

NEWS

FINANCIAL STATEMENTS

June 30, 2020 and 2019

Audited by

Coughlan Napa CPA Company, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NEWS
Napa, CA

We have audited the accompanying financial statements of NEWS (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States. 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 NEWS as of June 30, 2020 and June 30, 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with *U.S. generally accepted auditing standards*. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2020, on our consideration of NEWS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NEWS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NEWS's internal control over financial reporting and compliance.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.
January 4, 2021

NEWS
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and Equivalents	\$ 712,141	\$ 438,494
Receivables	304,277	248,117
Prepaid Expenses and Deposits	13,102	46,505
Investments	858,192	879,803
<i>Total Current Assets</i>	<u>1,887,712</u>	<u>1,612,919</u>
PROPERTY AND EQUIPMENT, net	<u>423,686</u>	<u>366,571</u>
TOTAL ASSETS	<u>\$ 2,311,398</u>	<u>\$ 1,979,490</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 29,686	\$ 24,271
Accrued Expenses	61,688	36,405
Agency Funds Held	-	62,913
<i>Total Current Liabilities</i>	<u>91,375</u>	<u>123,589</u>
NONCURRENT LIABILITIES		
Note payable	<u>399,014</u>	<u>114,014</u>
NET ASSETS		
Without Donor Restrictions - Board Designated	1,490,000	1,350,000
Without Donor Restrictions - Other	331,009	391,887
<i>Total Net Assets</i>	<u>1,821,009</u>	<u>1,741,887</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,311,398</u>	<u>\$ 1,979,490</u>

The accompanying notes are an integral part of these financial statements

NEWS
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Grants	\$ 2,119,407	\$ 2,012,351
Contributions	360,823	316,975
Donated Materials, Facilities and Services	65,229	60,500
Net Investment Return	(26,117)	53,400
<i>Total Support and Revenue</i>	<u>2,519,342</u>	<u>2,443,225</u>
EXPENSES		
<i>Programs</i>		
Emergency Shelter	507,405	545,863
Sexual Assault Victims Services	403,207	388,529
Outreach and Education	161,919	186,487
Kids Exposed to Domestic Violence	136,944	150,993
Crisis Intervention	386,059	233,499
Transitional Housing	393,074	452,072
Volunteers	49,904	74,156
Monarch Family Justice Center	23,332	-
<i>Total Program</i>	<u>2,061,844</u>	<u>2,031,599</u>
<i>Support Services</i>		
Management and General	259,309	220,172
Fundraising	119,066	73,391
<i>Total Support Services</i>	<u>378,375</u>	<u>293,563</u>
<i>Total Expenses</i>	<u>2,440,219</u>	<u>2,325,162</u>
<i>Increase (Decrease) in Unrestricted Net Assets</i>	<u>79,123</u>	<u>118,063</u>
INCREASE (DECREASE) IN NET ASSETS	79,123	118,063
NET ASSETS, WITHOUT DONOR RESTRICTION BEGINNING OF YEAR	<u>1,741,887</u>	<u>1,623,824</u>
NET ASSETS, WITHOUT DONOR RESTRICTION END OF YEAR	<u>\$ 1,821,009</u>	<u>\$ 1,741,887</u>

The accompanying notes are an integral part of these financial statements

NEWS
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 79,123	\$ 118,063
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Unrealized Losses (Gains) on Investments	12,490	(14,216)
Depreciation	21,398	16,462
Decrease (Increase) in Receivables	(56,160)	40,689
Decrease (Increase) in Prepaid Expenses and Deposits	33,403	(22,501)
Increase (Decrease) in Accounts Payable	5,417	9,093
Increase (Decrease) in Accrued Expenses	25,283	905
Increase (Decrease) in Agency Funds Held	(62,913)	-
Total Adjustments	<u>(21,081)</u>	<u>30,431</u>
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>58,042</u>	<u>148,494</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(78,512)	(4,241)
Purchase of Investments	(158,682)	(168,918)
Proceeds from the Sale of Investments	167,799	104,472
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>(69,395)</u>	<u>(68,687)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of PPP Loan	285,000	-
<i>Net Cash Provided (Used) by Financing Activities</i>	<u>285,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	273,647	79,807
CASH, BEGINNING OF YEAR	<u>438,494</u>	<u>358,687</u>
CASH, END OF YEAR	<u>\$ 712,141</u>	<u>\$ 438,494</u>

