

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

**FINANCIAL STATEMENTS,
SUPPLEMENTAL SCHEDULES,
and
ADDITIONAL INFORMATION**

JUNE 30, 2014

CONTENTS

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15
Supplemental Schedules:	
Schedule of Expenditures of Federal Awards	16
Schedule of Functional Expenses by Program	17
Additional Information:	
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 <i>Government Auditing Standards</i>	18
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	19-20
Schedule of Findings and Questioned Costs	21

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Overcoming Relationship Abuse

Report on the Financial Statements

We have audited the accompanying financial statements of Community Overcoming Relationship Abuse (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2014, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Community Overcoming Relationship Abuse as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT

continued

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Functional Expenses by Program is also presented for 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Summarized Comparative Information

The financial statements of Community Overcoming Relationship Abuse as of June 30, 2013, were audited by other auditors whose report dated March 27, 2014, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of Community Overcoming Relationship Abuse'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 Community Overcoming Relationship Abuse's internal control over financial reporting and compliance.

Harrington Group

Pasadena, California
December 12, 2014

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

STATEMENT OF FINANCIAL POSITION

June 30, 2014

With comparative totals at June 30, 2013

	Unrestricted	Temporarily Restricted	2014	2013
Assets				
Current assets				
Cash and cash equivalents (Note 2)	\$ 29,998	\$ 119,446	\$ 149,444	\$ 77,969
Grants receivable	252,421		252,421	482,314
Accounts receivable	105,049		105,049	178,521
Pledges receivable (Note 3)	59,557		59,557	87,564
Prepaid expenses	61,817		61,817	65,939
Deposits	9,700		9,700	6,900
Investments (Note 4)	2,224,117		2,224,117	1,978,431
Property and equipment (Note 6)	4,380,749		4,380,749	4,202,125
Total assets	\$ 7,123,408	\$ 119,446	\$ 7,242,854	\$ 7,079,763
Liabilities and net assets				
Liabilities				
Accounts payable and accrued expenses	\$ 49,858	\$ -	\$ 49,858	\$ 50,908
Accrued wages	76,587		76,587	59,242
Accrued vacation	82,388		82,388	64,437
Client savings account	19,058		19,058	13,500
Line of credit (Note 7)	440,700		440,700	525,200
Notes payable (Note 8)	3,073,298	(72,426)	3,000,872	3,086,219
Total liabilities	3,741,889	(72,426)	3,669,463	3,799,506
Net assets				
Unrestricted	3,381,519		3,381,519	3,137,957
Temporarily restricted (Note 11)		191,872	191,872	142,300
Total net assets	3,381,519	191,872	3,573,391	3,280,257
Total liabilities and net assets	\$ 7,123,408	\$ 119,446	\$ 7,242,854	\$ 7,079,763

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

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

With comparative totals for the year ended June 30, 2013

	Unrestricted	Temporarily Restricted	2014	2013
Revenue and support				
Fees from government agencies	\$ 1,971,499	\$ -	\$ 1,971,499	\$ 1,937,083
Contributions	909,397	178,222	1,087,619	827,582
In-kind donations (Note 5)	219,063		219,063	306,756
Other income	201,593		201,593	66,692
Special event income, net of \$103,160 in expenses	39,104		39,104	89,574
Interest and dividends	32,286		32,286	29,366
Net assets released from restrictions (Note 11)	128,650	(128,650)	-	-
Total revenue and support	<u>3,501,592</u>	<u>49,572</u>	<u>3,551,164</u>	<u>3,257,053</u>
Expenses				
Program services	2,602,704		2,602,704	2,619,691
Management and general	415,387		415,387	452,622
Fund development	513,105		513,105	371,929
Total expenses	<u>3,531,196</u>	<u>-</u>	<u>3,531,196</u>	<u>3,444,242</u>
Change in net assets from operations	<u>(29,604)</u>	<u>49,572</u>	<u>19,968</u>	<u>(187,189)</u>
Non-operating gains				
Unrealized gain on investments	241,926		241,926	84,972
Realized gain on investments	31,240		31,240	82,605
Total non-operating gains	<u>273,166</u>	<u>-</u>	<u>273,166</u>	<u>167,577</u>
Change in net assets	<u>243,562</u>	<u>49,572</u>	<u>293,134</u>	<u>(19,612)</u>
Net assets, beginning of year	<u>3,137,957</u>	<u>142,300</u>	<u>3,280,257</u>	<u>3,299,869</u>
Net assets, end of year	<u>\$ 3,381,519</u>	<u>\$ 191,872</u>	<u>\$ 3,573,391</u>	<u>\$ 3,280,257</u>

