

NEWS
FINANCIAL STATEMENTS
June 30, 2018 and 2017

Audited by
Coughlan Napa CPA Company, Inc.

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 13
Schedule of Expenditures of Federal Awards	14 - 15
Independent Auditors' Report On Internal Control over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16 - 17
Independent Auditors' Report On Compliance for Each Major Program and On Internal Control over Compliance required By the Uniform Guidance	18 - 19
Schedule of Findings and Questioned Costs	20



www.CoughlanNapaCPACo.com
Company@CoughlanNapaCPACo.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NEWS

We have audited the accompanying financial statements of NEWS (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, 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. 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, 2018 and June 30, 2017 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 December 31, 2018, 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 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.

Report on Summarized Comparative Information

In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.
December 31, 2018

NEWS
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and Equivalents	\$ 358,687	\$ 589,134
Receivables	288,806	218,279
Prepaid Expenses and Deposits	24,004	27,998
<i>Total Current Assets</i>	<u>671,497</u>	<u>835,411</u>
PROPERTY AND EQUIPMENT, net	<u>378,792</u>	<u>312,018</u>
OTHER ASSETS		
Investments	<u>801,141</u>	<u>875,451</u>
TOTAL ASSETS	<u><u>\$ 1,851,430</u></u>	<u><u>\$ 2,022,880</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 15,179	\$ 28,100
Accrued Expenses	35,500	30,220
Agency Funds Held	62,913	122,913
<i>Total Current Liabilities</i>	<u>113,592</u>	<u>181,233</u>
NONCURRENT LIABILITIES		
Note payable	<u>114,014</u>	<u>114,014</u>
NET ASSETS		
Unrestricted - Board Designated	1,230,000	1,180,000
Unrestricted - Other	393,824	547,633
<i>Total Net Assets</i>	<u>1,623,824</u>	<u>1,727,633</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,851,430</u></u>	<u><u>\$ 2,022,880</u></u>

The accompanying notes are an integral part of these financial statements

NEWS
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Grants	\$ 1,656,512	\$ 1,561,867
Contributions	284,744	249,013
Donated Materials, Facilities and Services	74,440	65,425
Net Investment Return	50,113	62,489
Fiscal Agency Fees	-	4,362
<i>Total Support and Revenue</i>	<u>2,065,810</u>	<u>1,943,156</u>
EXPENSES		
<i>Programs</i>		
Emergency Shelter	511,895	454,863
Sexual Assault Victims Services	407,212	320,894
Outreach and Education	142,071	154,899
Kids Exposed to Domestic Violence	178,390	200,133
Safe Solutions	116,735	103,383
Legal Advocacy	68,971	75,807
Transitional Housing	414,776	243,345
Volunteers	46,684	47,154
Children Exposed to Domestic Violence	35,995	33,478
<i>Total Program</i>	<u>1,922,729</u>	<u>1,633,956</u>
<i>Support Services</i>		
Management and General	183,786	164,291
Fundraising	63,104	91,971
<i>Total Support Services</i>	<u>246,890</u>	<u>256,262</u>
<i>Total Expenses</i>	<u>2,169,619</u>	<u>1,890,218</u>
<i>Increase (Decrease) in Unrestricted Net Assets</i>	<u>(103,809)</u>	<u>52,938</u>
INCREASE (DECREASE) IN NET ASSETS	(103,809)	52,938
NET ASSETS, BEGINNING OF YEAR	<u>1,727,633</u>	<u>1,674,695</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,623,824</u></u>	<u><u>\$ 1,727,633</u></u>

The accompanying notes are an integral part of these financial statements

NEWS
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (103,809)	\$ 52,938
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Unrealized Losses (Gains) on Investments	(22,856)	12,831
Depreciation	18,165	18,084
Decrease (Increase) in Receivables	(70,527)	66,763
Decrease (Increase) in Prepaid Expenses and Deposits	3,994	(17,096)
Increase (Decrease) in Accounts Payable	(12,921)	15,454
Increase (Decrease) in Accrued Expenses	5,280	2,861
Increase (Decrease) in Agency Funds Held	(60,000)	85,409
Total Adjustments	<u>(138,866)</u>	<u>184,306</u>
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>(242,676)</u>	<u>237,244</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(84,939)	(83,070)
Purchase of Investments	(136,144)	(768,381)
Proceeds from the Sale of Investments	<u>233,311</u>	<u>693,397</u>
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>12,229</u>	<u>(158,054)</u>
<i>NET INCREASE (DECREASE) IN CASH</i>	(230,447)	79,190
CASH, BEGINNING OF YEAR	<u>589,134</u>	<u>509,944</u>
CASH, END OF YEAR	<u><u>\$ 358,687</u></u>	<u><u>\$ 589,134</u></u>

