS

For the year ended December 31, 2021, net assets with donor restriction activity consisted of the following:

<u>Nature of Restriction</u>	<u>Beginning Balance</u>	<u>Income and Contributions</u>	<u>Released from Restriction</u>	<u>Ending Balance</u>
Purpose/Program:				
Legal assistance	\$ 291,940	\$520,369	(\$777,380)	\$34,929
Other purpose	30,985	-	(19,456)	11,529
Time restricted	325,000	506,164	(235,420)	595,744
Total	<u>\$ 647,925</u>	<u>\$1,026,533</u>	<u>(\$1,032,256)</u>	<u>\$ 642,202</u>

FAMILY VIOLENCE APPELATE PROJECT
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE J – IN-KIND CONTRIBUTIONS

During the year ended December 31, 2021, 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 accompanying financial statements, are as follows:

<u>Services or Goods</u> <u>Received and Allocation</u>	<u>Basis for Valuation</u>	<u>Total</u>
<u>Program Services</u>		
Pro-bono attorney services	Based on FMV of services	\$ 1,540,832
Legal services	Based on FMV of services	115,345
Professional services	Based on FMV of services	12,074
		<u>1,668,251</u>
<u>Administrative Services</u>		
Professional services	Based on FMV of services	36,967
Goods and supplies	Based on FMV of donated items	3,581
		<u>40,548</u>
<u>Fundraising</u>		
Professional services	Based on FMV of services	594
Goods and supplies	Based on FMV of donated items	370
		<u>964</u>
Total		<u>\$ 1,709,763</u>

NOTE K – EMPLOYEE BENEFITS

The Organization's employees are entitled to paid time off based upon length of service and other factors. As of December 31, 2021, the respective accrued vacation liability was \$55,372. 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 2021. Employer contributions for matching is \$18,429 for the year ended December 31, 2021.

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition and disclosure through April 28, 2022, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2021, that required recognition or disclosure in the financial statements.