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

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2014

With comparative totals for the year ended June 30, 2013

	Program Services	Management and General	Fund Development	Total Expenses	
				2014	2013
Salaries	\$ 1,218,557	\$ 239,884	\$ 284,070	\$ 1,742,511	\$ 1,526,923
Employee benefits	173,751	46,262	53,544	273,557	237,462
Payroll taxes	114,401	15,569	19,731	149,701	132,259
Total personnel costs	<u>1,506,709</u>	<u>301,715</u>	<u>357,345</u>	<u>2,165,769</u>	<u>1,896,644</u>
Rental assistance	338,558			338,558	497,085
In-kind expenses	158,822	7,582	47,646	214,050	298,706
Professional fees	135,681	35,174	36,476	207,331	194,225
Depreciation	133,144	1,474	1,868	136,486	121,377
Interest expense	70,675	9,601	12,167	92,443	45,420
Office expense	68,302	9,015	12,870	90,187	89,293
Training and education	23,739	19,008	869	43,616	31,642
Utilities	35,965	2,092	2,653	40,710	31,641
Telephone	31,040	1,660	2,029	34,729	32,683
Program supplies	25,448	140	5,832	31,420	20,141
Repairs and maintenance	23,514	1,632		25,146	31,025
Printing	5,137	1,251	13,079	19,467	25,069
Insurance	16,531	1,836	1,956	20,323	17,457
Meals and entertainment	2,070	9,322	3,355	14,747	13,235
Travel	11,456	1,570	768	13,794	14,062
Advertising and promotion	2,048	3,488	3,526	9,062	5,321
Dues and subscriptions	2,450	5,429	695	8,574	4,667
Bank charges		1,336	5,692	7,028	11,399
Postage	2,369	308	3,682	6,359	7,207
Taxes	2,666	1,018		3,684	3,913
Emergency lodging	3,562			3,562	7,304
Program activities	2,818	6		2,824	3,420
Miscellaneous expenses		615	264	879	39,018
Other fees		115	333	448	2,288
Total 2014 functional expenses	<u>\$ 2,602,704</u>	<u>\$ 415,387</u>	<u>\$ 513,105</u>	<u>\$ 3,531,196</u>	
Total 2013 functional expenses	<u>\$ 2,619,691</u>	<u>\$ 452,622</u>	<u>\$ 371,929</u>		<u>\$ 3,444,242</u>

