

CONTRA COSTA FAMILY JUSTICE ALLIANCE
(A California Nonprofit Corporation)

Financial Statements

December 31, 2018 and 2017

ERNST WINTER & ASSOCIATES LLP
Certified Public Accountants

Contra Costa Family Justice Alliance

December 31, 2018 and 2017

Table of Contents

Independent Auditor's Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7

*675 Ygnacio Valley Road, Suite A200
Walnut Creek, CA 94596*

*(925) 933-2626
Fax (925) 944-6333*

Independent Auditor's Report

To the Board of Directors of
Contra Costa Family Justice Alliance
Richmond, CA 94804

We have audited the accompanying financial statements of Contra Costa Family Justice Alliance (a California nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2018 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 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 Contra Costa Family Justice Alliance as of December 31, 2018, 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.

Prior Period Financial Statements

The December 31, 2017 financial statements were reviewed by us, and our report thereon, dated October 22, 2018, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

As discussed in Note 6 to the financial statements, certain errors resulting in understatement of amounts previously reported for accounts receivables and revenue as of December 31, 2017 were discovered as a result of audit procedures on the beginning balances. Accordingly amounts reported for accounts receivable and foundation grant revenue have been restated in the 2017 financial statements now presented. Our opinion is not modified with respect to that matter.

Ernst Witter & Associates LLP

Walnut Creek, CA
September 18, 2019

**Contra Costa Family Justice Alliance
(A California Nonprofit Corporation)
Statements of Financial Position
December 31, 2018 and 2017**

	(Reviewed and Restated)	
	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 214,960	\$ 130,089
Grants receivable	715,293	409,661
Other receivables	14,072	13,844
Prepaid expenses	24,026	23,878
Total Current Assets	968,351	577,472
Non-Current Assets		
Property and equipment, net	201,938	90,792
Total Non-current Assets	201,938	90,792
Total Assets	\$ 1,170,289	\$ 668,264
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 100,390	\$ 7,375
Accrued rent	50,000	50,000
Accrued compensation and payroll liabilities	37,213	29,760
Deferred revenue	5,771	21,020
Other liabilities	49,791	10,488
Total Liabilities	243,165	118,643
Net Assets		
Net Assets without donor restrictions	749,966	499,621
Net Assets with donor restrictions	177,158	50,000
Total Net Assets	927,124	549,621
Total Liabilities and Net Assets	\$ 1,170,289	\$ 668,264

See independent auditor's report and accompanying notes.

Contra Costa Family Justice Alliance
(A California Nonprofit Corporation)
Statements of Activities
For the Years Ended December 31, 2018 and 2017

(Reviewed and Restated)

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Public Support						
Local and state government grants	\$ 1,201,183	\$ -	\$ 1,201,183	\$ 555,492	\$ -	\$ 555,492
Public support	458,131	177,158	635,289	472,528	50,000	522,528
In-kind donations	143,520	-	143,520	137,000	-	137,000
Federal grants	-	-	-	77,888	-	77,888
Fundraising events, net	84,356	-	84,356	66,842	-	66,842
Other income/expense	58,882	-	58,882	30,855	-	30,855
Net assets released from restrictions	50,000	(50,000)	-	-	-	-
Total Revenue and Public Support	1,996,072	127,158	2,123,230	1,340,605	50,000	1,390,605
Expenses						
Program services	\$ 1,393,078	\$ -	\$ 1,393,078	\$ 1,002,948	\$ -	\$ 1,002,948
Management and general	291,237	-	291,237	232,260	-	232,260
Fundraising	61,412	-	61,412	46,504	-	46,504
Total Expenses	1,745,727	-	1,745,727	1,281,712	-	1,281,712
Change in Net Assets	250,345	127,158	377,503	58,893	50,000	108,893
Net Assets, Beginning of Year	499,621	50,000	549,621	440,728	-	440,728
Net Assets, End of Year	\$ 749,966	\$ 177,158	\$ 927,124	\$ 499,621	\$ 50,000	\$ 549,621

See independent auditor's report and accompanying notes.

