

**NEXT DOOR SOLUTIONS TO
DOMESTIC VIOLENCE**
*(A California Nonprofit
Public Benefit Corporation)*

FINANCIAL REPORT

JUNE 30, 2025
(with comparative totals for 2024)

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B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Next Door Solutions To Domestic Violence
(A California Nonprofit Public Benefit Corporation)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Next Door Solutions To Domestic Violence (A California Nonprofit Public Benefit Corporation) which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Next Door Solutions To Domestic Violence as of June 30, 2025, and 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Next Door Solutions to Domestic Violence and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Next Door Solutions to Domestic Violence's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bowman & Company, CP

Stockton, California
November 20, 2025

NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

ASSETS	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,874,037	\$ 1,773,542
Investments	776,267	744,194
Government grants receivable	375,153	384,678
Pledges and grants receivable, current portion	312,011	285,179
Accounts receivable	7,821	8,496
Interest receivable	9,288	5,447
Prepaid expenses and other current assets	47,318	47,772
Total current assets	3,401,895	3,249,308
PROPERTY AND EQUIPMENT, net	152,584	157,138
OTHER ASSETS		
Right of use assets, net	567,842	166,103
Total assets	<u>\$ 4,122,321</u>	<u>\$ 3,572,549</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 14,973	\$ 51,465
Accrued expenses	365,561	275,623
Advance collections	79,902	20,322
Right of use asset liability, current portion	205,318	167,740
Total current liabilities	665,754	515,150
LONG TERM LIABILITIES		
Right of use asset liability, less current portion	398,729	--
Total liabilities	1,064,483	515,150
NET ASSETS		
Without donor restrictions		
Undesignated	1,247,474	1,238,820
Board designated	1,515,000	1,515,000
Total without donor restrictions	2,762,474	2,753,820
With donor restrictions	295,364	303,579
Total net assets	3,057,838	3,057,399
Total liabilities and net assets	<u>\$ 4,122,321</u>	<u>\$ 3,572,549</u>

NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025
(With Summarized Totals for 2024)

	Year Ended June 30, 2025			
	Without donor restrictions	With donor restrictions	2025 Total	2024 Total
SUPPORT AND REVENUE				
Support				
Government grants and contracts	\$ 3,580,362	\$ --	\$ 3,580,362	\$ 2,674,328
Contributions and grants	824,240	463,023	1,287,263	1,603,562
Special events, net of expenses of \$11,499 and \$121,681 for the years ended June 30, 2025 and 2024, respectively	35,782	--	35,782	20,775
Contributions in-kind	73,174	--	73,174	11,683
Net assets released from restrictions	471,238	(471,238)	--	--
Total support	<u>4,984,796</u>	<u>(8,215)</u>	<u>4,976,581</u>	<u>4,310,348</u>
Revenue				
Government fees	78,771	--	78,771	77,577
Other income	17,775	--	17,775	13,163
Investment income (loss), net	40,215	--	40,215	50,856
Total revenue	<u>136,761</u>	<u>--</u>	<u>136,761</u>	<u>141,596</u>
Total support and revenue	<u>5,121,557</u>	<u>(8,215)</u>	<u>5,113,342</u>	<u>4,451,944</u>
EXPENSES				
Program services				
24 Hour Emergency Services	1,119,864	--	1,119,864	880,751
Healing Services	1,133,578	--	1,133,578	1,674,794
Community and Systems Advocacy	1,460,941	--	1,460,941	923,354
Prevention	433,683	--	433,683	374,222
Total program services	<u>4,148,066</u>	<u>--</u>	<u>4,148,066</u>	<u>3,853,121</u>
Management and general	516,088	--	516,088	608,843
Fundraising	448,749	--	448,749	347,529
Total expenses	<u>5,112,903</u>	<u>--</u>	<u>5,112,903</u>	<u>4,809,493</u>
Change in net assets	8,654	(8,215)	439	(357,549)
Net assets, beginning of year	<u>2,753,820</u>	<u>303,579</u>	<u>3,057,399</u>	<u>3,414,948</u>
Net assets, end of year	<u>\$ 2,762,474</u>	<u>\$ 295,364</u>	<u>\$ 3,057,838</u>	<u>\$ 3,057,399</u>

NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2025
(With Summarized Totals for 2024)

Year Ended June 30, 2025

	Program Expenses					Supporting Services			2025	2024
	24 Hour Emergency Services	Healing Services	Community and Systems Advocacy	Prevention	Total Program Services	Management and General	Fundraising/ development	Total Supporting Services	Total Expenses	Total Expenses
Salaries and related expenses										
Salaries and wages	\$ 565,809	\$ 424,787	\$ 918,652	\$ 275,540	\$ 2,184,788	\$ 327,086	\$ 324,773	\$ 651,859	\$ 2,836,647	\$ 2,568,973
Employee benefits	75,513	30,079	75,401	30,056	211,049	43,109	33,738	76,847	287,896	271,180
Payroll taxes	42,348	34,375	72,853	21,486	171,062	29,668	26,357	56,025	227,087	203,313
Total salaries and related expenses	683,670	489,241	1,066,906	327,082	2,566,899	399,863	384,868	784,731	3,351,630	3,043,466
Program supplies and client assistance	265,141	449,284	163,538	15,894	893,857	457	--	457	894,314	830,255
Special events	--	--	--	--	--	--	11,499	11,499	11,499	121,681
Professional services	29,176	117,469	57,995	47,369	252,009	27,059	15,801	42,860	294,869	412,468
Occupancy	48,691	60,481	126,831	33,653	269,656	16,350	5,963	22,313	291,969	296,739
Communications	24,240	4,457	10,157	1,989	40,843	17,365	1,839	19,204	60,047	62,358
Office expenses	3,657	3,320	7,087	2,605	16,669	4,860	14,398	19,258	35,927	33,306
Other expenses	3,824	613	1,467	547	6,451	16,921	10,969	27,890	34,341	39,169
In-kind materials	43,586	--	7,380	--	50,966	--	--	--	50,966	11,683
Insurance	3,081	2,600	6,348	1,389	13,418	6,875	561	7,436	20,854	28,411
Travel, conferences, and meetings	366	827	2,594	853	4,640	15,401	582	15,983	20,623	10,724
Equipment maintenance and rent	2,809	4,268	8,237	1,693	17,007	10,132	13,132	23,264	40,271	26,000
Depreciation and amortization	11,623	1,018	2,401	609	15,651	805	636	1,441	17,092	14,914
Total expenses by function	1,119,864	1,133,578	1,460,941	433,683	4,148,066	516,088	460,248	976,336	5,124,402	4,931,174
Less: expenses netted against revenues on the statement of activities:										
Direct special event expenses	--	--	--	--	--	--	(11,499)	(11,499)	(11,499)	(121,681)
TOTAL UNRESTRICTED EXPENSES	<u>\$ 1,119,864</u>	<u>\$ 1,133,578</u>	<u>\$ 1,460,941</u>	<u>\$ 433,683</u>	<u>\$ 4,148,066</u>	<u>\$ 516,088</u>	<u>\$ 448,749</u>	<u>\$ 964,837</u>	<u>\$ 5,112,903</u>	<u>\$ 4,809,493</u>
Expenses, as a percentage of total expenses	<u>22%</u>	<u>22%</u>	<u>29%</u>	<u>8%</u>	<u>81%</u>	<u>10%</u>	<u>9%</u>	<u>19%</u>		

NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 439	\$ (357,549)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	17,092	14,914
Realized and unrealized (gain) loss on investments	(527)	(810)
Amortization of operating right of use assets	214,238	216,018
Changes in assets and liabilities:		
(Increase) decrease in:		
Government grants receivable	9,525	(125,231)
Pledge and grants receivable	(26,832)	220,069
Accounts receivable	675	(4,398)
Interest receivable	(3,841)	(5,447)
Prepaid expenses and other current assets	454	1,901
(Decrease) increase in:		
Accounts payable	(36,492)	7,230
Accrued expenses	89,938	(23,446)
Advance collections	59,580	(23,649)
Right of use asset liability	(179,670)	(213,268)
Net cash provided by (used in) operating activities	<u>144,579</u>	<u>(293,666)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(12,538)	(20,533)
Purchase of investments	(700,000)	(1,619,578)
Proceeds from sale of investments	668,454	1,225,000
Net cash provided by (used in) investing activities	<u>(44,084)</u>	<u>(415,111)</u>
Net increase (decrease) in cash and cash equivalents	100,495	(708,777)
Cash and cash equivalents, beginning of year	<u>1,773,542</u>	<u>2,482,319</u>
Cash and cash equivalents, end of year	<u>\$ 1,874,037</u>	<u>\$ 1,773,542</u>

NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Organization:

Next Door Solutions to Domestic Violence (the "Organization"), established in 1971, has extensive experience in working with the unique needs of those impacted by domestic violence ("DV") and in the provision of targeted and impactful programs with measurable outcomes that address serious unmet community needs in Santa Clara County ("SCC"). The Organization believes it has positioned itself as a recognized and trusted thought leader in the nonprofit and domestic violence services sector and participates in collaborative efforts to address systemic domestic violence and ensuing issues faced by those escaping violence and seeking safety, stability and self-sufficiency. Currently, the organization is the only free-standing domestic violence agency in the county that provides a full array of domestic violence services. Organization programs offer a range of culturally and linguistically appropriate services that are comprehensive, compassionate and survivor-defined in order to meet the unique and diverse needs of SCC's diverse families. During the year ended June 30, 2025, the Organization's programs provided 23,343 advocacy services with 12,400 hotline calls. As a multi-cultural, public benefit agency dedicated to proactive and progressive solutions to domestic violence through advocates embedded in multiple community entry points, the Organization also conducts community outreach and DV educational activities with the goal of creating a community environment where violence and abuse are not tolerated.

The Organization

Believes that domestic violence happens across our community regardless of socio-economic status, ethnicity, gender identity, and language differences and our community environment should be healthy, peaceful and sustainable,

Affirms that all aspects of domestic violence must be addressed to reduce this problem,

Believes that addressing the needs of both adults and children impacted by domestic violence is the key to ending domestic violence in the moment and for all time, and

Believes that community support, advocacy, and multiple community entry points are critical to long-term solutions to the epidemic of domestic violence that affects our local and national population.

Program and Activities:

The Organization serves victims of domestic violence in various advocacy capacities and multiple community entry points. The Organization builds a partnership between advocates and survivors whereby the survivor defines the approach, advocacy and help needed.

NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
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NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Program and Activities (Cont.):

24 Hour Emergency Services

The Shelter Next Door - Clients receive safe respite from potentially life-threatening abuse including shelter, food, toiletries, medicines, links to emergency cash aid and food stamps, peer counseling (case management), housing assistance, financial literacy screening, and emergency transportation. The Shelter houses approximately 19 people at any one time.

24/7 Crisis Hotline - Callers receive a live-voice response from a bilingual advocate 24 hours a day, seven days a week; interpreter services are available for other languages. Services received include peer crisis counseling, information, and referrals to other social service agencies as needed.

Healing Services

The Organization's belief is that with support, a person facing domestic violence can gain confidence and self-empowerment, increase in self-efficacy and resilience, and ultimately move to self-sufficiency.

Case Management - Clients receive comprehensive, survivor-defined case management to assist each client in reaching personal self-sufficiency goals based on eight (8) domains: Income, Education, Housing, Food, Employment, Healthcare, Wellness, and Domestic Violence (abuse/safety). Clients also receive crisis counseling, safety planning, and have access to workshops in the broader subject areas of financial literacy, advance training and education, and job readiness.

