

Women's Shelter Program, Inc.
of San Luis Obispo County
Consolidated Financial Statements
Year Ended June 30, 2011

Women’s Shelter Program, Inc. of San Luis Obispo County
Consolidated Financial Statements
Year Ended June 30, 2011

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CERTIFIED PUBLIC ACCOUNTANTS
TAX AND BUSINESS ADVISORS

Independent Auditors' Report

Board of Directors

Women's Shelter Program, Inc.
of San Luis Obispo County
San Luis Obispo, California

We have audited the accompanying consolidated statement of financial position of Women's Shelter Program, Inc. of San Luis Obispo County (a nonprofit organization) as of June 30, 2011, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Women's Shelter Program, Inc. of San Luis Obispo County as of June 30, 2011, 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 25, 2011, on our consideration of Women's Shelter Program, Inc. of San Luis Obispo County's internal control over financial reporting and 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.

Board of Directors

Women's Shelter Program, Inc.

of San Luis Obispo County

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Our audit was performed for the purpose of forming an opinion on the consolidated financial statements of Women's Shelter Program, Inc. of San Luis Obispo County taken as a whole. The accompanying schedules of OVW and CalEMA grant expenses are presented for purposes of additional analysis as required by grant agreements and are not a required part of the consolidated 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 consolidated 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 consolidated financial statements taken as a whole.



Glenn Burdette

Certified Public Accountants

San Luis Obispo, California

October 25, 2011

Women's Shelter Program, Inc. of San Luis Obispo County
Consolidated Statement of Financial Position
June 30, 2011

Assets

Current assets:

Cash and cash equivalents	\$	543,125
Certificates of deposit		192,323
Accounts receivable		27,152
Grants receivable		163,037
Prepaid expenses and other current assets		35,126
Total current assets		960,763

Noncurrent assets:

Restricted cash and cash equivalents in Endowment Trust		14,783
Certificates of deposit in Endowment Trust		105,669
Investments in Endowment Trust		45,945
Fixed assets, net of accumulated depreciation and amortization		1,677,530
Other assets		1,950
Deposits on leased property		3,602
Total noncurrent assets		1,849,479

Total assets		\$ 2,810,242
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Liabilities and Net Assets

Current liabilities:

Accounts payable	\$	18,017
Accrued payroll and payroll taxes		5,785
Compensated absences payable		39,370
Rent deposits		8,533
Total current liabilities		71,705

Long-term liabilities

Notes payable		1,042,322
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Net assets

Unrestricted		1,509,134
Temporarily restricted		12,910
Permanently restricted		174,171
Total net assets		1,696,215

Total liabilities and net assets		\$ 2,810,242
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See independent auditors' report.

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

Women's Shelter Program, Inc. of San Luis Obispo County
Consolidated Statement of Activities
Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support:				
Grants - Federal	\$ 790,163	\$	\$	\$ 790,163
Grants - State	210,355			210,355
Grants - Local and nongovernmental	127,099	20,000		147,099
Contributions	299,192	6,900	884	306,976
Service fees	87,459			87,459
Fund-raising events	347,634			347,634
In-kind support - program related	283,898			283,898
In-kind support - general and administration	3,175			3,175
In-kind support - fund-raising	228,030			228,030
Change in value of investments	(10,728)	17,459	1,937	8,668
Loss on disposal of fixed assets	(7,189)			(7,189)
Investment income	2,966			2,966
Rental income	36,990			36,990
Miscellaneous income	1,100			1,100
Total revenues and other support	<u>2,400,144</u>	<u>44,359</u>	<u>2,821</u>	<u>2,447,324</u>
Net assets released from restrictions	<u>26,373</u>	<u>(26,373)</u>		<u>-</u>
Expenses:				
Program services	1,805,485			1,805,485
Supporting services:				
General administration	165,764			165,764
Fund-raising	436,549			436,549
Total expenses	<u>2,407,798</u>			<u>2,407,798</u>
Increase in net assets	18,719	17,986	2,821	39,526
Net assets - beginning of year	<u>1,490,415</u>	<u>(5,076)</u>	<u>171,350</u>	<u>1,656,689</u>
Net assets - end of year	<u>\$ 1,509,134</u>	<u>\$ 12,910</u>	<u>\$ 174,171</u>	<u>\$ 1,696,215</u>

See independent auditors' report.

The accompanying notes are an integral part of this financial statement.

