

SUPPORT NETWORK FOR BATTERED WOMEN

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

For the Years ended June 30, 2007 and 2006

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

October 10, 2007

To the Board of Directors

SUPPORT NETWORK FOR BATTERED WOMEN

We have audited the accompanying statements of financial position of Support Network for Battered Women as of June 30, 2007 and June 30, 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the management of Support Network for Battered Women. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Support Network for Battered Women as of June 30, 2007 and June 30, 2006, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2007 on our consideration of the Support Network for Battered Women's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Support Network for Battered Women taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SUPPORT NETWORK FOR BATTERED WOMEN

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2007 and 2006

| | <u>ASSETS</u> | |
|-----------------------------|---------------------|-------------------|
| | <u>2007</u> | <u>2006</u> |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 286,493 | \$ 526,682 |
| Investments | 313,079 | - |
| Receivables | 201,524 | 170,872 |
| Prepaid expenses | 20,266 | 9,740 |
| Total current assets | 821,362 | 707,294 |
| PROPERTY AND EQUIPMENT, net | 187,647 | 172,836 |
| DEPOSITS | 5,397 | 5,997 |
| TOTAL ASSETS | <u>\$ 1,014,406</u> | <u>\$ 886,127</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|---------------------|-------------------|
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 21,980 | \$ 21,093 |
| Accrued payroll expenses | 27,020 | 22,437 |
| Accrued compensated absences | 44,112 | 40,675 |
| Current portion of debt | - | 20,000 |
| Other accrued expenses | 4,735 | 19,374 |
| Deferred revenue | 5,250 | - |
| Total current liabilities | 103,097 | 123,579 |
| RELATED PARTY NOTE PAYABLE, less current portion | - | 29,590 |
| NET ASSETS: | | |
| Unrestricted: | | |
| Undesignated operating fund | 709,309 | 582,763 |
| Board-designated fund | 162,000 | 110,000 |
| Total unrestricted net assets | 871,309 | 692,763 |
| Temporarily restricted: | | |
| Restricted for teen education program | 32,500 | 20,195 |
| Restricted for La Familia program | 7,500 | - |
| Restricted for use in 2006-07 fiscal year | - | 20,000 |
| Total temporarily restricted net assets | 40,000 | 40,195 |
| Total net assets | 911,309 | 732,958 |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,014,406</u> | <u>\$ 886,127</u> |

The accompanying notes are an integral part of these financial statements.

SUPPORT NETWORK FOR BATTERED WOMEN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|-----------------------------------|---------------------|-----------------------------------|-------------------|
| Changes in net assets: | | | |
| Revenues and gains: | | | |
| Contributions | \$ 826,434 | \$ 40,000 | \$ 866,434 |
| Federal grants | 318,680 | - | 318,680 |
| State and local government grants | 463,918 | - | 463,918 |
| Program income | 39,807 | - | 39,807 |
| Interest income | 15,223 | - | 15,223 |
| Special events | - | - | - |
| Other income | 2,129 | - | 2,129 |
| Assets released from restriction: | | | |
| Time restrictions | 20,000 | (20,000) | - |
| Teen education program | 20,195 | (20,195) | - |
| Total revenues and gains | <u>1,706,386</u> | <u>(195)</u> | <u>1,706,191</u> |
| Expenses and losses: | | | |
| Program services: | | | |
| Crisis services | 285,503 | - | 285,503 |
| Counseling services | 226,252 | - | 226,252 |
| Shelter services | 196,986 | - | 196,986 |
| Legal services | 181,478 | - | 181,478 |
| La Familia | 69,858 | - | 69,858 |
| Volunteers | 90,339 | - | 90,339 |
| Education | 66,730 | - | 66,730 |
| Total program services | <u>1,117,146</u> | <u>-</u> | <u>1,117,146</u> |
| Supporting services: | | | |
| General and administrative | 265,767 | - | 265,767 |
| Fundraising | 144,927 | - | 144,927 |
| Total supporting services | <u>410,694</u> | <u>-</u> | <u>410,694</u> |
| Total expenses and losses | <u>1,527,840</u> | <u>-</u> | <u>1,527,840</u> |
| CHANGE IN NET ASSETS | 178,546 | (195) | 178,351 |
| NET ASSETS, BEGINNING OF YEAR | <u>692,763</u> | <u>40,195</u> | <u>732,958</u> |
| NET ASSETS, END OF YEAR | <u>\$ 871,309</u> | <u>\$ 40,000</u> | <u>\$ 911,309</u> |

The accompanying notes are an integral part of these financial statements.