Support Groups - Clients receive peer support aimed at building individual resilience and self-esteem in a group setting. Each group is ongoing and facilitated by two advocates. Fifteen (15) support groups are offered virtually and include five (5) offered in English, six (6) groups offered in Spanish, two (2) quilting and two (2) for male survivors. Six groups are in person with nine (9) support groups offered virtually.

Kids Club - Children of survivors attending support groups and those residing at shelter have the option to participate in thoughtful, engaging, and fun activities through Kids Club. Children ages 3-15 years receive and engage in structured play groups and individual activities in a safe, inviting, and consistent environment that promotes positive play. It is a space for kids who have experienced/witnessed trauma to just be kids.

NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Program and Activities (Cont.):

Healing Services (Cont.)

Therapy - Provided by licensed therapists, clients receive/attend sessions individually or as a family. Therapeutic orientations depend on the client, situation, and timeframe. Families are assisted in increasing stability and ability to feel confident in parenting during transitions from pre- to post-violence through increased support.

Housing - Working with an Organization advocate, clients increase access to, and retention of safe permanent housing. Services include tailored case management, rental assistance, and supportive services that are directed at addressing various life domain barriers, i.e. income, employment, health, that may contribute to the client's risk of homelessness.

Community and Systems Advocacy

Walk-In Crisis Counseling - Clients receive services from an organization advocate to address barriers to safety, stability and self-sufficiency. Working with the advocate, clients receive an assessment to determine the client's particular needs, help determining which services would benefit them, and assistance in accessing those services. Services include safety planning, risk assessments, advocacy, restraining order assistance, support, and referrals.

Legal Services - Working with the Organization's advocates, clients receive legal assistance with temporary restraining orders, court accompaniment and other domestic violence related court hearings and immigration services.

Prevention

Domestic Violence and Healthcare Initiative - In collaboration with local community health clinics and the East San Jose PEACE Partnership, the Organization provides community outreach and education on DV's impact to the health and well-being of survivors, children, and youth; technical assistance to health clinics for conducting DV screenings and trainings for clinical staff to advance universal knowledge of the larger impact of DV on health, and to promote the practice of providing universal education to all patients who come to healthcare providers, not just screening for disclosure.

Community Outreach Initiative - The Organization with the help of the survivor advisory group, "El Comité De Mujeres Fuertes" (Committee of Strong Women) conduct education and training on domestic violence in the broader community. The group has undergone training as Community Health Workers (Promotores) and is partnering with Stanford Medical School to develop a training of trainers for Promotores on domestic violence specifically targeting the Latinx community.

NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
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NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Program and Activities (Cont.):

Prevention (Cont.)

Youth Prevention – The Organization works with community to build a county-wide coalition that addresses the issues youth are facing: mental health/wellbeing, jobs/college, peer connections, services, housing, healthy cultural-social identity, healthy relationships, youth centers, youth leadership and organizing. The coalition shares a goal of building youth leadership cohorts for connection in areas where Teen Dating Violence is high and helps youth create positive social media content to keep them connected and engaged. Members of the Coalition also create an annual Youth in Action conference.

Basis of Accounting:

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

Basis of Presentation:

The Organization is required to report information regarding their financial position and activities according to the following net asset classifications:

Net assets without donor restrictions:

Net assets without donor restrictions are those net assets presently available for use by the Organization at the discretion of the Board of Directors. If the Board specifies a purpose where none has been stated by the original donor, such assets are classified as Board designated net assets.

Net assets with donor restrictions:

Net assets with donor restrictions are those net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated funds be maintained in perpetuity.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The Organization has not experienced any losses in such accounts.

NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Fair Value of Financial Instruments:

The carrying amount of financial instruments, including cash and cash equivalents, government grants receivable, pledges and grants receivable, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued expenses, and advance collections approximate their fair value due to the short-term maturities of these instruments.

The carrying amounts (which are fair value) of long-term investments are based on values provided by quoted market values.

Investments:

Investments are stated at fair value or net asset value. Investments received through gifts are recorded at fair value at the date of donation. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales or maturities are determined using the specific identification method.