Women's Shelter Program, Inc. of San Luis Obispo County
Consolidated Statement of Functional Expenses
Year Ended June 30, 2011

	Program Services	Supporting Services		Total
		General and Administration	Fund- Raising	
Salaries	\$ 802,105	\$ 79,776	\$ 54,824	\$ 936,705
In-kind goods and services	283,898	3,175	228,030	515,103
Rent	141,667	31,818	2,351	175,836
Fund-raising			135,934	135,934
Resident and client services	96,040			96,040
Depreciation and amortization	68,243	15,690		83,933
Payroll taxes	73,807	6,898	2,022	82,727
Consultants	51,045			51,045
Employee benefits	36,325	6,677	1,489	44,491
Repairs and maintenance	33,816			33,816
Insurance - workers' comp	27,993	1,280	844	30,117
Utilities	28,031	374	210	28,615
Communications	21,955	2,185	63	24,203
Insurance - other	17,229	2,092	230	19,551
Conferences	18,671			18,671
Educational materials	17,822			17,822
Audit	5,232	7,422	346	13,000
Office and equipment maintenance	8,012	3,829	335	12,176
Transportation	11,577	597		12,174
Equipment	10,494	418		10,912
Office supplies	9,057	145		9,202
Newsletter			8,702	8,702
Food	8,080			8,080
Shelter supplies	8,041			8,041
Interest	6,160			6,160
Vehicle	3,748			3,748
Child program supplies	3,471			3,471
Other	1,639	1,633		3,272
Printing and publicity	2,891			2,891
Hotline service	2,880			2,880
Staff training	2,706			2,706
Postage	1,119	434	1,031	2,584
Security	1,655	457	138	2,250
Personnel administration	76	864		940
Total expenses	<u>\$ 1,805,485</u>	<u>\$ 165,764</u>	<u>\$ 436,549</u>	<u>\$ 2,407,798</u>

See independent auditors' report.

The accompanying notes are an integral part of this financial statement.

Women's Shelter Program, Inc. of San Luis Obispo County
Consolidated Statement of Cash Flows
Year Ended June 30, 2011

Cash flows from operating activities:

Increase in net assets	\$	39,526
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	\$	83,933
Gain on investments		(8,668)
Noncash contributions of investments		(884)
In-kind support - program related fixed assets		42,209
Loss on disposal of fixed assets		7,189
Changes in operating assets and liabilities:		
Accounts receivable		4,356
Grants receivable		93,993
Prepaid expenses		3,778
Restricted cash in Endowment Trust		(1,287)
Deposits on leased property		13,700
Accounts payable		2,696
Accrued payroll and payroll taxes		(177)
Compensated absences payable		8,424
Refundable grant advances		(5,000)
Rent deposits		73
Total adjustments		<u>244,335</u>
Net cash provided by operating activities		<u>283,861</u>

Cash flows from investing activities:

Reinvested interest income in certificates of deposit	(1,208)
Purchase of fixed assets	<u>(821,258)</u>
Net cash used in investing activities	(822,466)

Cash flows from financing activities:

Borrowings on long-term debt	<u>720,000</u>
Net cash provided by financing activities	<u>720,000</u>
Net increase in cash and cash equivalents	181,395

Cash and cash equivalents - beginning of year	<u>361,730</u>
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Cash and cash equivalents - end of year	<u><u>\$ 543,125</u></u>
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Supplemental disclosures of cash flow information:

Interest paid during the year	\$ 6,160
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See independent auditors' report.

The accompanying notes are an integral part of this financial statement.

Women's Shelter Program, Inc. of San Luis Obispo County
Notes To Consolidated Financial Statements
June 30, 2011

Note 1: Nature of Business

Women's Shelter Program, Inc. of San Luis Obispo County (the Organization) is a nonprofit organization with the purpose of aiding abused women and their children by providing temporary shelter, counseling, transitional housing and support services. All of the services are provided within San Luis Obispo County, California. In an effort to plan for the future financial needs of Women's Shelter Program, Inc. of San Luis Obispo County, the Women's Shelter Endowment Trust (the Trust) was created to receive and hold assets in perpetuity with the investment income from those assets restricted for support of the Women's Shelter Program.

The accompanying financial statements include the accounts of the Women's Shelter Program, Inc. of San Luis Obispo County and the Women's Shelter Endowment Trust. All significant transactions between the organizations have been eliminated in consolidation.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting which requires that revenues be recorded when earned and expenses be recorded when incurred. Grant revenues are recognized when the related grant expenses are incurred in accordance with the grant agreements. Net unreimbursed grant expenses are recorded as grants receivable and net cash advances in excess of grant expenses are recorded as refundable grant advances in the accompanying financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all demand deposits with banks and certificates of deposit with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents held by the Trust are restricted for long-term investment and are shown as restricted cash in the accompanying financial statements.

