

SANTA YNEZ VALLEY  
PEOPLE HELPING PEOPLE  
FINANCIAL STATEMENTS

JUNE 30, 2011

# MELISSA PETERSEN & COMPANY

## CERTIFIED PUBLIC ACCOUNTANT

### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Santa Ynez Valley People Helping People

We have audited the accompanying statement of financial position of Santa Ynez Valley People Helping People (a California nonprofit organization) as of June 30, 2011 and the related 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. The prior year summarized comparative information has been derived from the Organization's 2010 financial statements and, in our report dated October 28, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial statements referred to above present fairly, in all material respects, the financial position of Santa Ynez Valley People Helping People as of June 30, 2011, and the changes in its net assets, functional expenses and cash flows for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.



Santa Barbara, California  
October 31, 2011

SANTA YNEZ VALLEY PEOPLE HELPING PEOPLE  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2011 AND 2010

<u>ASSETS</u>		
	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and cash equivalents	\$ 363,262	\$ 250,472
Contracts receivable (net of allowance of \$5,079 in 2010)	149,952	124,695
Grants receivable	10,000	77,730
Pledges receivable	19,508	26,100
Other receivables	4,170	1,685
Inventory	23,955	14,323
Other assets	24,120	15,669
Total Current Assets	<u>594,967</u>	<u>510,674</u>
Property and equipment (Note 5)	<u>371,853</u>	<u>298,179</u>
Total Assets	<u>\$ 966,820</u>	<u>\$ 808,853</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 27,802	\$ 19,876
Accrued payroll and related expenses	70,329	62,693
Deferred revenue	394	-
Current portion of note payable (Note 6)	13,099	57,143
Current portion of mortgage payable (Note 6)	6,295	11,251
Total Current Liabilities	<u>117,919</u>	<u>150,963</u>
Long Term Liabilities		
Note payable (Note 6)	45,847	156,925
Mortgage payable (Note 6)	186,814	113,004
Total Long Term Liabilities	<u>232,661</u>	<u>269,929</u>
Total Liabilities	<u>350,580</u>	<u>420,892</u>
Net Assets		
Unrestricted	411,640	233,461
Temporarily restricted (Note 7)	204,600	154,500
Total Net Assets	<u>616,240</u>	<u>387,961</u>
Total Liabilities and Net Assets	<u>\$ 966,820</u>	<u>\$ 808,853</u>

SANTA YNEZ VALLEY PEOPLE HELPING PEOPLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	2011 Total	2010 Total All Funds
<b>Support</b>				
Contributions	\$ 163,470	\$ 54,500	\$ 217,970	\$ 70,355
Foundation grants	147,000	124,500	271,500	474,996
Government agency contracts	642,195	-	642,195	547,700
In-kind contributions (Note 11)	342,942	-	342,942	263,750
Special events (net of expenses of \$59,618 and \$49,522, respectively)	234,112	-	234,112	172,243
<b>Total Support</b>	<b>1,529,719</b>	<b>179,000</b>	<b>1,708,719</b>	<b>1,529,044</b>
<b>Revenue</b>				
Thrift store sales	271,671	-	271,671	256,390
Rental income	15,758	-	15,758	16,254
Program fees	215	-	215	2,122
Investment income	2,172	-	2,172	-
Other revenue	759	-	759	1,800
<b>Total Revenue</b>	<b>290,575</b>	<b>-</b>	<b>290,575</b>	<b>276,566</b>
Net assets released from restrictions				
Expiration of program restrictions	128,900	(128,900)	-	-
<b>Total Support and Revenue</b>	<b>1,949,194</b>	<b>50,100</b>	<b>1,999,294</b>	<b>1,805,610</b>
<b>Expenses</b>				
Program Services	1,585,897	-	1,585,897	1,535,253
Supporting Services				
Fundraising	99,419	-	99,419	56,612
Administrative	85,699	-	85,699	86,549
<b>Total Supporting Services</b>	<b>185,118</b>	<b>-</b>	<b>185,118</b>	<b>143,161</b>
<b>Total Expenses</b>	<b>1,771,015</b>	<b>-</b>	<b>1,771,015</b>	<b>1,678,414</b>
Change in Net Assets	178,179	50,100	228,279	127,196
Net Assets at Beginning of Year	233,461	154,500	387,961	260,765
<b>Net Assets at End of Year</b>	<b>\$ 411,640</b>	<b>\$ 204,600</b>	<b>\$ 616,240</b>	<b>\$ 387,961</b>