The accompanying notes are an integral part of these financial statements

NEWS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	Emergency Shelter	SAVS	Outreach & Education	KEDS	Safe Solutions	Legal Advocacy	Transitional Housing	Volunteers	CEDV	Total Program	Management And General	Fundraising	Total
Compensation and Related Expenses													
Salaries and Wages	\$ 319,195	\$ 250,734	\$ 84,021	\$ 111,668	\$ 75,436	\$ 41,757	\$ 166,426	\$ 30,627	\$ 26,253	\$ 1,106,117	\$ 108,306	\$ 39,536	\$1,253,958
Payroll Taxes	27,181	21,351	7,155	9,509	6,424	3,556	14,172	2,608	2,236	94,192	9,223	3,367	106,782
Employee Benefits	38,686	30,389	10,183	13,534	9,142	5,061	20,171	3,712	3,181	134,060	13,127	4,792	151,979
Total Compensation and Related Expenses	385,062	302,474	101,359	134,711	91,002	50,374	200,769	36,947	31,670	1,334,369	130,655	47,695	1,512,719
Other Expenses													
Bank Charges	-	-	996	-	-	-	-	-	-	996	1,658	984	3,638
Communications	7,452	5,792	1,508	1,837	1,368	1,260	3,757	622	285	23,881	1,533	386	25,800
Depreciation	8,282	3,119	812	990	738	678	2,023	336	153	17,131	826	208	18,165
Dues and Subscriptions	1,000	650	-	-	-	-	-	-	-	1,650	3,326	-	4,976
Grants to Beneficiaries	27,059	417	26	809	2,429	7	162,749	-	-	193,496	-	-	193,496
Insurance	15,660	12,301	4,122	5,479	3,701	2,049	8,165	1,503	1,288	54,267	10,527	1,940	66,734
Licenses and Permits	1,314	20	-	-	-	-	-	45	-	1,379	-	-	1,379
Occupancy	10,540	32,255	8,400	10,232	7,628	7,015	20,922	3,465	1,587	102,044	8,536	2,150	112,730
Office Supplies	6,842	5,318	1,385	1,687	1,258	1,157	3,449	571	262	21,929	1,407	354	23,690
Printing and Reproduction	2,817	2,189	570	694	518	476	1,420	235	108	9,027	579	146	9,752
Professional Fees	19,780	4,362	-	500	150	617	-	-	-	25,409	15,555	-	40,964
Repairs and Maintenance	7,303	7,105	1,850	2,254	1,680	1,545	4,609	763	350	27,459	1,880	474	29,813
Staff Development and Training	150	16,845	7,770	4,445	959	-	325	1,507	-	32,001	5,227	-	37,228
Supplies	10,977	8,415	11,723	12,865	3,896	2,500	2,728	50	-	53,154	500	8,371	62,025
Travel	7,657	5,951	1,550	1,888	1,407	1,294	3,860	639	293	24,539	1,575	397	26,511
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Expenses	126,833	104,738	40,712	43,679	25,733	18,597	214,007	9,737	4,325	588,361	53,131	15,409	656,901
Total Functional Expenses	\$ 511,895	\$ 407,212	\$ 142,071	\$ 178,390	\$ 116,735	\$ 68,971	\$ 414,776	\$ 46,684	\$ 35,995	\$ 1,922,730	\$ 183,786	\$ 63,104	\$2,169,619