The accompanying notes are an integral part of these financial statements

NEWS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Emergency Shelter	SAVS	Outreach & Education	KEDS	Crisis Intervention	Transitional Housing	Volunteers	Monarch Family Justice Center	Total Program	Management And General	Fundraising	Total
Compensation and Related Expenses												
Salaries and Wages	\$ 345,897	\$ 272,350	\$ 105,189	\$ 90,935	\$ 259,310	\$ 130,538	\$ 25,850	\$ 12,175	\$ 1,242,244	\$ 146,908	\$ 71,296	\$ 1,460,448
Payroll Taxes	28,368	22,336	8,627	7,458	21,267	10,706	2,120	999	101,881	12,048	5,847	119,776
Employee Benefits	40,950	32,243	12,453	10,766	30,699	15,454	3,060	1,441	147,067	17,392	8,441	172,900
Total Compensation and Related Expenses	415,215	326,929	126,269	109,159	311,276	166,698	31,030	14,615	1,491,192	176,347	85,584	1,753,124
Other Expenses												
Bank Charges	-	-	-	-	-	-	-	-	-	1,028	1,256	2,284
Communications	5,270	3,722	1,548	1,289	4,738	3,132	1,645	81	21,425	1,278	969	23,672
Depreciation	7,105	2,891	1,203	1,001	3,680	2,433	1,278	63	19,654	992	752	21,398
Dues and Subscriptions	1,000	720	-	-	-	-	-	-	1,720	2,288	-	4,008
Grants to Beneficiaries	7,295	6,948	748	3,522	11,640	186,436	-	-	216,589	650	-	217,239
Insurance	11,893	9,364	3,617	3,127	8,916	4,488	889	419	42,712	5,051	2,451	50,214
Licenses and Permits	1,527	90	-	-	-	-	-	-	1,617	10	-	1,627
Occupancy	14,321	23,540	9,793	8,150	29,970	19,810	10,406	512	116,502	8,082	6,127	130,711
Office Supplies	4,903	3,463	1,441	1,199	4,409	2,914	1,531	75	19,935	1,189	901	22,025
Printing and Reproduction	1,671	1,180	491	409	1,502	993	522	26	6,794	405	307	7,506
Professional Fees	3,421	3,650	4,300	1,200	357	2,000	-	7,500	22,428	13,989	5,375	41,792
Repairs and Maintenance	19,128	4,720	34	1,359	1,208	9,640	-	-	36,089	32,946	-	69,035
Staff Development and Training	394	4,547	149	102	87	249	1,778	-	7,306	9,733	-	17,039
Supplies	11,623	9,580	11,551	5,783	5,902	2,713	-	-	47,152	4,679	14,860	66,691
Travel	2,639	1,854	775	645	2,373	1,568	824	41	10,729	640	485	11,854
Total Other Expenses	92,190	76,278	35,650	27,785	74,783	236,376	18,874	8,717	570,653	82,962	33,482	687,095
Total Functional Expenses	\$ 507,405	\$ 403,207	\$ 161,919	\$ 136,944	\$ 386,059	\$ 393,074	\$ 49,904	\$ 23,332	\$ 2,061,844	\$ 259,309	\$ 119,066	\$ 2,440,219