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

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

STATEMENT OF CASH FLOWS

For the year ended June 30, 2014

With comparative totals for the year ended June 30, 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 293,134	\$ (19,612)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation	136,486	121,377
Reinvested interest and dividends	(32,286)	-
(Gain) loss on investments	(273,166)	(167,577)
Changes in operating assets and liabilities:		
Decrease in grants receivable	229,893	838,552
Decrease (increase) in accounts receivable	73,472	(6,092)
Decrease in pledges receivable	28,007	-
Decrease (increase) in prepaid expenses	4,122	(5,992)
(Increase) decrease in deposits	(2,800)	40,102
(Decrease) increase in accounts payable and accrued expenses	(1,050)	25,367
Increase (decrease) in accounts accrued wages	17,345	(3,391)
Increase (decrease) in accounts accrued vacation	17,951	(2,594)
Increase (decrease) in accounts client savings account	5,558	(4,009)
	<u>496,666</u>	<u>816,131</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of securities	-	(226,973)
Proceeds from sale of securities	59,766	335,154
Purchase of property and equipment	(315,110)	(3,422,400)
	<u>(255,344)</u>	<u>(3,314,219)</u>
Net cash (used) by investing activities		
Cash flows from financing activities:		
New borrowings on line of credit	-	525,200
New borrowings on notes payable	100,000	1,632,500
Payments on notes payable / line of credit	(269,847)	(97,564)
	<u>(169,847)</u>	<u>2,060,136</u>
Net cash (used) provided by financing activities		
Net increase (decrease) in cash and cash equivalents	71,475	(437,952)
Cash and cash equivalents, beginning of year	<u>77,969</u>	<u>515,921</u>
Cash and cash equivalents, end of year	<u>\$ 149,444</u>	<u>\$ 77,969</u>
Supplemental disclosure:		
Operating activities reflects interest paid of:	<u>\$ 90,428</u>	<u>\$ 2,714</u>

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

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

NOTES TO FINANCIAL STATEMENTS

1. Organization

Community Overcoming Relationship Abuse (“CORA”) is a California nonprofit public benefit corporation incorporated on November 22, 1977. The current agency name was adopted following a merger, completed in 2004, of the Center for Domestic Violence Prevention (“CDVP”) and Sor Juana Ines for Abused Women (“SJI”). The current name reflects a central tenet of CORA’s work, that it takes a community, working together, to end domestic violence.

CORA’s mission is to provide safety, support, and healing to individuals who experience abuse in an intimate relationship and to educate the community to interrupt the intergenerational cycle of domestic violence. CORA’s Board of Directors is comprised of twelve individuals who govern the agency.

CORA provides the following services for victims of domestic violence and their children:

- Emergency shelter, including temporary hoteling, on a twenty-four hours a day, seven days a week, 365 days a year;
- A 24-hour support line and emergency response to referrals from all of San Mateo County law enforcement’s 911 domestic violence related calls;
- Transitional housing and support services;
- Individual mental health counseling and support groups;
- Legal assistance obtaining restraining orders and court representation for victims of domestic violence, as well as a legal information line;
- Referral systems to ensure provision of medical care, legal assistance, counseling, and information regarding education, job counseling and training programs, housing referrals and other available social services.

Prevention services include community education about domestic violence for teens and adults, including underserved communities (e.g. Latino, Filipino, etc.). CORA also provides in-depth training for volunteers several times a year and operates a child watch program so that clients may attend appointments with agency clinicians, case managers, and attorneys.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of CORA are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted. These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily Restricted. CORA reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions.

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit CORA to expend all of the income (or other economic benefits) derived from the donated assets. CORA had no permanently restricted net assets at June 30, 2014.

Cash and Cash Equivalents

CORA has defined cash and cash equivalents as cash in banks and money market funds in a securities institution.

Grants Receivable

Grants receivable are primarily receivables from government entities and other established organizations. These amounts are deemed fully collectible as they are primarily related to contracted services. Therefore, no allowance for doubtful accounts has been provided. Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. At June 30, 2014, the CORA had no promises to give expected beyond one year. Conditional promises to give are not included as support until the conditions are substantially met.

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Investments

CORA values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain on investments. Short-term highly liquid money market deposits that are not used for operations are treated as investments.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

CORA is required to measure its investments, pledges contributions and in-kind contributions at fair value. The specific techniques used to measure the fair value for the financial statement element is described in the notes below.

Concentration of Credit Risks

CORA places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. CORA has not incurred losses related to these investments.

The primary receivable balance outstanding at June 30, 2014, consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of CORA's receivables consist of earned fees from contract programs granted by governmental agencies.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year.

continued

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

Income Taxes

CORA is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by CORA in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. CORA's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing CORA's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. CORA uses full-time equivalents to allocate indirect costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CORA's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

continued

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Subsequent Events

Management has evaluated subsequent events through December 12, 2014, the date which the financial statements were available.