The accompanying notes are an integral part of these financial statements

NEWS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2017

	Emergency Shelter	SAVS	Outreach & Education	KEDS	Safe Solutions	Legal Advocacy	Transitional Housing	Volunteers	CEDV	Total Program	Management And General	Fundraising	Total
Compensation and Related Expenses													
Salaries and Wages	\$ 316,719	\$205,101	\$ 95,861	\$ 133,650	\$ 67,727	\$ 52,249	\$ 138,794	\$ 32,002	\$ 22,983	\$ 1,065,087	\$ 57,847	\$ 60,635	\$1,183,569
Payroll Taxes	26,609	17,232	8,054	11,229	5,690	4,390	11,661	2,689	1,931	89,483	4,860	5,094	99,438
Employee Benefits	36,538	23,661	11,059	15,418	7,813	6,028	16,012	3,692	2,651	122,872	6,673	6,995	136,541
Total Compensation and Related Expenses	379,866	245,994	114,973	160,297	81,231	62,667	166,467	38,383	27,565	1,277,443	69,381	72,724	1,419,548
Other Expenses													
Bank Charges	-	-	-	-	-	-	-	-	-	-	2,751	1,034	3,785
Communications	5,985	4,374	1,834	2,537	997	887	3,521	457	450	21,042	604	949	22,595
Depreciation	7,547	2,775	1,164	1,609	633	563	2,234	290	285	17,100	383	602	18,085
Dues and Subscriptions	-	500	-	-	-	-	-	-	-	500	3,884	-	4,384
Grants to Beneficiaries	826	11,048	-	221	3,844	169	33,202	350	152	49,813	-	-	49,813
Insurance	11,269	7,298	3,411	4,755	2,410	1,859	4,938	1,139	818	37,897	15,249	2,157	55,303
Licenses and Permits	604	20	-	-	-	-	10	-	-	634	33	-	667
Occupancy	10,774	26,747	11,216	15,515	6,098	5,427	21,532	2,794	2,749	102,853	3,694	5,803	112,350
Office Supplies	4,486	3,278	1,375	1,901	747	665	2,639	342	337	15,771	453	711	16,935
Printing and Reproduction	2,204	1,610	675	934	367	327	1,296	168	166	7,747	222	3,503	11,472
Professional Fees	11,215	3,235	423	-	1,305	1,358	-	-	-	17,536	53,734	-	71,270
Repairs and Maintenance	6,819	4,635	1,944	2,689	1,057	940	3,731	484	476	22,776	640	1,006	24,422
Staff Development and Training	-	2,868	7,752	1,258	1,379	40	87	2,238	-	15,622	7,314	-	22,936
Supplies	7,165	2,052	8,262	5,829	2,298	-	97	43	22	25,767	5,333	2,513	33,613
Travel	6,103	4,460	1,870	2,587	1,017	905	3,590	466	458	21,456	616	968	23,040
Total Other Expenses	74,997	74,900	39,926	39,836	22,152	13,140	76,879	8,771	5,913	356,513	94,910	19,246	470,670
Total Functional Expenses	\$ 454,863	\$320,894	\$ 154,899	\$ 200,133	\$ 103,383	\$ 75,807	\$ 243,345	\$ 47,154	\$ 33,478	\$ 1,633,956	\$ 164,291	\$ 91,971	\$1,890,218

The accompanying notes are an integral part of these financial statements

**NEWS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – NATURE OF ACTIVITIES

NEWS, a nonprofit corporation, 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, individual and group counseling services, a children's club, court advocacy, a domestic violence response team, transitional housing and outreach and education. The Organization is supported primarily through grants from governmental agencies and 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, 2018 AND 2017

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 unrestricted, temporarily restricted or permanently restricted support, depending on the existence of donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets. When a restriction expires (the purpose is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets 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, 2018 up through December 31, 2018, 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 Emergency Management Agency (EMA). Such administrative directives, rules and regulations are subject to change by an act of the legislature or an administrative change mandated by EMA. 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, 2018 AND 2017**

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>2018</u>	<u>2017</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Long- term investments		
Equity Securities	<u>\$ 801,141</u>	<u>\$ 875,451</u>

NOTE 5 – PROGRAMS AND ACTIVITIES

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 on bath modular home located on sight. The modular 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 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 counseling and support groups.

Outreach and Education

NEWS is dedicated to the prevention of sexual abuse and domestic violence. Prevention services include "Healthy Relationships" groups, facilitated in high schools and middle schools throughout the

**NEWS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 5 – PROGRAMS AND ACTIVITIES (Continued)

Valley. NEWS also offers individualized “Healthy Relationships Coaching” with walk in office hours at several high schools. NEWS also recently launched a new program called “**NEWS About Sports**”. The program works within the culture of sports. NEWS staff work with school administrators, athletic program directors, coaches and student athletes to promote policy and programming that incorporate respect, gender equity, positive communication, healthy relationships, and active bystander training.

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.

Kids Exposed to Domestic Violence

The Kids Exposed to Domestic Violence Program (KEDS) 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’ Kids Club weekly support groups where a curriculum is offered to help build safety and self-esteem while doing fun and creative activities.

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 other civil issues related to abuse.

Safe Solutions

The Safe Solutions program is designed to work specifically with women who have co-occurring domestic violence, drug or alcohol dependency issues and/or mental health issues. The program was designed using trauma informed practices and uses intensive case management to help women 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.