The accompanying notes are an integral part of these financial statements

NEWS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Emergency Shelter	SAVS	Outreach & Education	KEDS	Crisis Intervention	Transitional Housing	Volunteers	Total Program	Management And General	Fundraising	Total
Compensation and Related Expenses											
Salaries and Wages	\$ 360,363	\$ 242,798	\$ 116,559	\$ 94,588	\$ 156,439	\$ 137,384	\$ 47,799	\$ 1,155,931	\$ 132,009	\$ 49,791	\$ 1,337,730
Payroll Taxes	30,202	20,349	9,769	7,927	13,111	11,514	4,006	96,878	11,064	4,173	112,115
Employee Benefits	45,970	30,973	14,869	12,066	19,956	17,525	6,098	147,458	16,840	6,352	170,650
Total Compensation and Related Expenses	436,535	294,119	141,197	114,582	189,507	166,423	57,903	1,400,267	159,912	60,316	1,620,495
Other Expenses											
Bank Charges	-	-	518	-	-	-	-	518	778	432	1,728
Communications	6,228	4,534	1,372	1,695	2,484	2,663	867	19,843	1,189	310	21,342
Depreciation	3,164	3,989	1,207	1,492	2,185	2,343	763	15,143	1,046	273	16,462
Dues and Subscriptions	1,000	650	-	-	-	-	-	1,650	1,587	-	3,237
Grants to Beneficiaries	12,508	2,695	-	194	615	237,072	-	253,084	-	-	253,084
Insurance	17,316	11,667	5,601	4,545	7,517	6,602	2,297	55,544	11,425	2,393	69,362
Licenses and Permits	1,493	203	-	-	-	-	45	1,741	82	-	1,823
Occupancy	13,746	31,014	9,384	11,597	16,988	18,217	5,934	106,880	8,131	2,124	117,135
Office Supplies	5,000	3,640	1,101	1,361	1,994	2,138	696	15,931	954	249	17,135
Printing and Reproduction	5,493	3,999	1,210	1,495	2,191	2,349	765	17,502	1,048	274	18,825
Professional Fees	3,200	6,617	5,550	1,050	2,260	5,034	-	23,712	9,585	-	33,297
Repairs and Maintenance	14,529	7,501	2,270	2,805	4,109	4,406	1,435	37,054	1,967	514	39,534
Staff Development and Training	375	2,903	3,331	1,723	155	1,110	2,293	11,891	8,809	-	20,699
Supplies	16,974	8,966	11,916	6,195	183	165	-	44,388	12,073	6,094	62,555
Travel	8,301	6,044	1,829	2,260	3,310	3,550	1,156	26,450	1,585	414	28,448
Total Other Expenses	109,328	94,410	45,289	36,411	43,992	285,649	16,254	631,333	60,260	13,075	704,667
Total Functional Expenses	\$ 545,863	\$ 388,529	\$ 186,487	\$ 150,993	\$ 233,499	\$ 452,072	\$ 74,156	\$ 2,031,599	\$ 220,172	\$ 73,391	\$ 2,325,162

The accompanying notes are an integral part of these financial statements

NEWS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 – NATURE OF ACTIVITIES

NEWS is a nonprofit corporation, and is organized under the laws of the State of California. It is headquartered in Napa, California. NEWS believes that people affected by domestic violence and sexual abuse deserve safety, hope, healing and support to rebuild the future for themselves and their families. It promotes safe communities through prevention, intervention, education and advocacy. NEWS operates an emergency shelter and provides a variety of services, among them a 24-hour crisis line, sexual assault victim's services, individual and group counseling services, Kids Exposed to Domestic Violence program (KEDS), court advocacy, a domestic violence response team, sexual assault response team, housing, outreach and education. The Organization is supported primarily through grants from governmental agencies, private foundations and by contributions from the general public.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. To insure observance of limitations and restrictions placed on the use of resources available, the Organization maintains its operating accounts by function and program in accordance with program contracts and as prescribed by the Office of Criminal Justice and Planning Grantee Handbook, and the Department of Health Services, Maternal and Child Health Guidelines.

Governmental Reporting Procedures

The Organization receives government grants that contain certain reporting requirements. The Office of Emergency Services contract requires that expenditures be reported on a monthly basis using prescribed forms. These reports are required in order for the Organization to be reimbursed for expenditures within contract guidelines. The Maternal and Child Health contract requires an annual report of program results in order to receive the final twenty percent of grant funds.

Cash and Equivalents

The Organization considers all highly-liquid financial instruments with original maturities of three months or less to be cash equivalents, except when a restriction is imposed which limits the investment's use to long-term. Cash held temporarily in the long-term investment portfolio (until suitable investments are identified) is excluded from cash and cash equivalents. Cash is held in demand accounts and certificates of deposits at various financial institutions, and cash balances may exceed the federally insured amounts during the year. Cash and equivalents include only funds that are not restricted by the donor.

Receivables

Grants and accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on grants and accounts receivable using the allowance method. The allowance is based on past loss experience, specific impaired balances, adverse situations that may affect the repayment, and current economic conditions. Receivables are considered impaired if payments are not received in accordance with transaction terms. It is the Organization's policy to charge off uncollectible balances when management determines the receivable will not be collected.

Grants and accounts receivable arise primarily from contracts with governmental agencies which provide for reimbursement of expenditures within contract guidelines. Management believes that all grants and accounts receivable will be collected. Consequently, no provision for uncollectible accounts has been recorded in these financial statements.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 30 years. Donated property is recorded at the estimated fair value at the date of receipt. It is the Organization's policy to capitalize property and equipment acquisitions that exceed \$1,500.

