

WOMEN'S SHELTER PROGRAM, INC.
OF SAN LUIS OBISPO COUNTY
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

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Principals:

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

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 as of June 30, 2008, 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, 2008, 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 September 19, 2008, 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.

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 DOJ grant expenses, OES grant expenses and MCH grant expenses are presented for purposes of additional analysis as required by

Board of Directors
Women's Shelter Program, Inc.
of San Luis Obispo County
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grant agreements and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.



Glenn, Burdette, Phillips & Bryson
Certified Public Accountants
A Professional Corporation
San Luis Obispo, California

September 19, 2008

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS

| | |
|---|--------------|
| <u>Current Assets</u> | |
| Cash and cash equivalents | \$ 200,261 |
| Certificates of deposit | 184,397 |
| Accounts receivable | 25,449 |
| Grants receivable | 167,350 |
| Prepaid expenses | 21,228 |
| Total current assets | 598,685 |
| <u>Noncurrent Assets</u> | |
| Restricted cash and cash equivalents in Endowment Trust | 8,225 |
| Certificates of deposit in Endowment Trust | 105,285 |
| Investments | 43,724 |
| Fixed assets, net of accumulated depreciation | 1,013,373 |
| Deposits on leased property | 2,602 |
| Total noncurrent assets | 1,173,209 |
| Total Assets | \$ 1,771,894 |

LIABILITIES AND NET ASSETS

| | |
|--------------------------------------|--------------|
| <u>Current Liabilities</u> | |
| Accounts payable | \$ 10,409 |
| Accrued payroll and payroll taxes | 4,733 |
| Compensated absences payable | 27,486 |
| Refundable grant advances | 4,250 |
| Rent deposits | 3,450 |
| Current portion of notes payable | 5,675 |
| Total current liabilities | 56,003 |
| <u>Long-Term Liabilities</u> | |
| Notes payable - less current portion | 592,467 |
| <u>Net Assets</u> | |
| Unrestricted | 947,511 |
| Temporarily restricted | 4,563 |
| Permanently restricted | 171,350 |
| Total net assets | 1,123,424 |
| Total Liabilities and Net Assets | \$ 1,771,894 |

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

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| <u>Revenues and Other Support</u> | | | | |
| Grants - Federal | \$ 451,644 | | | \$ 451,644 |
| Grants - State | 253,446 | | | 253,446 |
| Grants - Local and nongovernmental | 135,967 | 25,000 | | 160,967 |
| Contributions | 185,217 | 31,067 | 2,691 | 218,975 |
| Service fees | 83,500 | | | 83,500 |
| Fund-raising events | 368,160 | | | 368,160 |
| In-kind support - program related | 293,803 | | | 293,803 |
| In-kind support - general and administration | 1,169 | | | 1,169 |
| In-kind support - fund-raising | 115,305 | | | 115,305 |
| Decrease in value of investments | | (18,635) | | (18,635) |
| Gain on disposal of fixed assets | 11 | | | 11 |
| Investment income | 6,566 | 4,714 | | 11,280 |
| Rental income | 48,228 | | | 48,228 |
| Miscellaneous income | 4,930 | 77 | | 5,007 |
| Transfer of assets to Endowment Trust | (3,340) | | 3,340 | - |
| Total revenues and other support | <u>1,944,606</u> | <u>42,223</u> | <u>6,031</u> | <u>1,992,860</u> |
| <u>Net assets released from restrictions</u> | <u>77,523</u> | <u>(77,523)</u> | | |
| <u>Expenses</u> | | | | |
| Program services | 1,613,723 | 1,512 | | 1,615,235 |
| Supporting services: | | | | |
| General administration | 141,866 | | | 141,866 |
| Fund-raising | 302,779 | | | 302,779 |
| Total expenses | <u>2,058,368</u> | <u>1,512</u> | | <u>2,059,880</u> |
| <u>Increase (Decrease) in Net Assets</u> | (36,239) | (36,812) | 6,031 | (67,020) |
| <u>Net Assets - Beginning of Year</u> | <u>983,750</u> | <u>41,375</u> | <u>165,319</u> | <u>1,190,444</u> |
| <u>Net Assets - End of Year</u> | <u>\$ 947,511</u> | <u>\$ 4,563</u> | <u>\$ 171,350</u> | <u>\$ 1,123,424</u> |