**Contra Costa Family Justice Alliance
(A California Nonprofit Corporation)**

Statements of Functional Expenses

For the Years ended December 31, 2018 and 2017

	<u>2018</u>				<u>2017</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total Expenses</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total Expenses</u>
Compensation & benefits	\$ 446,768	\$ 126,310	\$ 30,537	\$ 603,615	\$ 406,565	\$ 112,315	\$ 24,794	\$ 543,674
Occupancy	350,992	80,930	15,202	447,124	339,575	78,297	14,708	432,579
Professional services	180,949	41,722	7,837	230,508	35,704	8,232	1,546	45,483
Client services	180,579	2,510	471	183,560	-	-	-	-
Accounting & finance services	58,960	13,595	2,554	75,109	39,945	9,210	1,730	50,885
Payroll taxes	36,333	8,377	1,574	46,284	32,011	7,381	1,386	40,778
Information technology	32,438	7,479	1,405	41,322	28,508	6,573	1,235	36,316
Depreciation	39,501	-	-	39,501	28,934	-	-	28,934
Office costs	19,239	4,436	833	24,508	10,579	2,439	458	13,476
Insurance	13,627	-	-	13,627	13,362	-	-	13,362
Direct fundraising	-	-	10,556	10,556	-	-	5,842	5,842
Retirement plan cost	8,194	1,780	256	10,230	8,103	1,760	253	10,116
Supplies	7,195	1,659	312	9,166	6,961	1,605	153	8,718
Contributed services	5,118	1,180	222	6,520	-	-	-	-
Equipment lease & rental	4,816	1,110	209	6,135	4,960	1,144	215	6,318
Travel	4,570	-	-	4,570	2,638	-	-	2,638
Grants to domestic organizations	3,500	-	-	3,500	28,444	-	-	28,444
Conference & meetings	299	-	-	299	2,336	-	-	2,336
Other	-	149	-	149	599	138	26	764
Other program expense	-	-	-	-	13,726	3,165	-	16,891
	<u>\$ 1,393,078</u>	<u>\$ 291,237</u>	<u>\$ 71,968</u>	<u>\$ 1,756,283</u>	<u>\$ 1,002,948</u>	<u>\$ 232,260</u>	<u>\$ 52,346</u>	<u>\$ 1,287,554</u>
Less expenses included with revenues on the statements of activities:								
Direct fundraising	-	-	(10,556)	(10,556)	-	-	(5,842)	(5,842)
Total expenses included in the expense section on the statements of activities	<u>\$ 1,393,078</u>	<u>\$ 291,237</u>	<u>\$ 61,412</u>	<u>\$ 1,745,727</u>	<u>\$ 1,002,948</u>	<u>232,260</u>	<u>46,504</u>	<u>1,281,712</u>

See independent auditor's report and accompanying notes.

Contra Costa Family Justice Alliance
(A California Nonprofit Corporation)
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	(Reviewed and Restated) 2017
Cash Flows from Operating Activities		
Change in net assets	\$ 377,503	\$ 108,893
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,501	28,934
Gain on disposal of fixed assets	867	-
Changes in operating assets and liabilities:		
Grants receivable	(305,632)	(72,773)
Other receivables	(228)	(12,222)
Prepaid expenses	(148)	2,607
Accounts payable	93,015	(18,662)
Accrued rent	-	45,489
Accrued payroll liabilities	7,453	29,760
Deferred revenue	(15,249)	(46,476)
Other liabilities	39,303	197
Net Cash Provided by Operating Activities	236,385	65,747
Cash Flows from Investing Activities		
Purchase of property and equipment	(151,514)	(57,925)
Net Cash Used In Investing Activities	(151,514)	(57,925)
Net Increase in Cash and Cash Equivalents	84,871	7,822
Cash and cash equivalents at beginning of year	130,089	122,267
Cash and Cash Equivalents at End of Year	\$ 214,960	\$ 130,089

See independent auditor's report and accompanying notes.