NEWS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments, which include equity securities, government securities and other investments, are carried at fair market value. Unrealized gains and losses are included in the statement of activities.

Revenue Recognition

Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence of donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (the purpose is accomplished), restricted net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. When restrictions are satisfied in the same reporting period in which the support is received, the support is reported as unrestricted.

Donated Materials, Facilities and Services

The fair market value of donated materials, facilities and services requiring specialized skills are recognized in the financial statements as revenue, with corresponding expenses allocated to the related program or activity. The value of volunteers' contributed time is not reflected in the financial statements since it cannot be reasonably determined.

Functional Allocation of Expenses

Identifiable program costs are charged directly to each respective program. Personnel costs are allocated to programs based upon the estimated level of staff involvement. Support expenses include general and administrative expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Subsequent Events

Management has evaluated all events and transactions that occurred after June 30, 2020 up through January 4, 2021, the date these financial statements were available to be issued. During this period the Organization did not have any significant recognizable or unrecognizable subsequent events.

Income Tax Status

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no taxes have been provided for in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified by the Internal Revenue Service as other than a private foundation under Section 509(a)(1).

Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions which affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

NOTE 3 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including but not limited to, the California Office of Emergency Services (Cal OES). Such administrative directives, rules and regulations are subject to change by an act of the legislature or an administrative change mandated by Cal OES. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

**NEWS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 4 – FAIR VALUE MEASUREMENTS

Fair value measurement guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into three levels:

Level 1- Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2- Includes data points that are observable such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) such as interest rates and yield curves that are observable for the asset and liability, either directly or indirectly.

Level 3- Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis, which use Level 1, are as follows:

	<u>2020</u>	<u>2019</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Long- term investments		
Equity Securities	<u>\$ 858,192</u>	<u>\$ 879,803</u>

NOTE 5 – PROGRAMS AND ACTIVITES

Shelter, Housing and Homeless prevention activities remained a significant focus of the 19/20 Fiscal Year. NEWS has been working with a community group in planning a modular home community called ECO Village that, if successful, would provide permanent low income housing to 6 to eight families escaping domestic violence. The project is in the planning phase and has hurdles to overcome, but the Organization continues to offer partnership in this project.

Monarch Family Justice Center

One significant area of work in this past year was NEWS collaborative work with a number of local agencies to develop a "Family Justice Center" model for Napa County. Partners include the Napa County District Attorney's Office and the Victim/Witness Program, City of Napa Police Department, Aldea, the Children's Advocacy Center, and other organizations, working together to create new ways for crime victims to more easily access services.

Emergency Shelter:

The NEWS Emergency Shelter is a safe, confidential four-bedroom home located in a residential neighborhood. It has a beautiful kitchen, private bedrooms and bathrooms, indoor and outdoor play areas for children, and a cozy family room where clients can relax and hold family meetings. There is also a two bedroom one bath modular home located on sight. The modular home offers private space for male survivors of domestic violence as well as other clients for those who may not be comfortable in a communal living situation. NEWS Domestic Violence/Sexual Assault Counselors are available on site 24 hours a day 7 days a week. Staff support clients in developing case plans based on goals survivors set for themselves. There is a total of 20 available beds.

Housing Program:

Domestic Violence can lead to homelessness or unstable housing. The NEWS housing program is based on the "Housing First" model, meaning that assistance with housing location begins as soon as possible once someone has become homeless. Services include assistance with housing location, help with locating and applying for financial resources, landlord engagement, moving and providing for home

NEWS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 – PROGRAMS AND ACTIVITIES (Continued)

furnishings. The program also offers direct funding for rental assistance, and ongoing case management/supportive services. 100% of NEWS shelter clients found permanent housing and did not return to their abusers last year.

Sexual Assault Victim Services (SAVS):

The SAVS Program is the only Rape Crisis Center serving Napa County. The program provides 24-hour immediate response and other ongoing supportive services to adult and children and their supportive family members. Sexual Assault Advocates provide ongoing support throughout the criminal justice system, assistance with filing for Victim of Crime Compensation, connections to individual counselling and support groups.

Outreach and Education:

NEWS is dedicated to the prevention of sexual abuse and domestic violence through education and awareness.