SUPPORT NETWORK FOR BATTERED WOMEN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|-----------------------------------|---------------------|-----------------------------------|-------------------|
| Changes in net assets: | | | |
| Revenues and gains: | | | |
| Contributions | \$ 886,076 | \$ 52,500 | \$ 938,576 |
| Federal grants | 271,727 | - | 271,727 |
| State and local government grants | 533,688 | - | 533,688 |
| Program income | 24,097 | - | 24,097 |
| Interest income | 3,709 | - | 3,709 |
| Special events | 95,132 | - | 95,132 |
| Other income | 5,982 | - | 5,982 |
| Assets released from restriction: | | | |
| Shelter repairs | 35,127 | (35,127) | - |
| Teen education program | 12,305 | (12,305) | - |
| Total revenues and gains | <u>1,867,843</u> | <u>5,068</u> | <u>1,872,911</u> |
| Expenses and losses: | | | |
| Program services: | | | |
| Crisis services | 275,729 | - | 275,729 |
| Counseling services | 239,291 | - | 239,291 |
| Shelter services | 252,143 | - | 252,143 |
| Legal services | 160,038 | - | 160,038 |
| La Familia | 76,941 | - | 76,941 |
| Volunteers | 104,168 | - | 104,168 |
| Education | 46,744 | - | 46,744 |
| Total program services | <u>1,155,054</u> | <u>-</u> | <u>1,155,054</u> |
| Supporting services: | | | |
| General and administrative | 201,220 | - | 201,220 |
| Fundraising | 207,562 | - | 207,562 |
| Total supporting services | <u>408,782</u> | <u>-</u> | <u>408,782</u> |
| Total expenses and losses | <u>1,563,836</u> | <u>-</u> | <u>1,563,836</u> |
| CHANGE IN NET ASSETS | 304,007 | 5,068 | 309,075 |
| NET ASSETS, BEGINNING OF YEAR | <u>388,756</u> | <u>35,127</u> | <u>423,883</u> |
| NET ASSETS, END OF YEAR | <u>\$ 692,763</u> | <u>\$ 40,195</u> | <u>\$ 732,958</u> |

The accompanying notes are an integral part of these financial statements.

SUPPORT NETWORK FOR BATTERED WOMEN

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2007

| | Program Services | | | | | | | Support Services | | | Total Expenses | |
|------------------------------------|-------------------|---------------------|-------------------|-------------------|------------------|------------------|------------------|---------------------|----------------------------|-------------------|-------------------|---------------------|
| | Crisis Services | Counseling Services | Shelter Services | Legal Services | La Familia | Volunteers | Education | Total Program | General and Administrative | Fundraising | | Total Supporting |
| Salaries and wages | \$ 167,931 | \$ 101,054 | \$ 108,848 | \$ 130,247 | \$ 47,955 | \$ 60,330 | \$ 43,907 | \$ 660,272 | \$ 134,656 | \$ 42,257 | \$ 176,913 | \$ 837,185 |
| Payroll taxes and benefits | 32,616 | 16,392 | 16,215 | 22,367 | 11,370 | 12,762 | 7,530 | 119,252 | 17,350 | 5,564 | 22,914 | 142,166 |
| Total personnel costs | 200,547 | 117,446 | 125,063 | 152,614 | 59,325 | 73,092 | 51,437 | 779,524 | 152,006 | 47,821 | 199,827 | 979,351 |
| Professional services | 17,504 | 80,100 | 507 | - | - | 3,470 | 5,370 | 106,951 | 50,288 | 18,712 | 69,000 | 175,951 |
| Facility expenses | 26,274 | 13,001 | 37,776 | 13,347 | 1,295 | 6,369 | 3,703 | 101,765 | 14,161 | 11,945 | 26,106 | 127,871 |
| Office expense | 4,518 | 2,957 | 3,261 | 1,841 | 1,903 | 2,275 | 2,877 | 19,632 | 9,109 | 46,623 | 55,732 | 75,364 |
| Communication | 13,722 | 3,200 | 6,346 | 2,339 | 1,706 | 1,362 | 593 | 29,268 | 2,377 | 4,599 | 6,976 | 36,244 |
| Client assistance | 13,511 | 725 | 1,857 | 137 | 917 | - | - | 17,147 | - | - | - | 17,147 |
| Liability insurance | 5,407 | 3,393 | 3,394 | 3,558 | 1,358 | 901 | 2,036 | 20,047 | 1,214 | 2,035 | 3,249 | 23,296 |
| Equipment expense | 3,050 | 1,803 | 862 | 1,899 | - | - | - | 7,614 | 11,602 | 2,779 | 14,381 | 21,995 |
| Travel and conferences | 670 | 2,620 | 617 | 5,694 | 1,885 | 1,881 | 694 | 14,061 | 3,808 | 3,284 | 7,092 | 21,153 |
| Other expenses | 300 | 1,007 | 511 | - | 121 | 905 | 20 | 2,864 | 5,334 | 7,129 | 12,463 | 15,327 |
| Vehicle expense | - | - | 9,501 | 49 | 1,348 | 84 | - | 10,982 | - | - | - | 10,982 |
| Total expenses before depreciation | 285,503 | 226,252 | 189,695 | 181,478 | 69,858 | 90,339 | 66,730 | 1,109,855 | 249,899 | 144,927 | 394,826 | 1,504,681 |
| Depreciation | - | - | 7,291 | - | - | - | - | 7,291 | 15,868 | - | 15,868 | 23,159 |
| TOTAL EXPENSES | \$ 285,503 | \$ 226,252 | \$ 196,986 | \$ 181,478 | \$ 69,858 | \$ 90,339 | \$ 66,730 | \$ 1,117,146 | \$ 265,767 | \$ 144,927 | \$ 410,694 | \$ 1,527,840 |
| Percent of total expenses | <u>18.7%</u> | <u>14.7%</u> | <u>12.9%</u> | <u>11.9%</u> | <u>4.6%</u> | <u>5.9%</u> | <u>4.4%</u> | <u>73.1%</u> | <u>17.4%</u> | <u>9.5%</u> | <u>26.9%</u> | <u>100.0%</u> |