Contra Costa Family Justice Alliance

Notes to the Financial Statements

December 31, 2018 and 2017

1. Organization

Contra Costa Family Justice Alliance (“the Organization”) is a nonprofit public benefit corporation started in 2015 in Contra Costa County of California. The Organization’s mission is to bring the community together to support the healing of family violence survivors and to integrate capable partners with a comprehensive approach to renew individuals and the community from a trauma of family violence.

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting which recognizes income in the period earned and expenses when incurred.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restriction and without donor restriction. Contributions restricted by donors are reported as increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash equivalents are considered to be short-term, highly liquid investments with original maturities of three months or less, including bank money market accounts.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional.

When a donor has unconditionally promised to contribute funds to the Organization in future periods, the Organization recognizes an unconditional promise to give. Promises to give expected to be collected within one year are recorded as support and a receivable at net realizable value. Promises to give expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. An allowance for uncollectible pledges receivable, if any, is provided based upon management’s judgment including such factors as prior collection history, type of contribution and nature of fundraising activity. As of December 31, 2018, and 2017, Management has determined that no allowance for doubtful accounts is necessary.

Contributions received on a cost-reimbursement basis are recognized as revenue when related expenses are incurred.

Contra Costa Family Justice Alliance

Notes to the Financial Statements

December 31, 2018 and 2017

2. Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment, if purchased, is recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at the time. Property and equipment are depreciated using the straight-line method of accounting over useful lives of 3 to 7 years.

Functional Expenses

The Organization allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles in the United States require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and may have impact on future periods.

Income Taxes

The Organization has been granted exemption from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and by the California Franchise Tax Board. The Organization is not a private foundation. In addition, there was no unrelated business income tax for 2018 and 2017, and management believes that there are no uncertain tax positions. As a 501(c)(3) organization, donors qualify for the charitable deduction. Accordingly, there is no provision for federal or state income taxes. Federal and state tax authorities generally have the right to examine and audit the previous year of tax returns filed. All years are open to examination by tax authorities.

Contributed Materials and Services

The Organization records various types of gift-in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. During the years ended December 31, 2018 and 2017, the Organization received in-kind rent contributions of \$137,000 in each year. During 2018 and 2017, the Organization received contributed architectural services of \$6,520 and \$0, respectively.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Contra Costa Family Justice Alliance

Notes to the Financial Statements

December 31, 2018 and 2017

3. Liquidity and Availability of Financial Assets

The Organization has \$791,193 of financial assets available within one year of December 31, 2018. The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets available for general expenditure, that is, with donor or other restrictions limiting their use, within one year of December 31, 2018, comprise the following:

Cash and cash equivalents	\$	214,960
Grants receivable		715,293
Other receivables		14,072
Prepaid expenses		24,026
Net assets with donor restrictions		<u>(177,158)</u>
	\$	<u>791,193</u>

4. Property and Equipment

A summary of property and equipment at December 31, 2018 and 2017 is as follows:

	2018	2017
Furniture and fixtures	\$ 79,075	\$ 42,492
Equipment	62,304	44,851
Leasehold Improvement	<u>144,150</u>	<u>49,150</u>
Total property and equipment	285,529	136,493
Less accumulated depreciation	<u>(83,591)</u>	<u>(45,701)</u>
Property and equipment, net	<u>\$ 201,938</u>	<u>\$ 90,792</u>

Depreciation expense totaled \$39,501 and \$28,934 in 2018 and 2017, respectively. During 2018, the Organization disposed of \$2,478 of equipment and recognized a gain of \$867.

5. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2018 and 2017 consists of the following:

	2018	2017
Leshler Foundation – capital improvements	\$ 75,000	\$ 50,000
Kaiser East – capital improvements	73,400	-
San Francisco Foundation – time restrictions	22,500	-
Van Loben Sels/RembeRock - lawyers	<u>6,258</u>	<u>-</u>
Total	<u>\$ 177,158</u>	<u>\$ 50,000</u>

6. Prior Period Adjustment

An error was discovered in the recognition of a foundation grant in 2017. As a result, foundation revenue and accounts receivable were understated in the prior year. The Organization recorded a prior period adjustment to correct the error by \$50,000. The prior period adjustment resulted in an increase in accounts receivable and net asset with donor restrictions of \$50,000 in 2017.