3. Pledges Receivable

Pledges receivable are recorded as support when pledges unless designated otherwise. All pledges are valued at the estimated fair present value at June 30, 2014 and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been recorded as of June 30, 2014. Total amount of pledges receivable in the amount of \$59,557 at June 30, 2014, is expected to be collected within the year.

4. Investments

Investments at June 30, 2014 consist of the following:

Equities	\$1,511,471
Fixed income	605,391
Real assets	<u>107,255</u>
	<u>\$2,224,117</u>

5. Fair Value Measurements

The table below presents the balances of assets measured at fair value at June 30, 2014 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed Income				
Corporate obligation	\$ 311,011	\$ -	\$ -	\$ 311,011
Government obligations	177,300			177,300
International mutual funds	60,821			60,821
Domestic mutual funds	56,259			56,259
Equities				
Domestic mutual funds	314,087			314,087
Financials	213,214			213,214
Information technology	191,850			191,850
Consumer discretionary	136,385			136,385
International equities	130,784			130,784
Health care	127,756			127,756
Consumer staples	101,713			101,713

continued

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

NOTES TO FINANCIAL STATEMENTS

5. Fair Value Measurements, continued

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Energy	95,227			95,227
Industrials	91,846			91,846
International mutual funds	90,011			90,011
Materials	18,598			18,598
Real Assets				
Real assets funds	<u>107,255</u>	<u> </u>	<u> </u>	<u>107,255</u>
Total investments	<u>\$2,224,117</u>	<u>\$ </u>	<u>\$ </u>	<u>\$2,224,117</u>

The fair value of investments has been measured on a recurring basis using quoted prices for identical assets in active market (Level 1 inputs).

The table below presents transactions measured at fair value on a non-recurring basis during the year ended June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pledged contributions - new	\$ -	\$ -	\$ 59,557	\$ 59,557
Donated materials and services	<u> </u>	<u> </u>	<u>219,063</u>	<u>219,063</u>
Total	<u>\$ </u>	<u>\$ </u>	<u>\$278,620</u>	<u>\$278,620</u>

The fair value of pledged contributions - new and donated services are measured on a non-recurring based on the value provided by the donor at the date of pledge (Level 3 inputs).

6. Property and Equipment

Property and equipment at June 30, 2014 consist of the following:

Building	\$3,378,280
Land and improvements	1,526,640
Furniture and equipment	396,097
Vehicles	29,400
Leasehold improvements	<u>11,779</u>
	5,342,196
Less: accumulated depreciation	<u>(961,447)</u>
	<u>\$4,380,749</u>

Deprecation expense for the year ended June 30, 2014 was \$136,486.

7. Line of Credit

CORA has a line of credit with a financial institution, in the amount of \$700,000, due April 2015, bearing interest at a rate of 3.25%. The outstanding balance at June 30, 2014 was \$440,700.

continued

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

NOTES TO FINANCIAL STATEMENTS

8. Notes Payable

Notes payable at June 30, 2014 consist of the following:

Note payable to a financial institution, secured by real property, monthly payments of \$8,769, including interest at 5%, balloon payment in the amount of \$1,256,898 due December 2022. \$1,450,933

Note payable to California Department of Housing and Community Development, secured by real property. Payments on the note are deferred for 10 years bearing interest at 3% simple interest, due April 2022. The loan will be forgiven upon completion of the original loan term as long as the property has been used as an emergency shelter during the entire loan term. The accrued interest through June 30, 2014 is \$42,191. This interest has not been recorded on CORA's books. 937,527

Note payable to the County of San Mateo, secured by real property. Payments on the note are deferred for 30 years bearing interest at 3% simple interest, due July 2036. The loan will be forgiven upon completion of the original loan term as long as the property has been used as an emergency shelter during the entire loan term. The accrued interest through June 30, 2014 is \$48,476. This interest has not been recorded on CORA's books. 200,000