The accompanying notes are an integral part of these financial statements.

SUPPORT NETWORK FOR BATTERED WOMEN

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2006

| | Program Services | | | | | | | Support Services | | | Total Expenses | |
|------------------------------------|-------------------|---------------------|-------------------|-------------------|------------------|-------------------|------------------|---------------------|----------------------------|-------------------|-------------------|---------------------|
| | Crisis Services | Counseling Services | Shelter Services | Legal Services | La Familia | Volunteers | Education | Total Program | General and Administrative | Fundraising | | Total Supporting |
| Salaries and wages | \$ 150,979 | \$ 80,672 | \$ 120,599 | \$ 96,666 | \$ 46,868 | \$ 66,332 | \$ 7,923 | \$ 570,039 | \$ 69,176 | \$ 65,394 | \$ 134,570 | \$ 704,609 |
| Payroll taxes and benefits | 29,423 | 14,572 | 22,591 | 18,291 | 10,653 | 11,375 | 1,193 | 108,098 | 626 | 9,520 | 10,146 | 118,244 |
| Total personnel costs | 180,402 | 95,244 | 143,190 | 114,957 | 57,521 | 77,707 | 9,116 | 678,137 | 69,802 | 74,914 | 144,716 | 822,853 |
| Professional services | 17,027 | 101,517 | 10,573 | 4,363 | 966 | 2,938 | 17,951 | 155,335 | 58,317 | 26,040 | 84,357 | 239,692 |
| Facility expenses | 42,461 | 26,027 | 58,196 | 21,718 | 8,540 | 13,213 | 8,809 | 178,964 | 30,765 | 27,350 | 58,115 | 237,079 |
| Office expense | 2,041 | 2,821 | 2,879 | 1,766 | 849 | 2,465 | 3,997 | 16,818 | 6,152 | 41,446 | 47,598 | 64,416 |
| Communication | 14,285 | 4,208 | 6,894 | 4,057 | 825 | 2,505 | 2,103 | 34,877 | 5,074 | 15,747 | 20,821 | 55,698 |
| Client assistance | 10,888 | 4,706 | 8,991 | 4,069 | 867 | - | - | 29,521 | - | - | - | 29,521 |
| Liability insurance | 4,354 | 1,379 | 3,446 | 5,312 | 1,379 | 1,379 | 2,067 | 19,316 | 2,758 | 4,132 | 6,890 | 26,206 |
| Equipment expense | 2,878 | 1,593 | 6,047 | 1,534 | 2,019 | 807 | 1,437 | 16,315 | 2,986 | 2,457 | 5,443 | 21,758 |
| Travel and conferences | 1,135 | 1,345 | 532 | 2,187 | 1,602 | 2,389 | 975 | 10,165 | 3,453 | 2,924 | 6,377 | 16,542 |
| Other expenses | 248 | 163 | 1,141 | 75 | 77 | 765 | 289 | 2,758 | 5,155 | 7,552 | 12,707 | 15,465 |
| Special events | - | - | - | - | - | - | - | - | - | 5,000 | 5,000 | 5,000 |
| Vehicle expense | 10 | 288 | 169 | - | 2,296 | - | - | 2,763 | - | - | - | 2,763 |
| Total expenses before depreciation | 275,729 | 239,291 | 242,058 | 160,038 | 76,941 | 104,168 | 46,744 | 1,144,969 | 184,462 | 207,562 | 392,024 | 1,536,993 |
| Depreciation | - | - | 10,085 | - | - | - | - | 10,085 | 16,758 | - | 16,758 | 26,843 |
| TOTAL EXPENSES | <u>\$ 275,729</u> | <u>\$ 239,291</u> | <u>\$ 252,143</u> | <u>\$ 160,038</u> | <u>\$ 76,941</u> | <u>\$ 104,168</u> | <u>\$ 46,744</u> | <u>\$ 1,155,054</u> | <u>\$ 201,220</u> | <u>\$ 207,562</u> | <u>\$ 408,782</u> | <u>\$ 1,563,836</u> |
| Percent of total expenses | <u>17.6%</u> | <u>15.3%</u> | <u>16.1%</u> | <u>10.2%</u> | <u>4.9%</u> | <u>6.7%</u> | <u>3.0%</u> | <u>73.9%</u> | <u>12.9%</u> | <u>13.3%</u> | <u>26.1%</u> | <u>100.0%</u> |