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, 2008

| | <u>Program</u> <u>Services</u> | <u>Supporting Services</u> | | <u>Total</u> |
|----------------------------------|-----------------------------------|---|--------------------------------|---------------------|
| | | <u>General and</u> <u>Administration</u> | <u>Fund-</u> <u>Raising</u> | |
| Salaries | \$ 757,030 | \$ 74,230 | \$ 33,165 | \$ 864,425 |
| In-kind goods and services | 293,803 | 1,169 | 115,305 | 410,277 |
| Payroll taxes | 65,807 | 9,238 | 1,135 | 76,180 |
| Employee benefits | 21,472 | 5,085 | 585 | 27,142 |
| Personnel administration | 3,254 | 147 | | 3,401 |
| Food | 7,307 | | | 7,307 |
| Rent | 111,389 | 16,712 | 3,378 | 131,479 |
| Transportation | 9,238 | 3,315 | | 12,553 |
| Utilities | 25,013 | 433 | 198 | 25,644 |
| Newsletter | | | 9,764 | 9,764 |
| Repairs and maintenance | 66,289 | | | 66,289 |
| Office and equipment maintenance | 9,822 | 918 | 459 | 11,199 |
| Telephone | 24,987 | 2,117 | 150 | 27,254 |
| Hotline service | 1,000 | | | 1,000 |
| Printing and publicity | 2,500 | | | 2,500 |
| Audit | 5,950 | 3,212 | 850 | 10,012 |
| Conferences | 11,749 | | | 11,749 |
| Staff training | 758 | | | 758 |
| Insurance - workers' comp | 24,437 | 3,535 | 817 | 28,789 |
| Insurance - other | 16,767 | 3,029 | 254 | 20,050 |
| Postage | 897 | 500 | 1,027 | 2,424 |
| Shelter supplies | 4,745 | | | 4,745 |
| Resident and client services | 42,726 | | | 42,726 |
| Equipment | 8,813 | 1,362 | | 10,175 |
| Depreciation | 58,111 | 14,107 | | 72,218 |
| Interest | 16,289 | | | 16,289 |
| Other | 1,145 | 1,577 | | 2,722 |
| Fund-raising | | | 135,692 | 135,692 |
| Security | 1,461 | | | 1,461 |
| Consultants | 1,210 | | | 1,210 |
| Vehicle | 3,968 | | | 3,968 |
| Prevention and education | 6,296 | | | 6,296 |
| Office relocation | 2,437 | | | 2,437 |
| Child program supplies | 1,245 | | | 1,245 |
| Office supplies | 7,320 | 1,180 | | 8,500 |
| | <u>\$ 1,615,235</u> | <u>\$ 141,866</u> | <u>\$ 302,779</u> | <u>\$ 2,059,880</u> |

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, 2008

| | | |
|---|-----------------|-------------------|
| <u>Cash Flows From Operating Activities</u> | | |
| Decrease in net assets | | \$ (67,020) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | \$ 72,218 | |
| Unrealized gain on investments | 18,635 | |
| Noncash contributions | (1,005) | |
| In-kind support - program related fixed assets | (59) | |
| Loss on disposal of fixed assets | (11) | |
| Changes in operating assets and liabilities: | | |
| Decrease in accounts receivable | 15,656 | |
| Increase in grants receivable | (21,673) | |
| Increase in prepaid expenses | (6,852) | |
| Increase in restricted cash in Endowment Trust | (4,758) | |
| Increase in deposits on leased property | (1,902) | |
| Increase in accounts payable | 2,823 | |
| Decrease in accrued payroll and payroll taxes | (367) | |
| Decrease in compensated absences payable | (422) | |
| Decrease in refundable grant advances | (334) | |
| Increase in rent deposits | 49 | |
| Total adjustments | <u>71,998</u> | <u>71,998</u> |
| Net cash provided by operating activities | | <u>4,978</u> |
| <u>Cash Flows From Investing Activities</u> | | |
| Purchase of certificates of deposit | (100,000) | |
| Reinvested interest income in certificates of deposit | (3,599) | |
| Purchase of fixed assets | <u>(51,553)</u> | |
| Net cash used in investing activities | | (155,152) |
| <u>Cash Flows From Financing Activities</u> | | |
| Principal payments on long-term debt | <u>(5,102)</u> | |
| Net cash used in financing activities | | <u>(5,102)</u> |
| <u>Net Decrease in Cash and Cash Equivalents</u> | | (155,276) |
| <u>Cash and Cash Equivalents - Beginning of Year</u> | | <u>355,537</u> |
| <u>Cash and Cash Equivalents - End of Year</u> | | <u>\$ 200,261</u> |
| <u>Supplemental Disclosure of Cash Flow Information</u> | | |
| Payment of interest | | <u>\$ 16,289</u> |
| <u>Noncash Investing and Financing Activities</u> | | |
| Contributions of investments | | <u>\$ 1,005</u> |

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, 2008

Note 1 - Summary of Significant Accounting Policies

A. Organization

Women's Shelter Program, Inc. of San Luis Obispo County (the Organization) is a nonprofit corporation 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.