Accounts and Grants Receivable

The Organization has not recorded an allowance for doubtful accounts since management believes that accounts and grants receivable are collectible. Any bad debts in the future would be charged off as incurred.

Endowment Investments

Investments are comprised of donated shares of publicly traded marketable securities and are recorded at quoted market prices which represent fair value. Investment income and net unrealized gains and losses are recorded in the statement of activities.

Women's Shelter Program, Inc. of San Luis Obispo County

Notes to Consolidated Financial Statements

June 30, 2011

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Note 2: Summary of Significant Accounting Policies (Continued)

Funds with Deficiencies:

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor or Uniform Prudent Management of Institutional Funds Act (UPMIFA) required the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported as negative unrestricted net assets were \$9,385 at June 30, 2011. These deficiencies resulted from unfavorable market fluctuations.

Return Objectives and Risk Parameters:

The Organization is an income beneficiary named under a perpetual trust, The Women's Shelter Endowment Trust (the Trust). The Trust has adopted investment and distribution policies for amounts held in trust (hereafter referred to as "endowments") assets that are designed to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the real purchasing power of the assets from inflation.

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, the Trust relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Trust targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy:

The Trust's distribution policy does not allow the Trust to distribute earnings when the investments are below their original market value. As such there were no distributions in the current year.

Fixed Assets

Fixed assets are shown at cost or fair value on the date of acquisition or contribution. The organization's policy is to capitalize fixed assets with a value of \$500 or more. Depreciation is recorded over their estimated useful lives using the straight-line depreciation method. Furniture, fixtures and equipment are depreciated over five to ten years, land improvements over fifteen years and facilities over twenty years.

Fixed assets purchased with federal and state grants are recorded as grant expenses. Since title of these fixed assets remains with the federal or state governments during the term of the grants, these assets are not recorded in the accompanying financial statements until title is transferred to the Organization and donated fixed assets are recorded.

Women's Shelter Program, Inc. of San Luis Obispo County

Notes to Consolidated Financial Statements

June 30, 2011

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Note 2: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is recognized by the Internal Revenue Service as a qualified section 501(c)(3) non-profit organization, and as such, is not liable for Federal income and State franchise tax. However, the Organization remains subject to taxes on any net income that is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose with certain exclusions. No income taxes have been recorded in the accompanying financial statements since management believes the Organization has no taxable unrelated business income.

Income Taxes Topic of Financial Accounting Standards Board (FASB) Accounting Standards Codification requires, among other things, the recognition and measurement of tax positions based on a "more likely than not" (likelihood greater than 50%) approach. As of June 30, 2011, the Organization did not maintain any tax positions that did not meet the "more likely than not" threshold. However, tax returns remain subject to examination by the Internal Revenue Service for fiscal years ending on or after June 30, 2007, and by the California Franchise Tax Board for fiscal years ending on or after June 30, 2006. As noted above, the Organization does not currently pay income taxes.

Financial Statement Presentation

Under Non-for-Profit Entities, Presentation of Financial Statements Subtopic of FASB Accounting Standards Codification, the Organization is required to classify its financial position and activities for accounting and reporting purposes into three classes of net assets according to externally (donor) imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

In accordance with Non-for-Profit Entities, Revenue Recognition Subtopic of FASB Accounting Standards Codification contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. As the Organization incurs expenses that meet the restricted purposes, net assets are released from restriction. When restrictions are met in the same reporting period as the restricted contributions are received, the amounts are shown as unrestricted. The accumulated net investment income of the Trust is temporarily restricted until disbursed to the Organization to support the Women's Shelter Program.

Fair Value Measurements

The Organization records its financial assets and liabilities at fair value in accordance with the Fair Value Measurements and Disclosures Topic of FASB Accounting Standards Codification (the "Topic"). This Topic provides a framework for measuring fair value, clarifies the definition of fair value and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability

Women’s Shelter Program, Inc. of San Luis Obispo County

Notes to Consolidated Financial Statements

June 30, 2011

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Note 2: Summary of Significant Accounting Policies (Continued)

(an exit price) in an orderly transaction between market participants at the reporting date. The Topic also establishes a three-tier hierarchy as follows, which prioritizes the inputs used in the valuation methodologies in measuring fair value.