The accompanying notes are an integral part of these financial statements.

SUPPORT NETWORK FOR BATTERED WOMEN
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007 AND 2006

| | <u>2007</u> | <u>2006</u> |
|--|-------------------|-------------------|
| Cash flow (to) from operating activities: | | |
| Increase (decrease) in net assets | \$ 178,350 | \$ 309,075 |
| Adjustments to reconcile change in net assets to net cash from (to) operating activities: | | |
| Depreciation | 23,159 | 26,843 |
| In-kind contributions | (31,596) | - |
| Loan from related party forgiven | (49,590) | - |
| Changes in assets and liabilities: | | |
| Investments | (313,079) | - |
| Receivables | (30,652) | 97,309 |
| Prepaid expenses | (9,926) | 39,032 |
| Accounts payable | 887 | (34,295) |
| Accrued liabilities | (6,618) | 19,371 |
| Deferred revenue | 5,250 | (48,588) |
| Net cash flow from operating activities | <u>(233,815)</u> | <u>408,747</u> |
| | | |
| Cash flow (to) from investing activities: | | |
| Acquisition of property and equipment | <u>(6,374)</u> | <u>(17,552)</u> |
| Net cash flow to investing activities | <u>(6,374)</u> | <u>(17,552)</u> |
| | | |
| Cash flow (to) from financing activities: | | |
| Net reduction in rent deposit for new facilities | <u>-</u> | <u>18,382</u> |
| Net cash flow from financing activities | <u>-</u> | <u>18,382</u> |
| | | |
| Net increase (decrease) in cash and cash equivalents | (240,189) | 409,577 |
| Cash and cash equivalents at beginning of year | <u>526,682</u> | <u>117,105</u> |
| Cash and cash equivalents at end of year | <u>\$ 286,493</u> | <u>\$ 526,682</u> |

SUPPLEMENTAL INFORMATION:

Non-cash transactions: Support Network received donated services by counseling interns valued at \$60,700 and \$80,000 for 2007 and 2006, respectively, as described in note 6. The value of these services is recorded in the statement of activities as contributions received and as professional services expense for the counseling program.

The accompanying notes are an integral part of these financial statements.

SUPPORT NETWORK FOR BATTERED WOMEN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

(a) Support Network for Battered Women ("Support Network") is a California nonprofit corporation, which began operations in 1979 as Mid-Peninsula Support Network to provide a variety of services to victims of domestic violence. The Organization, which changed its name to Support Network for Battered Women in 1993, provides a 24-hour crisis hotline, an emergency shelter, counseling and referral services, legal assistance and community education to residents of Santa Clara County. The Support Network offers services under the following seven major programs:

1. *Crisis services:* Staff and volunteers answer the 24-hour crisis line, providing information and referral services, and a crisis intervention program which includes emergency shelter for women and their children.