Prevention services include:

- Youth Matter Program:
The program provides "Healthy Relationships" groups in high schools and middle schools throughout the Valley along with individualized "Healthy Relationships Coaching" with walk in office hours at several high schools and middle schools.
- News About Sports:
The "News About Sports" program works within the culture of sports to promote policy and programming that incorporate respect gender equity, positive communication, healthy relationships and active bystander training with school administrators, athletic program directors, coaches and student athletes.
- Kids Exposed to Domestic Violence (KEDS):
KEDS is an important part of our Outreach and Education. The KEDS program provides several components to assist children who have been exposed to violence at home. Children are assessed and are offered resources to build protective factors and reduce risk factors for future adverse effects as a result of exposure to violence. Follow up and support is offered to non-offending parents to assist in children's individualized case plan. Parents receive education and information on how they can build protective factors for their children, and children may participate in NEWS weekly support groups where a curriculum is offered to help build safety and self-esteem while doing fun and creative activities.

Crisis Intervention:

Crisis Intervention Services combines key programs to help survivors navigate the valuable services available to them during the crisis phase of victimization. The focus of this program is to provide safety, meet immediate needs, and to provide crisis intervention and legal advocacy. The Crisis Intervention component of NEWS includes strong collaboration with law enforcement, and includes trauma informed work with survivors who have co-occurring domestic violence, drug and/or alcohol dependency issues.

- Crisis Intervention
The program was designed using trauma informed practices and uses intensive case management to help survivors discover triggers and coping skills to guide them to safety and support. There is a strong emphasis on working toward successful connections to resources that support their recovery and healing.
- Legal Advocacy
The Court Advocacy Program provides help with the process of filing for protective orders and advocacy to victims of domestic violence. The Court Advocate works together with clients to find resources pertaining to child custody, visitation, and their civil issues related to abuse.

**NEWS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 5 – PROGRAMS AND ACTIVITIES (Continued)

- *Napa Police Department – Liaison*

The Napa Police Department Liaison Program funds a full time NEWS Domestic Violence (DV) Advocate that is located on site at the Napa Police Department. The DV Advocate works in collaboration with the dedicated police officer to ensure a coordinated response to DV incidents. NEWS Staff and our partners review all incident reports and provide follow up in-person where ever possible to offer support, services and education to parents on behalf of their children. NEWS also coordinates a 24-hour immediate response team to provide emergency crisis response to the scene of DV incidents. The program aims to reduce the long range negative impacts to DV survivors and their children.

Volunteers

The NEWS Volunteer Program provides two 60-hour training sessions per year, free of cost, for those interested in becoming Domestic Violence and Sexual Assault Counselors. Volunteer opportunities include becoming a member of the Domestic Violence Response Team. The Domestic Violence Response Team Program utilizes a team of trained domestic violence and sexual assault counselor volunteers to respond immediately to victims of domestic violence or sexual assault at the request of law enforcement. They go either directly to the scene of an incident or to a designated safe location. The counselors provide emotional support, information, safety planning, and resources. They work with each client to develop a plan for follow-up services. Volunteers may also help in providing court advocacy services and working at the safe house on the 24-hour crisis line.

Fundraising

Fundraising expense includes the Organization's efforts to obtain grants from governmental agencies and private foundations, and solicit contributions from the local community.

Management and General

Administration includes the functions necessary to coordinate and articulate the Organization's program strategy, maintain competent professional services for the administration of the Organization, and manage the financial and budgetary responsibilities of the Organization.

Impact of COVID 19

Shelter in Place restrictions needed to contain the coronavirus have increased the risks associated with domestic violence (DV) and sexual assault (SA). Historic levels of unemployment, increased anxiety and isolation at home have set the stage for an "invisible pandemic" of DV – what experts are calling a "ticking time bomb." Financial instability, confinement with abusers and virus-related fears have made it harder than ever for victims to ask for help.

Since March 2020, NEWS has experienced a 460% increase in the number of DV/SA survivors requesting housing assistance, and expects to see requests spike as restrictions are relaxed and victims can safely escape their abusers. Advocates are tirelessly working to assure clients that services are still available, shelter victims in hotels, coordinate rental assistance checks, distribute food assistance gift cards, provide victims with untraceable phones to contact police, and to partner with three more landlords to house victims.

NOTE 6 – CONCENTRATIONS

The Organization received approximately 66% of its total support from three funding agencies in 2020 and approximately 70% of its total support from these funding agencies in 2019.