B. 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.

C. Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state income taxes.

D. Financial Statement Presentation

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*, 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 SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, 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.

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008

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Note 1 - Summary of Significant Accounting Policies (Continued)

E. 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.

F. 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.

G. Concentrations of Credit Risk

The Organization receives grant funding from several agencies, including the United States Department of Justice passed through the State of California Office of Emergency Services and the Federal Office of Emergency Services passed through the State of California Maternal and Child Health program. The funding from these two agencies accounted for approximately 39% and 26%, respectively, of total grant revenues for the period ended June 30, 2008.

The Organization maintains cash balances at financial institutions located in California. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$100,000. At June 30, 2008, the Organization had cash deposits in excess of insured limits totaling \$122,526.

H. 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.

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008

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Note 1 - Summary of Significant Accounting Policies (Continued)

I. 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.

J. 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.

K. 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.

L. 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.

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008

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Note 2 - Grants Receivable

Grants receivable are comprised of the following federal, state and local grants at June 30, 2008:

| | | |
|--|----|----------------|
| Office on Violence Against Women | \$ | 14,419 |
| OES Domestic Violence Assistance Program | | 44,325 |
| OES Child Abuse Treatment Program | | 23,980 |
| San Luis Obispo County Coalition | | 2,915 |
| Federal Emergency Shelter Grant | | 1,542 |
| Maternal and Child Health | | 55,332 |
| Home/CBDG | | 14,709 |
| DELTA Project | | 10,128 |
| | | <hr/> |
| | \$ | <u>167,350</u> |

Note 3 - Fixed Assets

Fixed assets are comprised of the following at June 30, 2008:

| | | |
|-----------------------------------|----|------------------|
| Furniture, fixtures and equipment | \$ | 175,607 |
| Land | | 380,182 |
| Land improvements | | 54,824 |
| Shelter facilities | | 404,642 |
| Transitional housing facilities | | 517,391 |
| Leasehold improvements | | 8,075 |
| | | <hr/> |
| | | 1,540,721 |
| Less: Accumulated depreciation | | (527,348) |
| | | <hr/> |
| | \$ | <u>1,013,373</u> |

Note 4 - Federal and 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. The following is a summary of the activity during the year ended June 30, 2008:

| | | |
|-----------------------------|----|---------------|
| Balance - Beginning of Year | \$ | 37,267 |
| Additions | | 59 |
| Deletions | | (12,357) |
| | | <hr/> |
| Balance - End of Year | \$ | <u>24,969</u> |

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008

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Note 5 - Refundable Grant Advances

Refundable grant advances are comprised of the following at June 30, 2008:

| | |
|-------------------------------------|-----------------|
| Federal Emergency Management Agency | <u>\$ 4,250</u> |
|-------------------------------------|-----------------|

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 2009. Interest is variable at Wall Street Journal prime rate. No amounts were outstanding on the line of credit at June 30, 2008.

Note 7 - Notes Payable

Notes payable are comprised of the following at June 30, 2008:

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. \$ 322,322

Note payable to Coast National Bank entered into December 2001, for the residual purchase price of transitional housing. Interest is variable at Wall Street Journal prime rate plus 1%. Interest adjusts every five years. The interest rate at June 30, 2008, is 5.75% per annum. Currently payable at \$1,782/month and has a maturity date of January 2032. 275,820

| | |
|-----------------|----------------|
| Current portion | <u>598,142</u> |
| | <u>5,675</u> |

\$ 592,467

There is no repayment schedule for the note payable to the City of San Luis Obispo. Maturities of the note payable to Coast National Bank at June 30, 2008 are as follows:

| <u>Year Ended June 30,</u> | |
|----------------------------|-------------------|
| 2009 | \$ 5,675 |
| 2010 | 6,010 |
| 2011 | 6,364 |
| 2012 | 6,740 |
| 2013 | 7,138 |
| Thereafter | <u>243,893</u> |
| | <u>\$ 275,820</u> |