SANTA YNEZ VALLEY PEOPLE HELPING PEOPLE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2011  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	Program Services	Administrative	Fundraising	2011 Total	2010 Total
Salaries and wages	\$ 817,786	\$ 33,634	\$ 64,864	\$ 916,284	\$ 910,321
Payroll taxes	70,823	2,913	5,618	79,354	78,473
Employee benefits	95,777	3,939	7,597	107,313	102,021
Total salary and related expenses	984,386	40,486	78,079	1,102,951	1,090,815
Advertising	1,334	160	82	1,576	1,497
Amortization	383	29	14	426	24
Bad debts	-	16,086	-	16,086	18,287
Bank charges	6,499	775	398	7,672	4,994
Education and training	1,272	152	78	1,502	3,328
Equipment lease	3,642	435	223	4,300	4,341
In-Kind food (Note 11)	221,669	-	-	221,669	167,831
In-Kind other (Note 11)	16,177	-	1,500	17,677	18,658
In-Kind professional (Note 11)	12,952	11,225	10,688	34,865	15,161
In-Kind rent (Note 11)	59,100	-	-	59,100	62,100
Insurance	12,789	1,473	755	15,017	13,778
Interest	14,243	1,415	718	16,376	21,009
Licenses and taxes	1,558	167	86	1,811	863
Meeting expense	2,669	174	90	2,933	2,946
Mileage reimbursement	7,853	938	481	9,272	9,540
Miscellaneous	390	47	24	461	13
Office expense	5,538	660	339	6,537	10,228
Operating supplies	17,392	1,027	527	18,946	18,395
Outside services	31,595	3,235	1,661	36,491	17,557
Printing, postage and copy	7,557	901	464	8,922	11,031
Professional services	13,944	1,665	854	16,463	18,604
Program expenses	66,794	-	-	66,794	57,712
Rent	47,997	-	-	47,997	48,493
Repairs and maintenance	7,576	576	287	8,439	9,081
Security	941	71	35	1,047	1,061
Telephone	14,465	1,727	886	17,078	17,725
Travel	209	25	13	247	340
Utilities	10,796	813	405	12,014	11,598
Vehicle expense	4,391	524	269	5,184	11,182
Total Expenses Before Depreciation	1,576,111	84,786	98,956	1,759,853	1,668,192
Depreciation	9,786	913	463	11,162	10,222
Total Expenses	<u>\$ 1,585,897</u>	<u>\$ 85,699</u>	<u>\$ 99,419</u>	<u>\$ 1,771,015</u>	<u>\$ 1,678,414</u>

SANTA YNEZ VALLEY PEOPLE HELPING PEOPLE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 228,279	\$ 127,196
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,162	10,222
Changes in		
Contracts receivable	(25,257)	5,077
Grants receivable	67,730	12,270
Pledges receivable	6,592	1,945
Other receivables	(2,485)	1,432
Inventory	(9,632)	8,933
Other assets	(8,451)	2,420
Accounts payable and accrued expenses	7,926	9,126
Accrued payroll and related expenses	7,636	(2,825)
Deferred revenue	394	(379)
Net Cash Provided by Operating Activities	<u>283,894</u>	<u>175,417</u>
Cash Flows from Investing Activities		
Sale of investments	-	2,221
Purchase of fixed assets	(84,836)	(4,724)
Net Cash Used by Investing Activities	<u>(84,836)</u>	<u>(2,503)</u>
Cash Flows from Financing Activities		
Principal payment on note payable	(155,122)	(67,900)
Borrowings on notes payable	68,854	-
Net Cash Used by Financing Activities	<u>(86,268)</u>	<u>(67,900)</u>
Net Increase in Cash	112,790	105,014
Cash and Cash Equivalents, Beginning of Year	<u>250,472</u>	<u>145,458</u>
Cash and Cash Equivalents, End of Year	<u>\$ 363,262</u>	<u>\$ 250,472</u>