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

This hierarchy requires the Organization to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. If available, quoted market prices are used to value investments. If quoted prices in an active market are not available, the investments are reported at estimated fair value. Many factors are considered in arriving at fair value. For example, corporate bonds could be valued based on yields currently available on comparable securities of issuers with similar credit ratings.

At June 30, 2011, all investments were reported at fair value and classified within Level 1 of the fair value hierarchy. The following sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value at June 30, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in Endowment Trust	\$ 45,945	\$	\$	\$ 45,945
Total assets at fair value	\$ 45,945	\$ -	\$ -	\$ 45,945

Women's Shelter Program, Inc. of San Luis Obispo County

Notes to Consolidated Financial Statements

June 30, 2011

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Note 2: Summary of Significant Accounting Policies (Continued)

In-Kind Support - Donated Property and Services

The Organization receives donated services which are recorded in the financial statements if the services received (a) create or enhance long-lived assets or (b) require specialized skills or training and would typically need to be purchased if not provided by donation. The amounts reflected in the financial statements as contributed services are offset by like amounts as cost of contributed services. The donated services are recorded at the prevailing wage of similar jobs in the area or at the standard fees of professional services. The contributed services are also used to meet matching requirements on some of the federal and state grants.

Donations of property and equipment of \$500 or greater are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Concentrations

Credit Risk:

The Organization maintains cash balances with Federal Deposit Insurance Corporation (FDIC) insured financial institutions. At times the balances may exceed federally insured limits. The FDIC insures interest-bearing transaction accounts and certificates of deposit up to \$250,000 at each financial institution with temporary unlimited insurance coverage for non-interest bearing transaction accounts. At June 30, 2011, the Organization had cash on deposit that exceeded the insured limit by \$19,745.

Major Revenue Sources:

The Organization receives grant funding from several agencies, including the United States Department of Justice Office on Violence Against Women (DOJ OVW) and United States Department of Justice passed through the California Emergency Management Agency (CalEMA). The funding from DOJ OVW and CalEMA accounted for approximately 29% and 28%, respectively, of total grant revenues for the year ended June 30, 2011. The receivables from DOJ OVW and CalEMA accounted for 33% and 33%, respectively, of total grants receivable at June 30, 2011.

Allocation of Joint Costs

The Organization conducts special events, that include requests for contributions, and prepares grant proposals. Joint costs of certain salaries and salary related expenses, rent, occupancy, office expenses, postage and other costs are allocated between fundraising, management and general, and program services as shown in the statement of functional expenses.

Women’s Shelter Program, Inc. of San Luis Obispo County
Notes to Consolidated Financial Statements
June 30, 2011
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Note 2: Summary of Significant Accounting Policies (Continued)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Events subsequent to June 30, 2011 have been evaluated through October 25, 2011, which is the date the financial statements were available to be issued. Management did not identify any subsequent events that required disclosure.

Note 3: Grants Receivable

At June 30, 2011, grants receivable were comprised of the following federal, state and local grants:

Office on Violence Against Women	\$ 54,222
CalEMA Domestic Violence Assistance Program	70,838
CalEMA Child Abuse Treatment Program	25,607
Community Development Block Grant	233
Homeless Prevention and Rapid Rehousing Program	5,240
DELTA Project	<u>6,897</u>
Total	<u><u>\$ 163,037</u></u>

Note 4: Fixed Assets

At June 30, 2011, fixed assets were comprised of the following:

Furniture, fixtures and equipment	\$ 237,311
Land	758,182
Land improvements	54,824
Shelter facilities	405,611
Transitional housing facilities	953,762
Leasehold improvements	<u>8,075</u>
	2,417,765
Less accumulated depreciation	<u>(740,235)</u>
Fixed assets, net of accumulated depreciation and amortization	<u><u>\$ 1,677,530</u></u>

Women’s Shelter Program, Inc. of San Luis Obispo County

Notes to Consolidated Financial Statements

June 30, 2011

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Note 5: State Grant Fixed Assets Held in Custody

As discussed in Note 1, the Organization has custody of equipment that is used in grant programs, but title to the property has not yet passed to the Organization. There was no activity during the year ended June 30, 2011. There was \$22,513 in state grant fixed assets held in custody at June 30, 2011.