Children Exposed to Domestic Violence

The Napa Police Department Children Exposed to Domestic Violence Program funds a half-time NEWS Domestic Violence (DV) Advocate to be located on site at the Napa Police Department. The DV Advocate works in collaboration with a dedicated police officer and a child welfare worker to ensure a coordinated response to DV incidents where children are present. NEWS staff and our partners review all incident reports and provide follow up in-person wherever 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 children exposed to violence at home.

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

NEWS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 5 – PROGRAMS AND ACTIVITIES (Continued)

manage the financial and budgetary responsibilities of the Organization.

NOTE 6 – CONCENTRATIONS

The Organization received approximately 70% of its total support from three funding agencies in 2018 and approximately 51% of its total support from these funding agencies in 2017.

NOTE 7 – PROPERTY AND EQUIPMENT

	<u>2018</u>		<u>2017</u>
Land	\$ 50,336	\$	50,536
Emergency Shelter	526,845		441,906
Furniture and Equipment	88,563		122,714
Vehicles	5,000		5,000
Total Property and Equipment	<u>670,744</u>		<u>619,956</u>
Less Accumulated Depreciation	<u>(291,952)</u>		<u>(307,938)</u>
Net Property and Equipment	\$ <u>378,792</u>	\$	<u>312,018</u>
Depreciation Expense	\$ <u>18,165</u>	\$	<u>18,084</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:

	<u>Cost</u>	<u>June 30, 2018 Fair Market Value</u>	<u>Unrealized Appreciation</u>
Equity Securities	<u>\$753,194</u>	<u>\$ 801,141</u>	<u>\$ 47,947</u>
	<u>Cost</u>	<u>June 30, 2017 Fair Market Value</u>	<u>Unrealized Appreciation</u>
Equity Securities	<u>\$ 854,720</u>	<u>\$ 875,451</u>	<u>\$ 20,731</u>

Net investment return is comprised of the following:

	<u>2018</u>		<u>2017</u>
Interest and Dividend Income	\$ 30,756	\$	29,913
Realized Gains (Losses)	630		59,424
Unrealized Gains (Losses)	23,717		(12,831)
Investment Fees	<u>(4,990)</u>		<u>(12,017)</u>
Net Investment Return	\$ <u>50,113</u>	\$	<u>62,489</u>

As listed above, the Organization purchases various investment securities. 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.

**NEWS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 9 – 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.

NOTE 10 – 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 \$1,230,000 at June 30, 2018 and \$1,180,000 at June 30, 2017. The balance of the Organization's unrestricted net assets is not designated for any specific purpose.

NOTE 11 – 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 \$10,905 in 2018 and \$10,482 in 2017 and no matching contributions in either year.

NOTE 12 – OFFICE LEASE

The Organization leases office space under an operating agreement that expires in June 2020. 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 \$41,860 in 2018 and \$41,485 in 2017. The Organization may terminate the lease with ninety days notice at any time prior to the expiration date.

NOTE 13 – 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>2018</u>		<u>2017</u>
Headquarters Rent	\$ 56,000	\$	56,000
Professional Services	7,300		9,425
Facility Improvements	11,140		-
Total Donated Materials and Services	<u>\$ 74,440</u>	\$	<u>65,425</u>

NEWS
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-through Entity/Grant Identifying Number	Total Federal Expenditures
DOJ/California Governor's Office of Emergency Services/Crime Victim Assistance	16.575	055-90500	\$ 829,338
DOJ/California Governor's Office of Emergency Services/Violence Against Women Formula Grants	16.588	055-50258	27,058
Centers for Disease Control and Prevention/CDPH/RPE- CDPH	93.136	EPK100668	84,301
HUD/Community Development Block grants/Entitlement Grants	14.218	-	34,140
HUD/Supportive Housing Program	14.235	-	23,486
Department of Homeland Security/Emergency Food and Shelter National Board Program - FEMA	97.024	-	<u>4,600</u>
Total:			<u>\$ 1,002,923</u>

NEWS
Notes to Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2018

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 basis 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.



www.CoughlanNapaCPACo.com
Company@CoughlanNapaCPACo.com

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, 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, and have issued our report thereon dated December 31, 2018.

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.

December 31, 2018



www.CoughlanNapaCPACo.com
Company@CoughlanNapaCPACo.com

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, 2018. 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, 2018.

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.

December 31, 2018

NEWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

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 not qualify as a low-risk auditee.

FINDINGS-FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None