2. *Counseling services:* Support Network offers psychotherapy and support groups, led by licensed therapists and interns working under their supervision. These services are designed to help women and children address the long-term effects of domestic abuse after they have found physical safety.

3. *Shelter services:* Support Network operates a local shelter, generally at full capacity, for families who need a safe place to live while recovering from domestic violence. While in residence, clients benefit from individual and group counseling, employment training, and workshops on communication and parenting skills.

4. *Legal services:* Support Network offers legal information services and victim advocacy, including assistance in filing restraining orders and accompaniment to family or criminal court hearings.

5. *La Familia:* The goal of this program is to address domestic violence in the Latino community through prevention and intervention services for the entire family, which is accomplished primarily through bilingual staff members who provide crisis counseling, family interventions, and support with immigration and legal issues.

6. *Volunteers:* Trained volunteers help to accomplish Support Network's goals by providing over 15,000 hours each year in support services to the Organization and its clients.

7. *Education:* Support Network's staff and volunteers speak at community colleges and universities, service clubs, churches, workplaces and other community groups to educate the public about domestic violence issues. Support Network also provides training to health professionals, law enforcement agencies, schools and other organizations who are involved in identifying and assisting victims of domestic abuse.

(b) The accompanying financial statements have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles. Those principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

(c) In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, Support Network reports information regarding its financial position and activities according to three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Support Network maintains separate accounts for net assets restricted by donor for the purpose for teen education, and for net assets restricted by the donor for time restrictions.

SUPPORT NETWORK FOR BATTERED WOMEN

NOTES TO FINANCIAL STATEMENTS - (Continued)

JUNE 30, 2007 AND 2006

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Support Network has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are to be recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenue at the time the promise is made by the donor; conditional promises to give are disclosed but not recognized as revenue until the conditions are met.

(e) The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

(f) Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at approximate fair value at the date of donation. Depreciation is computed using the straight-line method with estimated useful lives from 3 to 40 years. Expenditures representing general maintenance and repairs are expensed in the year incurred.

(g) Fundraising activities are performed primarily by Support Network employees and volunteers. Special events that are major and/or ongoing are reported as gross proceeds and related expenses in accordance with AICPA's *Not-for-Profit Organizations* and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Joint costs incurred in fundraising activities are allocated between program and support services in the statement of functional expenses, as required by AICPA's *Not-for-Profit Organizations*.

(h) Support Network has obtained tax-exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and from the Franchise Tax Board under Section 23701(d) of the California Revenue and Tax Code. Accordingly, no provision for federal income tax or California franchise tax has been made. Support Network has been classified as a publicly supported charitable organization, which is not a private foundation under IRS Code Section 509(a).

(i) Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications have no effect on previously reported results of operations or net assets.

NOTE 2 - RECEIVABLES

Receivables consist of the following:

| Grants and contracts receivable: | <u>2007</u> | <u>2006</u> |
|-----------------------------------|-------------------|-------------------|
| Pass-through federal grants | \$ 105,687 | \$ 77,493 |
| State and local government grants | 95,837 | 93,379 |
| Total receivables | <u>\$ 201,524</u> | <u>\$ 170,872</u> |

NOTE 3 - PROPERTY AND EQUIPMENT

Property, equipment and accumulated depreciation are comprised of the following amounts:

| | <u>2007</u> | <u>2006</u> |
|--------------------------------------|-------------------|-------------------|
| Building and improvements | \$ 328,059 | \$ 292,952 |
| Furniture and equipment | 179,030 | 176,166 |
| Land | 69,000 | 69,000 |
| Vehicles | 30,069 | 30,069 |
| Total property and equipment at cost | 606,158 | 568,187 |
| Less accumulated depreciation | <u>418,511</u> | <u>395,351</u> |
| Total property and equipment, net | <u>\$ 187,647</u> | <u>\$ 172,836</u> |

SUPPORT NETWORK FOR BATTERED WOMEN
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2007 AND 2006

NOTE 4 - RELATED PARTY NOTE PAYABLE

In 2004, a company owned by a Support Network employee provided an interest-free loan of \$100,000. The remaining balance of \$49,590 was to be forgiven if Support Network's board of directors raised \$100,000 through its fundraising efforts as of June 30, 2006. Support Network reached this goal, and the \$49,590 was forgiven by the lender during the fiscal year ending 2007.