Note payable to the City of San Mateo, secured by real property. Payments on the note are deferred for 20 years bearing interest at 3% simple interest, due July 2026. The accrued interest through June 30, 2014 is \$34,795. This interest has not been recorded on CORA's books. 145,000

Note payable to the County of San Mateo, secured by real property. Payments on the note are deferred for 30 years bearing interest at 3% simple interest, due July 2043. The accrued interest through June 30, 2014 is \$3,930. This interest has not been recorded on CORA's books. 131,000

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

NOTES TO FINANCIAL STATEMENTS

8. Notes Payable, continued

Note payable to the County of San Mateo, secured by real property. Payments on the note are deferred for 20 years bearing interest at 3% simple interest, due July 2028. The loan will be forgiven upon completion of the original loan term as long as the property has been used as an emergency shelter during the entire loan term. The accrued interest through June 30, 2014 is \$13,494. This interest has not been recorded on CORA's books.	75,000
Note payable to the City of San Mateo, secured by real property, with monthly payments of \$250, including interest at 5%, due September 2014.	33,838
Interest-free note payable (Note 9) to the County of San Mateo, secured by real property, with no monthly payments (deferred), due October 2043.	<u>27,574</u>
	<u>\$3,000,872</u>

Principal payments on the note payable are as follows:

<u>Year ended June 30,</u>	
2015	\$ 38,034
2016	39,827
2017	41,711
2018	43,691
2019	45,773
Thereafter	<u>2,864,262</u>
Face amount of note payments	3,073,298
Unamortized discount	<u>(72,426)</u>
Present value of note payments	<u>\$3,000,872</u>

Forgivable Loan

A loan from the City of San Mateo, in the amount of \$25,000, was received December 1980, and is secured by a deed of trust on land and a building. This loan was used for shelter renovations and is due when the property is sold or transferred. The note does not bear interest. CORA has no intention of selling or transferring the property and, therefore, the liability has not been recorded.

CORA deems the default of any of the above notes due to unallowed operational cost remote since the use of the Transitional House and Shelter House properties facilitates the mission of CORA.

continued

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

NOTES TO FINANCIAL STATEMENTS

9. Non-Interest Bearing Note

CORA has a non-interest bearing note payable to the County of San Mateo. To reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 4.4%, which was the prevailing rate for similar transactions at the October 2013 inception of the note. The note is payable in a single payment of \$100,000 in October 2043.

10. Commitments and Contingencies

Contracts

CORA's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated.

11. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2014 consist of the following:

Non-cash contribution from interest-free loan (time-restricted)	\$ 72,426
Sequoia Healthcare	40,000
Blue Shield of California	25,696
Bella Vista Foundation	25,000
Lucile Packard	18,750
Verizon	<u>10,000</u>
	<u>\$191,872</u>

For the year ended June 30, 2014, net assets released from restrictions were \$128,650, which consist of \$127,854 released from purpose restrictions and \$796 from time restrictions.

12. Employee Benefit Plan

CORA has a 403(b) Retirement Savings Plan available to substantially all employees who have completed twenty or more hours of service. Employees may contribute any whole percentage of annual compensation provided that it does not exceed maximum amounts as permitted by law. For the year ended June 30, 2014, CORA's matching contributions of up to 3% of an employee's annual earnings were \$37,036.