SANTA YNEZ VALLEY PEOPLE HELPING PEOPLE

NOTES TO FINANCIAL STATEMENTS

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NOTE 1:        ORGANIZATION

Santa Ynez Valley People Helping People (the Organization) is a voluntary health and welfare organization qualifying under Internal Revenue Code Section 501(c)(3). The Organization is generally exempt from federal and state income taxes and is not considered a private foundation.

The Organization's mission is to provide aid to the less fortunate residents of Santa Ynez Valley, Los Alamos Valley and the Gaviota Coast. Support comes primarily from individual donors' contributions, grants, contracts and thrift store sales.

NOTE 2:        SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets: All contributions are considered to be unrestricted unless specifically restricted by the donor. Restricted contributions that are received and used in the same period are recorded as unrestricted net assets.

Temporarily Restricted Net Assets: Temporarily restricted net assets are assets received with donor restrictions which will be satisfied by particular expenditures or the passage of time.

Permanently Restricted Net Assets: Permanently restricted net assets consist of contributions and other inflows of funds subject to donor imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the actions of the Organization. At year end, the Organization had no permanently restricted net assets.

Basis of Presentation

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

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, including demand deposits and money market accounts.

SANTA YNEZ VALLEY PEOPLE HELPING PEOPLE

NOTES TO FINANCIAL STATEMENTS

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are recorded at market value.

Inventory

The Organization records inventory for goods on hand at its thrift store and food. The values of thrift store items are estimated based on the expected sale price of the donated goods. The value of food inventory is based on an estimated cost per pound.

Property and Equipment

The Organization records property and equipment at cost if purchased or at fair market value at time of contribution if donated and depreciates these assets using the straight-line method over their estimated useful lives. Buildings and improvements are depreciated over periods of 30 to 40 years, while furniture and equipment are depreciated over periods of 5 to 10 years. Assets with a cost of \$500 or more and useful life of more than one year are capitalized.

Contributions

Contributions and other inflows of funds temporarily subject to donor-imposed restrictions are reported as temporarily restricted. The restrictions are temporary in that they are expected to expire with the passage of time or be satisfied and removed by actions of the Organization that fulfill donor stipulations. Temporarily restricted contributions that are satisfied in the year of the contribution are shown as unrestricted contributions.

Donated Services

The Organization relies heavily on volunteers to perform certain services for some of its programs. Because these services do not meet specified criteria for recognition as income and expense, the value of these services has not been included in the Statement of Activities. The Organization also utilizes services provided by volunteer licensed professionals. The Organization uses the market rates the professionals charge to record the value of these donated services.

Donated Goods

The Organization receives donated goods for use in its various programs. The Organization records these donations at their estimated fair market value.

SANTA YNEZ VALLEY PEOPLE HELPING PEOPLE

NOTES TO FINANCIAL STATEMENTS

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes

The Organization has been granted tax exempt status by the Internal Revenue Service and the Franchise Tax Board under section 501(c)(3) and 23071d, respectively. The Organization is not considered a private foundation.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized by function in the Statement of Functional Expenses. Direct costs are charged directly to the appropriate program. Joint costs such as insurance, rent and facility maintenance are allocated by using the direct costs of each program for the year ended June 30, 2011. The allocations are based on current data.

NOTE 3: PROGRAM SERVICES

The Organization's programs services fall into the following main categories:

Basic Needs

*Food*

With the support of the Santa Barbara County Foodbank and local donations, People Helping People delivers food to income-qualified families every other week.

*Emergency Services*

The Organization provides assistance to help clients pay for utilities, transportation, rent, mortgage, temporary shelter and meals.