Note 6: Revolving Line of Credit

The Organization has an unsecured revolving line of credit with Founders Community Bank for \$50,000 which matures in February 2012. Interest is variable at Wall Street Journal prime rate, which was 6.5% at June 30, 2011. No amounts were outstanding on the line of credit at June 30, 2011.

Note 7: Notes Payable

At June 30, 2011, notes payable was comprised of the following:

Note payable to the City of San Luis Obispo for the purchase of transitional housing. Interest will not accrue and no payments are due during the 30-year period that the property is to be used for affordable housing. The note shall become immediately due to the City upon failure to perform all covenants set out in the agreement. At the end of the 30-year period, in December 2031, the debt will be forgiven. The Organization was in compliance with all covenants at June 30, 2011. \$ 322,322

Note payable to the San Luis Obispo County Housing Trust Fund for the purchase of transitional housing. Interest is calculated at 4% and is payable monthly. The principal on the note is due in full on March 16, 2013 and is collateralized by property in San Luis Obispo County. 720,000

Less current portion 1,042,322
-

Notes payable, net of current portion \$ 1,042,322

There is no repayment schedule for the note payable to the City of San Luis Obispo and the entire note payable to the San Luis Obispo County Housing Trust Fund is due March 16, 2013.

Women’s Shelter Program, Inc. of San Luis Obispo County

Notes to Consolidated Financial Statements

June 30, 2011

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Note 8: Grant Revenue Sources

The Organization recognized federal, state, local and other nongovernmental grant revenues from the following sources during the year ended June 30, 2011:

Federal:	
DELTA Project	\$ 39,895
Office on Violence Against Women	334,287
Homeless Prevention and Rapid Rehousing Program	52,601
Federal Emergency Shelter Grant	7,117
Federal Emergency Management Agency	10,000
CalEMA Domestic Violence Assistance Program	165,069
CalEMA Child Abuse Treatment Program	152,457
Community Development Block Grant	28,737
State:	
CalEMA Domestic Violence Assistance Program	210,355
Local and nongovernmental:	
Blue Shield	20,000
City of San Luis Obispo	8,000
County of San Luis Obispo	24,500
Marriage license fees	23,999
Miscellaneous grants	14,600
Preventative Health	25,000
Sally Beauty Fund	2,000
San Luis Obispo County Community Foundation	14,000
San Luis Obispo County Community Foundation - Janssen Fund	5,000
United Way	10,000
	<hr/>
Total	<u>\$ 1,147,617</u>

Note 9: Operating Leases

The Organization leases office facilities under two operating leases that initially expired May 2011. The Organization has exercised their first option to renew the leases for a three year period through May 2014. Both leases provide the option to renew for two additional successive three-year periods. The current rents are \$5,946 and \$2,721 per month, respectively, with annual CPI adjustments in future years.

Women’s Shelter Program, Inc. of San Luis Obispo County
Notes to Consolidated Financial Statements
June 30, 2011
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Note 9: Operating Leases (Continued)

At June 30, 2011, future minimum lease payments under the operating leases were as follows:

<u>For the Year Ending June 30,</u>	
2012	\$ 104,004
2013	104,004
2014	<u>95,337</u>
Total	<u>\$ 303,345</u>

The Organization also leases transitional housing and storage facilities under month-to-month operating leases and operating facilities under an annual operating lease.

Rent expense for the year ending June 30, 2011 included \$135,086 for office rents and \$40,750 for residential program rents for a total operating lease rent expense of \$175,836.

Note 10: Summary Financial Information of the Women’s Shelter Endowment Trust

The following is a summary of the financial statements of the Trust as of and for the year ended June 30, 2011:

Statement of Financial Position

Noncurrent assets:

Restricted cash in Endowment Trust	\$ 14,783
Certificates of deposit in Endowment Trust	105,669
Investments	<u>45,945</u>
Total assets	<u>\$ 166,397</u>

Net assets:

Unrestricted	\$ (9,385)
Temporarily restricted	1,611
Permanently restricted	<u>174,171</u>
Total net assets	<u>\$ 166,397</u>

Women's Shelter Program, Inc. of San Luis Obispo County

Notes to Consolidated Financial Statements

June 30, 2011

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Note 10: Summary Financial Information of the Women's Shelter Endowment Trust (Continued)

Statement of Activities

Revenues and other support:	
Investment contributions	\$ 883
Increase in value of investments	8,668
Investment income, net of fees	1,344
Total revenues and other support	<u>10,895</u>
Increase in net assets	10,895
Net assets - beginning of year	<u>155,502</u>
Net assets - end of year	<u><u>\$ 166,397</u></u>

Fees related to endowment investments were \$60 for the year ended June 30,2011.