SUPPLEMENTAL SCHEDULES

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2014

<u>Program Name</u>	<u>Contract Number</u>	<u>Federal CFDA No.</u>	<u>Contract Term</u>	<u>Award Amount</u>	<u>Program Expenditure</u>
Federal Award					
U.S. Department of Housing and Urban Development ("HUD"):					
Supportive Housing Program	CA0255B9T120802	14.235	12/1/12 - 11/30/13	\$ 225,375	\$ 87,217
Supportive Housing Program	CA0255B9T121004	14.235	12/1/13 - 11/30/14	228,068	142,148
Pass-through, City of Redwood City					
Community Development Block Grant	N/A	14.228	7/1/13 - 6/30/14	20,000	20,000
Pass-through, County of San Mateo					
Emergency Shelter for Domestic Violence Survivors	N/A	14.231	7/1/13 - 6/30/14	23,579	23,579
Housing Authority of the County of San Mateo	N/A	14.871	11/15/11 - 11/14/14	979,334	203,439
Pass-through, State of California					
Federal Emergency Shelter Grant Program	12-FESG-8467	14.231	12/16/12 - 12/15/13	150,000	78,006
Federal Emergency Shelter Grant Program	13-FESG-8774	14.231	7/8/13 - 7/7/14	150,000	150,000
Total HUD				1,776,356	704,389
U.S. Department of Health and Human Services ("HHS"):					
Pass-through, State of California					
California Emergency Management Agency					
Domestic Violence Assistance Program - FVPS (a)	DV13031415	93.671	7/1/13 - 6/30/14	208,096	208,096
Domestic Violence Assistance Program - FVPS (a)	DV13241415	93.671	7/1/13 - 6/30/14	384,819	384,819
Total HHS				592,915	592,915
U.S. Department of Homeland Security ("DHS"):					
Pass-through, County of San Mateo					
Emergency Food and Shelter Program	N/A	97.024	5/11/13 - 6/30/14	10,000	10,000
Total DHS				10,000	10,000
U.S. Department of Justice ("DOJ"):					
Legal Assistance for Victims Grant Program (Subawardee)					
Legal Assistance for Victims Grant Program (Subawardee)	2011-WL-AX-0056	16.524	10/1/11 - 9/30/13	196,000	23,680
Community Defined Solutions to Violence Against Women (Subawardee)					
Community Defined Solutions to Violence Against Women (Subawardee)	N/A	16.590	10/1/12 - 9/30/14	675,000	68,819
Office of Justice Violence Against Women					
Office of Justice Violence Against Women	2013-WH-AX-0051	16.736	10/1/13 - 9/30/16	300,000	37,781
Total DOJ				1,171,000	130,280
Total Federal Awards				\$ 3,550,271	\$ 1,437,584

(a) Audited as a major program

Summary of Significant Accounting Policies:

- 1) Basis of Accounting - The Schedule of Expenditures of Federal Awards has been reported on the accrual basis of accounting.
- 2) Community Overcoming Relationship Abuse is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.
- 3) The Grant Award Amount is the maximum contract amount available to be utilized for the duration of the project (project year), whereas the (Federal) Program Expenditures amount are the actual amounts expended on the project during the fiscal year.

See independent auditors' report.