Health Care Services

*Community Health Access Resource Team (CHART) & Children's Dental Fund*

The Organization works with local doctors, dentists, counselors, pharmacies, and labs to provide free and/or discounted services to those who are uninsured or underinsured. The CHART program also includes a wide range of services designed to assist individuals and families in accessing necessary health care and social services.

*Drug Counseling and Personal Counseling*

The Organization provides drug and personal counseling services at the Santa Ynez and Refugio High Schools in the Santa Ynez Valley Union High School District.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 3: PROGRAM SERVICES (Continued)

Family and Individual Support Services

*Advocates for Domestic and Child Abuse Prevention (ADCAP)*

ADCAP is the only domestic violence intervention and prevention program serving the Santa Ynez Valley and surrounding area. The mission of the program is to break the cycle of domestic violence and child abuse by offering intervention, advocacy, education and support services to individuals and families. Certified Advocates respond to the scene of every domestic violence crime, twenty-four hours a day, seven days a week. Advocates provide immediate comfort and support to the survivors of the violence. Short term help may include medical attention and shelter. Longer term assistance may come from the Organization's other direct service programs or help in successfully navigating the criminal justice system.

*Advocacy*

The Organization provides assistance to individuals in handling government and business forms and regulations.

*Parent Education*

The Organization operates parent education and support groups that explore contemporary topics and discuss positive parenting strategies.

*Christmas Fulfill-A-Wish*

The Organization operates the Fulfill-A-Wish program to provide 100 local families, including 300 or more children, with holiday gifts, clothing, and toys. Donated and some purchased items are displayed in a holiday "boutique" environment in a donated store front and parents are given the opportunity to select items based on their needs and family size.

Children and Youth Services

*Early Mental Health Counseling*

Counseling is provided to assist young children to make appropriate behavioral and social adjustments in school.

*Buellton Youth Program (Seeking Success)*

The program is an after school program for 6<sup>th</sup>-8<sup>th</sup> graders at the Jonata School in Buellton and focuses on academic improvement through computer education, leadership training and recreational activities to supplement homework assistance and tutorials. The program is a partnership of the Buellton School District, City of Buellton Recreation Department, and People Helping People.

SANTA YNEZ VALLEY PEOPLE HELPING PEOPLE

NOTES TO FINANCIAL STATEMENTS

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NOTE 3: PROGRAM SERVICES (Continued)

Children and Youth Services (Continued)

*Workforce Investment (Youth Down 2 Business)*

The program's mission is to help sixty high school students in Santa Ynez and Lompoc enhance career opportunities after graduation by developing life and work skills through mentoring and tutoring.

*Santa Ynez Valley Coalition to Promote Drug Free Youth*

The Organization is working in partnership with a coalition of local community leaders to reduce alcohol, tobacco, and other drug (AOD) use by youth in the local community. Program staff, together with Coalition members, are implementing a five year plan directed at making it less acceptable and more difficult for youth to obtain and use AODs. Community members interested in additional information are encouraged to visit the Coalition's website at [www.syvdrugfree.org](http://www.syvdrugfree.org).

NOTE 4: ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

At June 30, 2010, the Organization had recorded an allowance for uncollectible contract receivables of \$5,079 based on management's estimate of the collectability of specific contracts. At June 30, 2011, management believes that all contract receivables are fully collectible within one year; therefore no allowance for uncollectible contract receivables has been recorded.

Management believes that all unconditional promises to give are fully collectible within one year; therefore, no allowance for uncollectible promises to give has been recorded.

NOTE 5: PROPERTY AND EQUIPMENT

The Organization's investment in property and equipment at June 30, 2011 was as follows:

Land	\$ 141,113
Building & improvements	302,202
Furniture and Fixtures	31,456
Office equipment	22,135
Vehicles	<u>15,787</u>
	512,693
Less: accumulated depreciation	<u>(140,840)</u>
Net Property and Equipment	<u>\$ 371,853</u>

Depreciation expense was \$11,162 and \$10,222 for 2011 and 2010, respectively.