NEWS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 – PROPERTY AND EQUIPMENT

	<u>2020</u>		<u>2019</u>
Land	\$ 50,336	\$	50,336
Emergency Shelter	545,853		529,455
Furniture and Equipment	106,589		90,194
Improvement	22,500		-
Vehicles	5,000		5,000
Total Property and Equipment	<u>730,279</u>		<u>674,985</u>
Less Accumulated Depreciation	<u>(306,593)</u>		<u>(308,414)</u>
Net Property and Equipment	\$ <u>423,686</u>	\$	<u>366,751</u>
Depreciation Expense	\$ <u>21,398</u>	\$	<u>16,462</u>

The Organization's emergency shelter was acquired partly with funds provided by the City of Napa under an agreement that contained restrictions. See Note 9.

NOTE 8 – INVESTMENTS

The fair value of investments and the related unrealized appreciation are summarized as follows:

		June 30, 2020	
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation</u>
Equity Securities	<u>\$ 809,022</u>	<u>\$ 858,192</u>	<u>\$ 49,170</u>
		June 30, 2019	
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation</u>
Equity Securities	<u>\$ 818,142</u>	<u>\$ 879,803</u>	<u>\$ 61,661</u>

Net investment return is comprised of the following:

	<u>2020</u>		<u>2019</u>
Interest and Dividend Income	\$ 34,835	\$	34,103
Realized Gains (Losses)	(42,275)		10,884
Unrealized Gains (Losses)	(12,491)		14,216
Investment Fees	(6,186)		(5,803)
Net Investment Return	<u>\$ (26,117)</u>	\$	<u>53,400</u>

As listed above, the Organization purchases various investment securities primarily in the form of mutual funds. Investment securities are exposed to risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such change could materially affect the fair market value of the investment balance. Investment decisions follow the Financial Investment Policy set forth by the Board of Directors.

NOTE 9 – LIQUIDITY AND AVAILABLE OF FINANCIAL ASSETS

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are primarily invested in mutual funds.

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. There were no net assets with donor restrictions at June 30, 2020 and 2019.

NEWS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 9 – LIQUIDITY AND AVAILABLE OF FINANCIAL ASSETS(CONTINUED)

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and Equivalents	\$ 712,141	\$ 438,494
Receivables	304,277	248,117
Investments	858,192	879,803
	<u>1,874,610</u>	<u>1,566,414</u>
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,874,610</u>	<u>\$ 1,566,414</u>

The Organization's Investments are invested primarily in mutual funds with a small portion of approximately 5.6% in real estate investment trusts.

NOTE 10 – NOTE PAYABLE

The Organization is obligated under a note payable in the amount of \$114,014 to the City of Napa that is secured by a deed of trust on the Organization's emergency shelter. The note does not bear interest but shall be due if the shelter is sold or no longer used as a public facility for providing transitional shelter for battered women and their children. If the shelter is sold, the Organization will be liable for the face amount of the note plus 45 percent of the sale price in excess of \$252,100.

The Organization received a Paycheck Protection Loan (PPP) from the Small Business Administration in the amount of \$285,000. The loan accrues interest at 1% per annum and is forgiven when specified requirements are met. The Organization believes the loan will be forgiven. If is not then it is payable over 5 years beginning approximately 16 months from the receipt of funds.

NOTE 11 – BOARD DESIGNATED NET ASSETS

The Organization's board of directors has established a policy by which it evaluates the amount of the Organization's net asset available to sustain its mission and a board designated fund to maintain adequate reserves. Unrestricted and temporarily restricted assets are needed to fund programs in the event that the receipt of grant monies is delayed, fundraising efforts are less than expected or a program temporarily loses funding. Since several of the Organization's primary programs are heavily dependent upon grants from governmental agencies, the Board has decided that the Organization's unrestricted reserves should be sufficient to provide six months of operating expenses and one year of fundraising support to avoid the necessity of selling any operating assets. Resources designated by the board for this purpose are considered unrestricted, as the designation is self-imposed. The amount of this board designated fund totaled \$1,490,000 at June 30, 2020 and \$1,350,000 at June 30, 2019. The balance of the Organization's unrestricted net assets is not designated for any specific purpose.