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008

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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, 2008:

| | |
|---|-------------------|
| Federal | |
| DELTA Project | \$ 40,350 |
| Office on Violence Against Women | 62,090 |
| Federal HOME Grant | 36,117 |
| Federal Emergency Shelter Grant | 7,168 |
| Federal Emergency Management Agency | 9,167 |
| OES Domestic Violence Assistance Program | 150,333 |
| OES Child Abuse Treatment Program | 146,419 |
| State | |
| Maternal and Child Health | 221,329 |
| OES Domestic Violence Assistance Program | 32,117 |
| Local and nongovernmental | |
| City of Morro Bay | 1,000 |
| City of San Luis Obispo | 10,000 |
| County of San Luis Obispo | 27,500 |
| Janssen Fund | 5,000 |
| Marriage License Fees | 26,632 |
| Miscellaneous grants | 6,500 |
| Oser Fund | 20,000 |
| Preventative Health | 30,000 |
| San Luis Obispo County Community Foundation | 7,500 |
| Soroptimists | 4,335 |
| United Way | 22,500 |
| | <u>866,057</u> |
| | <u>\$ 866,057</u> |

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008

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Note 9 - Operating Leases

The Organization leases office facilities under two operating leases. Both leases have an initial term of five years through May 2011. Both leases provide the option to renew for three successive three-year periods. The initial rents are \$5,574 and \$2,548 per month with annual CPI adjustments.

Future minimum lease payments under the operating leases are as follows:

| <u>Year Ended June 30,</u> | |
|----------------------------|-------------------|
| 2009 | \$ 97,464 |
| 2010 | 97,464 |
| 2011 | <u>89,342</u> |
| | <u>\$ 284,270</u> |

Rent expense under these operating leases for the year ended June 30, 2008 was \$131,479.

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008

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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, 2008:

Statement of Financial Position

| | |
|--|-------------------|
| <u>Noncurrent Assets</u> | |
| Restricted cash in Endowment Trust | \$ 8,225 |
| Certificates of deposit in Endowment Trust | 105,285 |
| Investments | <u>43,724</u> |
| Total Assets | <u>\$ 157,234</u> |
| <u>Net Assets</u> | |
| Temporarily restricted | \$ (14,116) |
| Permanently restricted | <u>171,350</u> |
| Total Net Assets | <u>\$ 157,234</u> |

Statement of Activities

| | |
|--|-------------------|
| <u>Revenues and Other Support</u> | |
| Cash contributions | \$ 1,750 |
| Investment contributions | 941 |
| Transfer of investments from Women's Shelter Program | 3,340 |
| Decrease in value of investments | (18,635) |
| Investment income | 4,714 |
| Miscellaneous income | <u>77</u> |
| Total revenues and other support | (7,813) |
| <u>Expenses</u> | |
| Program services | <u>1,512</u> |
| Total expenses | <u>1,512</u> |
| <u>Decrease in Net Assets</u> | (9,325) |
| <u>Net Assets - Beginning of Year</u> | <u>166,559</u> |
| <u>Net Assets - End of Year</u> | <u>\$ 157,234</u> |

The transfer of investments from the Organization to the Trust during the year ended June 30, 2008 has been eliminated from the accompanying financial statements.

Principals:

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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, 2008, and have issued our report thereon dated September 19, 2008. 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 in order to determine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiency described at finding 2008-1 described below to be a significant deficiency in internal control over financial reporting.

Finding 2008-1 – Recording of Unrestricted Donations

Criteria: Donations are to be recorded as revenue in the year in which they are received. Restrictions on donations are established by the donor.

Condition: During our audit, we identified three donations that were deferred in the current year even though they were received and no restrictions were placed on the donations by the donors.

Cause and Effect: This resulted in an understatement of revenue of \$20,000 and a corresponding overstatement of deferred revenue.

Recommendation: We recommend that Women's Shelter Program, Inc. of San Luis Obispo County follow accounting principles generally accepted in the United States of America when evaluating how to record donations.

Organization's Response: Women's Shelter Program, Inc. of San Luis Obispo County recognizes that there can be no exceptions to recording revenue in the fiscal year it is received. It was an error to record unrestricted donations as deferred income. The purpose of this entry was to provide additional income in the budget for the coming year. The correct manner of accomplishing this would have been to (1) record the donations as revenue in FY 07/08 and (2) to record the use of Reserved Funds in that amount in the Board approved budget for FY 08/09.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control. However, we consider the significant deficiency described above as finding 2008-1 to be a material weakness in internal control over financial reporting.