SANTA YNEZ VALLEY PEOPLE HELPING PEOPLE

NOTES TO FINANCIAL STATEMENTS

NOTE 6: NOTE AND MORTGAGE PAYABLE

Notes payable at June 30 consist of:

Note payable to Montecito Bank & Trust secured by a second deed of trust; monthly payments are applied toward interest only and are based on a variable interest rate. At June 30, 2011 that rate was 5.5% per annum; Beginning June 1, 2011, semi-annual payments of \$6,550 will be made by the Organization to pay down the principal balance of the note. Note is due December 1, 2015.

\$ 58,946

Mortgage payable to the Outhwaite Foundation secured by a first deed of trust; monthly payments of \$1,238 commenced February 1, 2011 and includes interest at 4.5% per annum. A balloon payment of \$147,193 is due at the end of the note term on December 31, 2017.

193,109

Total loans 252,055

Less current portion (19,394)

Long term portion \$ 232,661

Principal payments are expected to be as follows:

2011	\$ 19,394
2012	19,683
2013	19,986
2014	20,302
2015	14,084
Thereafter	<u>158,606</u>
Total loans	<u>\$ 252,055</u>

SANTA YNEZ VALLEY PEOPLE HELPING PEOPLE

NOTES TO FINANCIAL STATEMENTS

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NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2011:

For use in future periods	\$ 169,000
Funds to be received in the future	<u>35,600</u>
Total	<u>\$ 204,600</u>

NOTE 8: ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Significant estimates used in preparing these financial statements include:

- Depreciable lives
- Allocation of certain expenses by function
- Value of thrift store inventory
- Value of in-kind contributions
- Allowance for uncollectible contracts, grants and pledges receivable

It is at least reasonably possible that the significant estimates used will change within the next year.

NOTE 9: CONCENTRATION OF RISK

A significant portion of the Organization's revenues and contracts and grants receivable come from diverse sources of Federal, State of California and local government grants and contracts. These revenues and grants are earned by the Organization based on its services to clients in Santa Barbara County.

SANTA YNEZ VALLEY PEOPLE HELPING PEOPLE

NOTES TO FINANCIAL STATEMENTS

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NOTE 10: CONTINGENCIES

The Organization received funds from a number of contracts with various governmental agencies. These contracts are subject to audit by the corresponding oversight Organization as to allowable costs paid with these funds and as to the share of costs contributed by the Organization. The Organization could be liable up to the full amount of government funds expended should costs charged to the projects be disallowed. Management does not believe that they have charged to grants any material amounts that would be disallowed and have therefore not recorded an allowance for these amounts.

NOTE 11: IN KIND CONTRIBUTIONS

Management's estimates of in-kind contributions recorded in the financial statements for the year ended June 30, 2011 are as follows:

Contributed food	\$ 221,669
Professional services	34,865
Rent	59,100
Durable goods/other	<u>17,677</u>
Total	<u>\$ 333,311</u>

NOTE 12: RETIREMENT PLAN

The Organization has a 403(b) retirement plan. Employees that are 21 years or older are eligible to participate in the plan after one year of employment if they have more than 1,000 hours of service. The Organization matches half of the participating employee's contribution up to 6% of the total annual salary as permitted by law. After five years of service, the Organization contributes an addition amount, equivalent to 1% of an eligible employee's salary which is adjusted annually for each additional year of service, up to 5% after fifteen years. These contributions require no employee matching contributions. All contributions are funded monthly. Employees are immediately vested in employer contributions. The Organization contributed \$18,780 and \$14,874 to the retirement plan in 2011 and 2010, respectively.

SANTA YNEZ VALLEY PEOPLE HELPING PEOPLE

NOTES TO FINANCIAL STATEMENTS

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NOTE 13: RELATED PARTIES

The Organization utilizes the services of a Board member for certain graphic design services. For the year ended June 30, 2010, the total compensation for services paid to the Board member totaled \$2,000. There were no related party transactions during the year ended June 30, 2011.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2011, which is the date that the financial statements were issued. Management has determined that no subsequent events requiring disclosure or significantly impacting disclosure have occurred.