Note 11: Endowment Policies and Activity

The Organization's endowment investments consisted of approximately 8 individual stocks. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law:

The Organization has interpreted the provisions of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Trust classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, or negative unrestricted net assets if the fund has a deficiency, until those amounts are appropriated for expenditures by the Trust in a manner consistent with the standard of prudence prescribed by UPMIFA.

Women’s Shelter Program, Inc. of San Luis Obispo County
Notes to Consolidated Financial Statements
June 30, 2011
Page 11

Note 11: Endowment Policies and Activity (Continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization.

At June 30, 2011, endowment net asset composition by type of fund was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (9,385)	\$ 1,611	\$ 174,171	\$ 166,397

Changes in endowment net assets during the fiscal year ended June 30, 2011, were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets - beginning of year	\$ -	\$ (15,848)	\$ 171,350	\$ 155,502
Investment return:				
Investment income, net of fees	1,343			1,343
Net appreciation (realized and unrealized)	<u>(10,728)</u>	<u>17,459</u>	<u>1,937</u>	<u>8,668</u>
Total investment return	(9,385)	17,459	1,937	10,011
Contributions			<u>884</u>	<u>884</u>
Endowment net assets - end of year	<u>\$ (9,385)</u>	<u>\$ 1,611</u>	<u>\$ 174,171</u>	<u>\$ 166,397</u>

Other Independent Auditors' Reports

Principals:

David W. Phillips, CPA
David A. Bryson, CPA
Jeanne A. Potter, CPA
Daniel J. O'Hare, CPA
Kathi Niffenegger, CPA
Fred W. Bogart, CPA
Allen E. Eschenbach, CPA
Michael T. Glaudel, CPA
R. Lance Cowart, CPA
David J. Merlo, CPA



CERTIFIED PUBLIC ACCOUNTANTS
TAX AND BUSINESS ADVISORS

Emeritus:

Fred L. Glenn
Stephen A. Burdette
Bradford M. Hair, CPA

Keith V. Lapp (1932-2008)

**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***

Board of Directors

Women's Shelter Program, Inc.

of San Luis Obispo County

San Luis Obispo, California

We have audited the consolidated financial statements of Women's Shelter Program, Inc. of San Luis Obispo County as of and for the year ended June 30, 2011, and have issued our report thereon dated October 25, 2011. 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 Women's Shelter Program, Inc. of San Luis Obispo County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Women's Shelter Program, Inc. of San Luis Obispo County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Women's Shelter Program, Inc. of San Luis Obispo County's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is more than a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Board of Directors
Women's Shelter Program, Inc.
of San Luis Obispo County
Page 2**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Women's Shelter Program, Inc. of San Luis Obispo County'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*.

We noted certain other matters that we reported to management of Women's Shelter Program, Inc. of San Luis Obispo County in a separate letter dated October 25, 2011

This report is intended solely for the information and use of the management and Board of Directors of Women's Shelter Program, Inc. of San Luis Obispo County, federal awarding agencies, pass-through agencies and other grantors and is not intended to be and should not be used by anyone other than these specified parties.



Glenn Burdette
Certified Public Accountants
San Luis Obispo, California

October 25, 2011

Principals:

David W. Phillips, CPA
David A. Bryson, CPA
Jeanne A. Potter, CPA
Daniel J. O'Hare, CPA
Kathi Niffenegger, CPA
Fred W. Bogart, CPA
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Emeritus:

Fred L. Glenn
Stephen A. Burdette
Bradford M. Hair, CPA

Keith V. Lapp (1932-2008)

CERTIFIED PUBLIC ACCOUNTANTS
TAX AND BUSINESS ADVISORS

**Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133
and on Schedule of Expenditures of Federal Awards**

Board of Directors
Women's Shelter Program, Inc.
of San Luis Obispo County
San Luis Obispo, California

Compliance

We have audited Women's Shelter Program, Inc. of San Luis Obispo County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Women's Shelter Program, Inc. of San Luis Obispo County's major federal programs for the year ended June 30, 2011. Women's Shelter Program, Inc. of San Luis Obispo County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Women's Shelter Program, Inc. of San Luis Obispo County's management. Our responsibility is to express an opinion on Women's Shelter Program, Inc. of San Luis Obispo County's compliance based on our audit.