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*.

Women's Shelter Program, Inc. of San Luis Obispo County's response to the findings identified in our audit is described above. We did not audit Women's Shelter Program, Inc. of San Luis Obispo County's response and, accordingly, we express no opinion on it.

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

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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, Phillips & Bryson
Certified Public Accountants
A Professional Corporation
San Luis Obispo, California

September 19, 2008

SUPPLEMENTAL INFORMATION

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY
SCHEDULES OF GRANT EXPENSES – DOJ GRANT #2005-WH-AX-0010
YEAR ENDED AUGUST 31, 2007

| | Ten Months Ended <u>June 30, 2007</u> | Two Months Ended <u>August 31, 2007</u> | September 1, 2006 to <u>August 31, 2007</u> |
|--------------------|---|---|---|
| Personnel services | \$ 41,679 | \$ 8,946 | \$ 50,625 |
| Operating expenses | <u>7,289</u> | <u>1,446</u> | <u>8,735</u> |
| | <u>\$ 48,968</u> | <u>\$ 10,392</u> | <u>\$ 59,360</u> |

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY
SCHEDULES OF GRANT EXPENSES – DOJ GRANT #2005-WH-AX-0010
TEN MONTHS ENDED JUNE 30, 2008

| | September 1, 2007 to June 30, 2008 Actual | September 1, 2007 to June 30, 2008 Budget |
|--------------------|--|--|
| | <u> </u> | <u> </u> |
| Personnel services | \$ 43,296 | \$ 43,296 |
| Operating expenses | <u>8,402</u> | <u>8,402</u> |
| | <u>\$ 51,698</u> | <u>\$ 51,698</u> |

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY
SCHEDULE OF GRANT EXPENSES - OES GRANT #AT06031179
YEAR ENDED SEPTEMBER 30, 2007

| | Nine Months Ended <u>June 30, 2007</u> | Three Months Ended <u>September 30, 2007</u> | October 1, 2006 to <u>September 30, 2007</u> |
|------------------------------|--|--|--|
| Personnel services | \$ 91,323 | \$ 30,441 | \$ 121,764 |
| Personnel services - in-kind | 27,478 | 10,022 | 37,500 |
| Operating expenses | <u>18,475</u> | <u>9,761</u> | <u>28,236</u> |
| | <u>\$ 137,276</u> | <u>\$ 50,224</u> | <u>\$ 187,500</u> |

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY
SCHEDULE OF GRANT EXPENSES - OES GRANT #AT07041179
NINE MONTHS ENDED JUNE 30, 2008

| | October 1, 2007 to June 30, 2008 <u>Actual</u> | October 1, 2007 to June 30, 2008 <u>Budget</u> |
|------------------------------|---|---|
| Personnel services | \$ 88,309 | \$ 88,309 |
| Personnel services - in-kind | 28,125 | 28,125 |
| Operating expenses | <u>17,908</u> | <u>17,908</u> |
| | <u>\$ 134,342</u> | <u>\$ 134,342</u> |

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY
SCHEDULE OF GRANT EXPENSES - OES GRANT #DV07221179
YEAR ENDED JUNE 30, 2008

| | July 1, 2007 to June 30, 2008 <u>Actual</u> | July 1, 2007 to June 30, 2008 <u>Budget</u> |
|------------------------------|--|--|
| Personnel services | \$ 151,374 | \$ 151,374 |
| Personnel services - in-kind | 31,200 | 31,200 |
| Operating expenses | 31,076 | 31,076 |
| Operating expenses - in-kind | <u>8,279</u> | <u>8,279</u> |
| | <u>\$ 221,929</u> | <u>\$ 221,929</u> |

WOMEN'S SHELTER PROGRAM, INC. OF SAN LUIS OBISPO COUNTY
SCHEDULE OF GRANT EXPENSES – MCH GRANT #05-45093 YEAR 2
YEAR ENDED JUNE 30, 2008

| | July 1, 2007 to June 30, 2008 <u>Actual</u> | July 1, 2007 to June 30, 2008 <u>Budget</u> |
|--------------------|--|--|
| Personnel services | \$ 144,252 | \$ 144,252 |
| Operating expenses | 55,439 | 55,439 |
| Indirect costs | <u>21,638</u> | <u>21,638</u> |
| | <u>\$ 221,329</u> | <u>\$ 221,329</u> |