NOTE 5 - LEASE COMMITMENTS

On July 22, 2005, Support Network entered into an agreement to lease offices in Sunnyvale. The lease, which expires on August 31, 2008, requires minimum future rental payments as follows: \$64,446 for the fiscal year ending 2008 and \$10,793 for the fiscal year ending 2009.

Rent expense for the years ended June 30, 2007 and 2006 was \$80,706 and \$170,241, respectively. The 2006 rent includes a \$75,000 termination fee.

NOTE 6 - DONATED SERVICES, MATERIALS AND FACILITIES

Support Network received over 15,000 hours of donated services from trained volunteers assisting in various programs and fundraising activities in 2007 and 2006. Included in these hours are approximately 2,500 hours and 4,000 hours donated by trained counseling interns in 2007 and 2006, respectively. The estimated value of these professional services has been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 has been met. Support Network's management has estimated the value of the interns' counseling services at \$60,700 and \$80,000 for the years ended June 30, 2007 and 2006, respectively. These amounts are included as contributions and expenses in the statement of activities in accordance with SFAS No. 116. Also, Support Network received in-kind contributions valued at \$31,500 for improvements to the shelter during the fiscal year ending 2007. This amount has been capitalized as property and equipment in the statement of financial position.

NOTE 7 - CONCENTRATION OF CREDIT RISK FOR CASH DEPOSITS AT BANKS

Financial instruments that potentially subject the Support Network to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2007 and 2006, the Support Network had approximately \$342,000 and \$407,000, respectively, in excess of FDIC limits. Support Network has not experienced any losses on such accounts, and management believes that the organization is not exposed to significant credit risks.

SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

SUPPORT NETWORK FOR BATTERED WOMEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

| <u>Federal Grantor/ Pass Through Grantor/Program</u> | <u>Federal CFDA Number</u> | <u>Pass-through Entity ID or Grant Number</u> | <u>Expenditures of Federal Awards</u> |
|---|------------------------------------|---|---|
| U.S. Department of Health and Human Services | | | |
| Pass-through grant from California Governor's Office of Emergency Services: | | | |
| <i>Administration for Children and Families</i> | | | |
| <i>Family Violence Prevention and Services/ Grants for Battered Women's Shelters/Grants to States and Indian Tribes</i> | | | |
| Domestic Violence Assistance Program | 93.671 | DV06201259 | \$ <u>64,237</u> |
| Total U.S. Department of Health and Human Services | | | <u>64,237</u> |
| U.S. Department of Justice | | | |
| Pass-through grant from California Governor's Office of Emergency Services: | | | |
| <i>Office of Victims of Crime</i> | | | |
| Domestic Violence Assistance Program | 16.575 | DV06201259 | 98,522 |
| <i>Violence Against Women Office</i> | | | |
| Domestic Violence Assistance Program | 16.588 | DV06201259 | 5,195 |
| Pass-through grant from Next Door Solutions to Domestic Violence: | | | |
| <i>Office of Violence Against Women</i> | | | |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders | | | |
| | 16.590 | 94-6000568 | <u>101,789</u> |
| Total U.S. Department of Justice | | | <u>205,506</u> |
| U.S. Department of Housing and Urban Development | | | |
| Pass-through grants from local government agencies: | | | |
| <i>Community Development Block Grants</i> | | | |
| City of Campbell | 14.218 | N/A | 4,500 |
| City of Cupertino | 14.218 | N/A | 1,600 |
| City of Los Altos | 14.218 | N/A | 4,500 |
| City of Milpitas | 14.218 | N/A | 5,000 |
| City of Santa Clara | 14.218 | N/A | 6,705 |
| City of Sunnyvale | 14.218 | N/A | <u>26,632</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>48,937</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 318,680</u> |

INDEPENDENT AUDITORS' 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

INDEPENDENT AUDITORS' 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.

October 10, 2007

To the Board of Directors
SUPPORT NETWORK FOR BATTERED WOMEN

We have audited the financial statements of Support Network for Battered Women (a nonprofit organization) as of and for the year ended June 30, 2007, and have issued our report thereon dated October 10, 2007. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Support Network for Battered Women's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Support Network'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*.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.