NOTE 12 – RETIREMENT PLAN

The Organization has adopted a deferred compensation plan under section 401(k) of the Internal Revenue Code that covers all employees who have been employed at least three months and are at least twenty-one years of age. Voluntary employee contributions to the plan may be matched by the Organization at its discretion. The Organization may also make a discretionary contribution to the accounts of all qualified employees. The Organization made discretionary contributions of \$11,974 in 2020 and \$11,257 in 2019 and no matching contributions in either year.

NEWS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 – OFFICE LEASE

The Organization leases office space under an operating agreement that expires in June 2021. The space is leased from a local nonprofit organization that provides the facility at a below-market rate. Annual rent is charged based upon NEWS' share of common area maintenance. Total rent expense paid in cash under this lease was \$47,821 in 2020 and \$41,937 in 2019. The Organization may terminate the lease with ninety days notice at any time prior to the expiration date.

NOTE 14 – DONATED MATERIALS, FACILITIES AND SERVICES

The following amounts of donated materials, facilities and services, totaled by function, were received by the Organization from its landlord, vendors and professionals and are included as revenues and expenses in the financial statements. Donated facilities include the rental of the Organization's headquarters building. Donated services include accounting fees relating to the preparation of the Organization's financial statements and federal and state tax reporting forms. The value of services provided by individual volunteers is not included.

	<u>2020</u>		<u>2019</u>
Headquarters Rent	\$ 62,814	\$	56,000
Professional Services	2,415		4,500
Total Donated Materials and Services	<u>\$ 65,229</u>	<u>\$</u>	<u>60,500</u>

NEWS
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2020

Federal/Pass Through Agency	CFDA Number	Pass Through Entity/Grant Identifying Number	Total Federal Expenditures
Department of Justice (DOJ)			
Victims of Crime Act 2017 - Cal OES KD	16.575	055-90500/ 2017-VA-GX-0084 2018-V2-GX-0029	\$ 120,670 <u>161,236</u>
Subtotal			<u>281,906</u>
Victims of Crime Act 2017 - Cal OES DV	16.575	2017-VA-GX-0084 2018-V2-GX-0029	181,888 <u>165,315</u>
Subtotal			<u>347,203</u>
Victims of Crime Act 2017 - Cal OES RC	16.575	2017-VA-GX-0084 2018-V2-GX-0029	136,747 <u>313,682</u>
Subtotal			<u>450,429</u>
Subtotal 16.575			<u>1,079,538</u>
Violence Against Women Act - NPD-LE	16.588	2019-WF-AX-0040	68,449
DOJ Subtotal			<u>1,147,987</u>
Department of Housing and Urban Development (HUD)			
HUD - Community Development Block grants/Entitlement grants	14.218	B19MC060028	24,546
Department of Homeland Security - Emergency Food and Shelter National Board Program-FEMA			
	97.024	078000-007	<u>5,000</u>
			<u>\$ 1,177,533</u>

NEWS
Notes to Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2020

NOTE A — Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of NEWS and is presented on the accrual basis of accounting. The Information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B — Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

NOTE C — 10% De Minimis

The Organization did elect to use the 10% De Minimis rate.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
NEWS
Napa, California

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of NEWS (a nonprofit organization), which comprise the statements of financial position as of June 30, 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, and have issued our report thereon dated January 4, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NEWS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NEWS's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect or correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NEWS's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.

January 4, 2021



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
NEWS
Napa, California

Report on Compliance for Each Major Federal Program

We have audited NEWS's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of NEWS's major federal programs for the year ended June 30, 2020. NEWS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of NEWS's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NEWS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of NEWS's compliance.

Opinion on Each Major Federal Program

In our opinion, NEWS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of NEWS is responsible for establishing and maintaining effective internal controls over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies over internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.

January 4, 2021

NEWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SUMMARY OF AUDIT RESULTS

1. The auditor's report on the financial statements of NEWS is unqualified.
2. No material weakness relating to the audit of the financial statements of NEWS were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements of NEWS were disclosed during the audit.
4. No instances of noncompliance material to the financial statements of NEWS were disclosed during the audit.
5. No material weakness relating to the audit of the major federal award programs were disclosed during the audit.
6. No significant deficiencies relating to the audit of the major federal award programs were disclosed during the audit.
7. The auditor's report on compliance for the major federal award program for NEWS expresses an unqualified opinion on the major federal program.
8. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
9. The program tested as a major program was 16.575 - CFDA No. pass through from Cal OES.
10. The threshold for distinguishing Types A and B Programs was \$750,000.
11. NEWS did qualify as a low-risk auditee.

FINDINGS-FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None