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 Women's Shelter Program, Inc. of San Luis Obispo County'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. Our audit does not provide a legal determination of Women's Shelter Program, Inc. of San Luis Obispo County's compliance with those requirements.

Board of Directors
Women's Shelter Program, Inc.
of San Luis Obispo County
Page 2

In our opinion, Women's Shelter Program, Inc. of San Luis Obispo County 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, 2011.

Internal Control Over Compliance

Management of Women's Shelter Program, Inc. of San Luis Obispo County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Women's Shelter Program, Inc. of San Luis Obispo County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures 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 Women's Shelter Program, Inc. of San Luis Obispo County's internal control over compliance.

A deficiency in internal control over compliance 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, 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, 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted certain other matters that we reported to management of Women's Shelter Program, Inc. of San Luis Obispo County in a separate letter dated October 25, 2011.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Women's Shelter Program, Inc. of San Luis Obispo County as of and for the year ended June 30, 2011, and have issued our report thereon dated October 25, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, 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.

**Board of Directors
Women's Shelter Program, Inc.
of San Luis Obispo County
Page 3**

This report is intended solely for the information and use of the management and board of directors of Women's Shelter Program, Inc. of San Luis Obispo County 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.



Glenn Burdette
Certified Public Accountants
San Luis Obispo, California

October 25, 2011

Women's Shelter Program, Inc. of San Luis Obispo County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

<u>Pass through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Number</u>	<u>Federal Expenditures</u>
U.S. Department of Justice:			
Office on Violence Against Women:			
Legal Assistance for Victims 09/10	16.524	2008-WL-AX-0027	\$ 100,673
Transitional Housing Funds 09/10	16.736	2005-WH-AX-0010	16,111
Transitional Housing Funds 10/11	16.736	2005-WH-AX-0010	49,478
Transitional Housing Funds - ARRA *	16.805	2009-EH-S6-0003	168,025
Passed through CalEMA:			
Crime Victim Assistance:			
Domestic Violence Assistance Program VOCA 09/10 *	16.575	DV10251179	91,856
Child Abuse Treatment Program CHAT 09/10 *	16.575	AT09061179	42,972
Child Abuse Treatment Program CHAT 10/11 *	16.575	AT10071179	109,485
Total U.S. Department of Justice			<u>578,600</u>
U.S. Department of Health & Human Services:			
Passed through CalEMA:			
Domestic Violence Assistance Program FVPSA 09/10	93.671	DV10251179	<u>73,213</u>
Centers for Disease Control and Prevention:			
Passed through State CPEDV:			
DELTA Project 2010	93.136	N/A	29,084
DELTA Project 2011	93.136	N/A	10,811
Total Centers for Disease Control and Prevention			<u>39,895</u>
U.S. Department of Homeland Security:			
Passed through United Way:			
FEMA-Emergency Food and Shelter Program	97.024	LRO: 086400-002	<u>10,000</u>

Women’s Shelter Program, Inc. of San Luis Obispo County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
Page 2

<u>Pass through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing & Urban Development:			
Passed through County of San Luis Obispo:			
HUD-Emergency Shelter Grant	14.231	N/A	\$ 7,117
Homeless Prevention and Rapid Rehousing Program - ARRA	14.257	FR-5307-N-01	52,601
Passed through City of San Luis Obispo:			
CDBG-HOME 2010 Rehabilitation Project	14.218	B-10-UY-06-0508	\$ 28,737
Total U.S. Department of Housing and Urban Development			<u>88,455</u>
Total expenditures of federal awards			<u><u>\$ 790,163</u></u>

* Major federal award program.

Women's Shelter Program, Inc. of San Luis Obispo County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Section I: Summary of Auditors' Results

Financial Statements

(a) Type of auditors' report issued on financial statements: **Unqualified.**

(b) Internal control over financial reporting:

- Material weakness(es) identified: **No.**
- Significant deficiencies identified not considered to be material weaknesses: **No.**

(c) Noncompliance material to financial statements noted: **No.**

Federal Awards

(d) Internal control over major programs:

- Material weakness(es) identified: **No.**
- Significant deficiencies identified not considered to be material weaknesses: **No.**

(e) Type of auditors' report issued on compliance for major programs: **Unqualified.**

(f) Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a): **No.**

(g) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000.**

(h) Major Programs:

- Crime Victim Assistance (CFDA Number 16.575)
- Transitional Housing Funds – ARRA (CFDA Number 16.805)

(i) Auditee qualified as low-risk auditee: **No.**

**Section II: Findings Relating to the Financial Statements Which Are Required to be Reported in
Accordance With Government Auditing Standards**

We noted no findings in the current year.