Government Grants Receivable:

Government grants receivable consists of amounts due under conditional cost-reimbursement government grants and contracts. All grants receivable are due within in one year.

Pledges and Grants Receivable:

Pledges and grants receivables that are expected to be collected within one year are recorded at net realizable value. Pledges and grants receivables that are expected to be collected in future years are recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Due to the immaterial amount of the calculated discount, the Organization has not recorded the discount amount.

Accounts Receivable:

Accounts receivable are stated at unpaid balances, less an allowance for credit losses. The Organization provides for credit losses on accounts receivable using the allowance method. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology requires that a loss be incurred before it is recognized. The allowance is based on creditworthiness, historical experience, third-party contracts, and other circumstances, which may affect the ability of accounts receivable balances to be fully collected. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. At June 30, 2025, allowance for credit losses on accounts receivable was \$0.

NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Property and Equipment:

Property and equipment are stated at cost if purchased or at the approximate fair value at the date placed in service, if donated. Depreciation is computed on the straight-line basis over the estimated useful lives:

	<u>Years</u>
Buildings and improvements	3-39
Furniture and equipment	3-10
Leasehold improvements	5-7

It is the policy of the Organization to capitalize additions with costs greater than \$1,000.

Impairment of Long-Lived Assets:

The Organization evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. The determination of whether long-lived assets are recoverable is based on management's estimate of the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of the long-lived assets, as compared to its carrying value. If the carrying amount of the long-lived assets is greater than the undiscounted cash flows, an impairment loss would be recognized for the amount by which the carrying amount of the assets exceeds its fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There were no impairment losses recognized during the year ended June 30, 2025.

Right of Use Assets and Liabilities:

The Organization recognizes a right of use asset at cost, which comprises the initial amount of the lease liability plus any initial payments and initial direct costs in accordance with Accounting Standards Codification (ASC) 842 *Leases*. The right of use asset is amortized using the straight-line method over the earlier of the useful life of the right of use asset or the end of the lease term. The right of use asset is evaluated periodically for impairment losses.

The Organization recognizes a lease liability measured at the present value of the scheduled lease payments at the commencement date and reduced using a risk-free discount rate comparable with that of the lease term.

The Organization has elected not to recognize right of use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. These lease payments are recognized as an expense over the lease term.

Accrued Vacation:

Accrued vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation at June 30, 2025 was \$111,914.

NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Accumulated Sick Leave:

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the agency since payment of such benefits is not probable or estimable. Therefore, sick leave benefits are recorded as expenditures in the period sick leave is taken.

Revenue Recognition:

All support is considered available for unrestricted use unless specifically restricted by donor in accordance with ASC Topic 958-605. Support and unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfaction of restrictions on net assets with donor restrictions. Conditional contributions received are accounted for as a refundable advance on the statement of financial position or are unrecognized initially, that is, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

The Organization generates a significant amount of revenue from providing services to accomplish its program and support services through cost reimbursement state and federally funded programs. The revenue generated from these services is recorded as government grants in the statement of activities. These government grants meet the criteria to be classified as conditional contributions under GAAP revenue recognition for nonprofit organizations as they contain barriers related to the incurrence of qualifying expenditures and a right of return or release. The Organization has elected a simultaneous release option to account for these grants. Therefore, they are recorded as government grants without donor restriction upon satisfaction of the barriers. In the event amounts are received and have not been earned, the Organization records such amounts as refundable advances until earned. As of June 30, 2025, the Organizations had conditional contributions related to open state and federal government grant agreements (see Note 8).

All other revenue is recognized when earned based on an exchange of goods and/or services in accordance with ASC Topic 606. Amounts not earned during the reporting period are recognized as deferred revenue.

Functional Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising costs. Indirect salary allocations are based on timesheets. Other indirect costs are allocated on the basis of full time equivalent staff members in each function.

NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE
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NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Donated Materials and Services:

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, that 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 Tax Status:

The Organization has been granted tax-exempt status by the Internal Revenue Service under IRC Section 501(c)(3) and the California Franchise Tax Board under Section 23701(d). The Organization is classified by the Internal Revenue Service as an other-than-private foundation. Accordingly, no provision for federal or state income taxes is made in the accompanying financial statements. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Comparative Financial Statements:

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 the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Subsequent Events:

Management has evaluated subsequent events through November 20, 2025, the date on which the financial statements were available to be issued and determined no events or transactions have occurred that require recognition or disclosure in the financial statements.

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NOTES TO FINANCIAL STATEMENTS

Note 2. Availability and Liquidity

The following represents the Organization's financial assets at June 30, 2025:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,874,037
Investments	776,267
Government grants receivable	375,153
Pledges and grants receivable	312,011
Accounts receivable	7,821
	<u>3,345,289</u>
Total financial assets	
Less amounts not available to be used within one year:	
Board designated operating reserve	1,515,000
Restricted for a specific purpose	165,864
Restricted to a passage of time	129,500
Financial assets not available to be used within one year	<u>1,810,364</u>
Financial assets available to meet general expenditures over the next twelve months.	\$ <u>1,534,925</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization is substantially supported by contributions and government grants. The Organization holds all of its cash in bank accounts that can be readily available for operating needs. Short-term receivables consist of accounts, government grants and pledges and grants receivable expected to be received within one year from June 30, 2025. Short-term accounts and pledges and grants receivable without donor restrictions will be available to support general operations of the Organization.

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NOTES TO FINANCIAL STATEMENTS

Note 3. Investments and Fair Value Measurement

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1—quoted prices in active markets for identical investments.

Level 2—observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted price for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3—unobservable inputs not corroborated by market data, therefore requiring the entity to use the best information available in the circumstances, including the entity's own data.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All of the cash and cash equivalents and investments invested in marketable securities are deemed to be Level 1 within the valuation hierarchy. There are no Level 2 and Level 3 valuations.

Investments consisted of the following at June 30, 2025:

	Investments at Fair Value			Total
	Level 1	Level 2	Level 3	
Money market	\$ 251,332	\$ --	\$ --	\$ 251,332
Corporate Certificate of Deposits	524,935	--	--	524,935
Total	<u>\$ 776,267</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 776,267</u>

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NOTES TO FINANCIAL STATEMENTS

Note 4. Property and Equipment

Property and equipment and the related accumulated depreciation consisted of the following at June 30, 2025:

Buildings and improvements	\$ 283,314
Land	96,974
Furniture and equipment	243,645
Leasehold improvements	52,642
Construction in progress	<u>7,520</u>
	684,095
Less accumulated depreciation	<u>(531,511)</u>
Property and equipment, net	<u><u>\$ 152,584</u></u>

Depreciation expense for the year ended June 30, 2025 totaled \$17,092.

Note 5. Right of Use Assets and Lease Liabilities

The Organization leases office space under non-cancellable operating leases. At June 30, 2025, the components of these operating leases were as follows:

Right of use asset - operating	\$ 615,977
Accumulated amortization of right of use asset	<u>(48,135)</u>
Right of use asset - operating, net	<u><u>\$ 567,842</u></u>

At June 30, 2025, the lease liabilities were as follows:

Operating lease liability for office space, monthly payments of \$18,815 and lease termination date of March 2028.	\$ 604,047
Less current portion	<u>(205,318)</u>
Lease liability - operating, less current portion	<u><u>\$ 398,729</u></u>

During the year ended June 30, 2025, amortization of right of use asset and accretion of interest expense were \$214,238 and \$8,481, respectively.

As of June 30, 2025, the weighted-average remaining lease term in years is 2.75 and the weighted-average discount was 3.89%.

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NOTES TO FINANCIAL STATEMENTS

Note 5. Right of Use Assets and Lease Liabilities (Cont.)