Contra Costa Family Justice Alliance

Notes to the Financial Statements

December 31, 2018 and 2017

7. Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts, which, at times, may have exceeded federally insured limits during the year.

At December 31, 2018 and 2017, 37% and 46% of total contributions was received from four donors respectively, and 65% and 56% of grants receivable was from 3 donors and 1 donor respectively.

8. Retirement Plan

The Organization has a Simple IRA plan. The plan calls for the Organization to contribute 2% of eligible annual compensation. The plan covers employees with annual earnings of more than \$5,000 and is effective the first day of the month following employment immediately upon commencement of employment. During the years ended December 31, 2018 and 2017, the Organization contributed \$10,230 and \$10,116, respectively, which is included in retirement plan cost on the Statement of Functional Expenses.

9. Commitments

In January 2013, the Organization entered into a 10-year non-cancelable operating lease for office space with the City of Richmond that expires in January 2023. Under the terms of the lease, the annual base rent is \$12. Each year the City of Richmond and the Organization agree upon additional rent payments and in-kind contribution of rent. In the years ended 2018 and 2017, the Organization paid \$100,000 each year in addition to the base rent and received an in-kind contribution of \$137,000 in both years.

In December 2014, the Organization entered into a 3-year non-cancelable operating lease for office space in Concord, California. The lease was amended and extended for another 3 years, expiring in 2021.

For the years ended December 31, 2018 and 2017, total rent expense for the two locations was \$424,914 and \$412,753 respectively, and is included in occupancy on the accompanying Statements of Functional Expenses.

Minimum future lease payments under non-cancelable operating leases are as follows at December 31, 2018:

Year ending December,	
2019	\$ 285,615
2020	191,035
2021	18,028
2022	<u>12</u>
	<u>\$ 494,690</u>

The minimum future lease payment for 2019 includes an additional rent payment of \$100,000 for the Richmond office. Any additional rent payments are negotiated annually.

Contra Costa Family Justice Alliance

Notes to the Financial Statements

December 31, 2018 and 2017

10. New Accounting Pronouncements

Recently Adopted Accounting Guidance

ASU 2016-14 Not-for-Profit Entities (Topic 958) (“ASU 2016-14”)

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14 which addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. The Organization adopted ASU 2016-14 as of January 1, 2018, and has adjusted the presentation of the financial statements accordingly. The Organization elected to use the full retrospective approach, which had no impact on previously reported net assets. The new standards change the following aspects of the Organization’ financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 10).

Recently Issued Accounting Guidance, Not Yet Adopted

ASU 2016-02 Leases (Topic 842) (“ASU 2016-02”)

In February 2016, the FASB issued ASU 2016-02 which amends a number of aspects of lease accounting, including requiring lessees to recognize almost all leases with a term greater than one year as a right-of-use asset and corresponding liability, measured at the present value of the lease payments. ASU 2016-02 is effective for us beginning in the first quarter of fiscal year 2020 and is required to be adopted using a modified retrospective approach. Early adoption is permitted. The Organization is evaluating the impact of the adoption of this standard on our financial statements and does not expect a material impact.

Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”)

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”), which supersedes the revenue recognition requirements in Accounting Standards Codification (“ASC”) 606, “Revenue Recognition.” ASU 2014-09 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. On July 9, 2015, the FASB decided to delay the effective date of the new standard by one year. The new guidance allows for the standard and all subsequent amendments to be applied either retrospectively to each prior reporting period presented or retrospectively as a cumulative-effect adjustment as of the date of adoption. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Organization is continuing to evaluate the impact of the adoption of this standard, and all subsequent amendments on our financial statements, and have not elected a transition method.

11. Subsequent Events

The Organization has evaluated subsequent events through September 18, 2019, the date which the financial statements were available to be issued. The Organization signed a new 10-year lease for a new location in Antioch, California that commences on March 1, 2019.