Section III: Findings and Questioned Costs for Federal Awards

We noted no findings or questioned costs in the current year.

**Women's Shelter Program, Inc. of San Luis Obispo County
Summary Schedule of Prior Audit Findings – June 30, 2010
Year Ended June 30, 2011**

We noted no findings for the year ended June 30, 2010.

Supplemental Information

Women's Shelter Program, Inc. of San Luis Obispo County
Schedules of Grant Expenses – DOJ Grant #2008-WL-AX-0027
Year Ended September 30, 2010

	Nine Months Ended June 30, 2010	Three Months Ended September 30, 2010	October 1, 2009 to September 30, 2010
Personnel services	\$ 137,409	\$ 47,329	\$ 184,738
Operating expenses	<u>57,915</u>	<u>53,344</u>	<u>111,259</u>
	<u>\$ 195,324</u>	<u>\$ 100,673</u>	<u>\$ 295,997</u>

Women's Shelter Program, Inc. of San Luis Obispo County
Schedules of Grant Expenses – DOJ OVW Grant #2005-WH-AX-0010
Year Ended August 31, 2010

	Ten Months Ended June 30, 2010	Two Months Ended August 31, 2010	September 1, 2009 to August 31, 2010
Personnel services	\$ 55,132	\$ 10,634	\$ 65,766
Operating expenses	<u>18,507</u>	<u>5,477</u>	<u>23,984</u>
	<u>\$ 73,639</u>	<u>\$ 16,111</u>	<u>\$ 89,750</u>

Women's Shelter Program, Inc. of San Luis Obispo County
Schedules of Grant Expenses – DOJ OVW Grant #2005-WH-AX-0010
Ten Months Ended June 30, 2011

	September 1, 2010 to June 30, 2011 <u>Actual</u>	September 1, 2010 to June 30, 2011 <u>Budget</u>
Personnel services	\$ 28,515	\$ 28,515
Operating expenses	<u>20,963</u>	<u>20,963</u>
	<u>\$ 49,478</u>	<u>\$ 49,478</u>

Women’s Shelter Program, Inc. of San Luis Obispo County
Schedules of Grant Expenses – DOJ OVW Grant #2009-EH-S6-0003
Year Ended June 30, 2011

	July 1, 2010 to June 30, 2011 Actual	July 1, 2010 to June 30, 2011 Budget
	<u> </u>	<u> </u>
Personnel services	\$ 102,814	\$ 102,814
Operating expenses	<u>65,211</u>	<u>65,211</u>
	<u>\$ 168,025</u>	<u>\$ 168,025</u>

Women’s Shelter Program, Inc. of San Luis Obispo County
Schedules of Grant Expenses – CalEMA Grant #AT09061179
Year Ended September 30, 2010

	Nine Months Ended June 30, 2010	Three Months Ended September 30, 2010	October 1, 2009 to September 30, 2010
Personnel services	\$ 89,473	\$ 31,157	\$ 120,630
Personnel services - in-kind	28,458	9,485	37,943
Operating expenses	<u>19,327</u>	<u>11,815</u>	<u>31,142</u>
	<u>\$ 137,258</u>	<u>\$ 52,457</u>	<u>\$ 189,715</u>

Women's Shelter Program, Inc. of San Luis Obispo County
Schedule of Grant Expenses - CalEMA Grant #AT10071179
Nine Months Ended June 30, 2011

	October 1, 2010 to June 30, 2011 Actual	October 1, 2010 to June 30, 2011 Budget	
	<u> </u>	<u> </u>	
Personnel services	\$ 90,450	\$ 90,450	
Personnel services - in-kind	28,458	28,458	
Operating expenses	<u>19,035</u>	<u>19,035</u>	
	<u>\$ 137,943</u>	<u>\$ 137,943</u>	

Women's Shelter Program, Inc. of San Luis Obispo County
Schedule of Grant Expenses - CalEMA Grant #DV10251179
Year Ended June 30, 2011

	July 1, 2010 to June 30, 2011 Actual	July 1, 2010 to June 30, 2011 Budget
	<u> </u>	<u> </u>
Personnel services	\$ 165,069	\$ 165,069
Personnel services - in-kind	<u>41,267</u>	<u>41,267</u>
	<u>\$ 206,336</u>	<u>\$ 206,336</u>