The aggregate amounts of principal payments due are as follows for the years ending June 30:

2026	\$ 227,475
2027	234,299
2028	<u>179,649</u>
	641,423
Less present value discount	<u>(37,376)</u>
	<u>\$ 604,047</u>

Note 6. Board Designated Net Assets

Operating reserve:

The Organization maintains a minimum of three months' reserve to stabilize cash flow and cover any support and revenue shortfalls that occur because of grant delays and seasonal variation in fundraising or receipts that do not meet budget expectations. Government, foundation, and corporation grants can make up a significant portion of the Organization's support and revenue, and there can be significant delays in the receipt of these monies after an award. The operating reserve totaled \$1,515,000 as of June 30, 2025.

Administrative reserve:

A second reserve was established during the year ended June 30, 2015, to ensure adequate administrative support for the Organization which will allow for greater efficiency and increased community outreach. The scope of the administrative reserve was expanded in 2017 to ensure the agency is following Santa Clara County living wage compensation recommendations. The administrative reserve totaled \$0 as of June 30, 2025.

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions reconciled as follows at June 30, 2025:

	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Specific Purpose:				
Community and systems advocacy	\$ 118,527	\$ 33,825	\$ (31,526)	\$ 120,826
Healing services	52,112	100,675	(136,584)	16,203
24 hour emergency services	15,943	34,402	(25,345)	25,000
Quilting	1,997	705	--	2,702
Health partnership	--	8,200	(7,067)	1,133
Winter open house	--	26,216	(26,216)	--
Passage of Time:				
General operating	<u>115,000</u>	<u>259,000</u>	<u>(244,500)</u>	<u>129,500</u>
	<u>\$ 303,579</u>	<u>\$ 463,023</u>	<u>\$ (471,238)</u>	<u>\$ 295,364</u>

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Note 8. Conditional Government Grants

Conditional government grants are recognized as revenue when the Organization meets the terms of the conditions.

Conditional promises to give, expected to be recognizable in one year or less, consisted of the following:

Awards recognizable as the Organization incurs allowable expenditures
for federal, state and other governmental grants \$ 564,155

Note 9. In-kind Donations

Contributed materials recognized include food, supplies and materials for fund development and used in The Shelter Next Door Program. The Organization did not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

In-kind contributions revenue is recorded at fair market value as both revenue and expense, in accordance with GAAP, and are valued as follows:

Services: Based on fair value of services provided.

Materials: Based on fair value of items donated.

Donated food was received from Second Harvest of Silicon Valley. Donated nongovernment food was valued at \$1.90 per pound for the year ended June 30, 2025. Purchased food was valued at the actual purchased food cost. These valuations were based on cost studies conducted for Feeding America.

Total in-kind revenues and expenditures for the year ended June 30, 2025 was as follows:

Materials	\$ 50,966
Services	<u>22,208</u>
Total	<u>\$ 73,174</u>

Note 10. Conflict of Interest Policy

Included among the Organization's Board of Directors and Officers are volunteers from the community who provide valuable assistance to the Organization in the development of policies and programs and in the evaluation of business transactions. The Organization has adopted a conflict of interest policy whereby board members are disqualified from participation in the final decisions regarding any action affecting their related company or agency.

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Note 11. Concentrations

The Organization receives grants from various governmental agencies to provide services with governmental funding representing approximately 60% of all support and revenue for the year ended June 30, 2025. During the year ended June 30, 2025, two governmental agencies provided approximately 89% of the total government grants. In the event that either of these funding opportunities were to be reduced or terminated, the Organization's ability to provide services would be impacted, though not eliminated, and alternative funding sources would be secured.

Grants, pledges, and accounts receivable are principally with governmental organizations and private foundations. As of June 30, 2025, 64% of the government grants receivable were due from two governmental organizations, and 83% of the (nongovernment) pledges and grants receivable were due from two private foundations.

Note 12. Contingencies

Grants and contracts awarded to Next Door Solutions to Domestic Violence are subject to the funding agencies' criteria, contract terms, and regulations under which expenditures may be charged and are subject to audit under such terms, regulations, and criteria. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.