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

STATEMENT OF FUNCTIONAL EXPENSES BY PROGRAM

For the year ended June 30, 2014

	Program								Total Program Services	Management and General	Fundraising	Total
	Client Services	Clinical	Outreach	Legal	ER RWC (Housing)	ER SM (Housing)	Transitional Housing	Volunteer Program				
Salaries	\$ 341,256	\$ 134,394	\$ 28,192	\$ 205,312	\$ 8,638	\$ 313,846	\$ 159,698	\$ 27,221	\$ 1,218,557	\$ 239,884	\$ 284,070	\$ 1,742,511
Employee benefits	47,267	18,935	4,101	34,475		39,533	25,683	3,757	173,751	46,262	53,544	273,557
Payroll taxes	33,952	11,961	2,829	15,000		36,228	11,602	2,829	114,401	15,569	19,731	149,701
Total personnel costs	422,475	165,290	35,122	254,787	8,638	389,607	196,983	33,807	1,506,709	301,715	357,345	2,165,769
Rental assistance							338,558		338,558			338,558
In-kind expenses	16,347	43,502	32,495	3,281	5,350	32,151	25,696		158,822	7,582	47,646	214,050
Professional fees	24,417	62,214	1,352	9,074	1,828	26,583	8,872	1,341	135,681	35,174	36,476	207,331
Depreciation	8,212	1,132	268	1,420	9,770	107,601	4,473	268	133,144	1,474	1,868	136,486
Interest expense						70,675			70,675	9,601	12,167	92,443
Office expense	16,567	6,052	1,354	6,986	2,336	28,271	5,434	1,302	68,302	9,015	12,870	90,187
Training and education	3,781	4,517	82	5,212	484	2,518	6,171	974	23,739	19,008	869	43,616
Utilities	4,565	1,607	381	2,016	2,490	17,177	7,348	381	35,965	2,092	2,653	40,710
Telephone	11,800	2,006	275	4,388	1,362	8,786	1,664	759	31,040	1,660	2,029	34,729
Program supplies				19	1,994	20,707	2,728		25,448	140	5,832	31,420
Repairs and maintenance	8				2,852	19,984	670		23,514	1,632		25,146
Printing	2,091	453	107	568		1,372	439	107	5,137	1,251	13,079	19,467
Insurance	3,873	1,397	332	3,064		5,474	1,958	433	16,531	1,836	1,956	20,323
Meals and entertainment		86		55		169	143	1,617	2,070	9,322	3,355	14,747
Travel	69	1,592		989		4,959	3,202	645	11,456	1,570	768	13,794
Advertising and promotion	150		319			525	75	979	2,048	3,488	3,526	9,062
Dues and subscriptions		280		2,062		108			2,450	5,429	695	8,574
Bank charges									-	1,336	5,692	7,028
Postage	553	192	46	241		1,104	187	46	2,369	308	3,682	6,359
Taxes					58	2,608			2,666	1,018		3,684
Emergency lodging						3,562			3,562			3,562
Program activities			350	310		953	1,128	77	2,818	6		2,824
Miscellaneous expenses										615	264	879
Other fees									-	115	333	448
Total expenses	\$ 514,908	\$ 290,320	\$ 72,483	\$ 294,472	\$ 37,162	\$ 744,894	\$ 605,729	\$ 42,736	\$ 2,602,704	\$ 415,387	\$ 513,105	\$ 3,531,196

See independent auditors' report.

ADDITIONAL INFORMATION



Harrington Group

Certified Public Accountants, LLP

**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***

To the Board of Directors
Community Overcoming Relationship Abuse

We have audited, in accordance with the 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, the financial statements of Community Overcoming Relationship Abuse ("CORA"), which comprise the Statement of Financial Position as of June 30, 2014, 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 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CORA'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 CORA's internal control. Accordingly, we do not express an opinion on the effectiveness of CORA'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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of 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 CORA'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 this 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CORA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrington Group

Pasadena, California
December 12, 2014

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Certified Public Accountants, LLP

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of Directors
Community Overcoming Relationship Abuse

Report on Compliance for Each Major Federal Program

We have audited Community Overcoming Relationship Abuse ("CORA") compliance with the types of compliance requirements described *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of CORA's major federal programs for the year ended June 30, 2014. CORA'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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CORA'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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 CORA'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 CORA's compliance.

Opinion on Each Major Federal Program

In our opinion, CORA complied, in all material respects, with the 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, 2014.

Report on Internal Control Over Compliance

Management of CORA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered CORA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 OMB Circular A-133, 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 CORA's internal control over compliance.

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**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133**

continued

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 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 the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Harrington Group

Pasadena, California
December 12, 2014

COMMUNITY OVERCOMING RELATIONSHIP ABUSE

Schedule of Findings and Questioned Costs

For the year ended June 30, 2014

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

Identification of Major Programs:

U.S. Department of Health and Human Services (“DHHS”):

Domestic Violence Assistance Program – FVPS 93.671

Section II – Financial Statements Findings

There are no findings required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There are neither findings nor questioned costs for Federal Awards as defined in OMB Circular A-133.

Section IV – Summary Schedule of Prior Year Findings

None.