Bill Wilson Center

Consolidated Financial Statements
and Supplementary Information
June 30, 2019
(With summarized comparative totals for June 30, 2018)

Together with
Independent Auditors' Report
and Single Audit Reports

BILL WILSON CENTER
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June 30, 2019

Robert Lee
& Associates, LLP

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bill Wilson Center
Santa Clara, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bill Wilson Center (a California public benefit corporation, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of
Bill Wilson Center
Santa Clara, California

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 5, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Robert Lee + Associates, LLP

San Jose, California
September 26, 2019

BILL WILSON CENTER

Consolidated Statement of Financial Position

June 30, 2019

(With summarized comparative totals for June 30, 2018)

	June 30,	
ASSETS	2019	2018
Current assets:		
Cash and cash equivalents	$ 1,651,973	$ 1,069,684
Investments	1,243,368	1,180,029
Receivables, net, current portion	3,771,489	3,511,379
Prepaid expenses and deposits	228,956	239,511
Total current assets	6,895,786	6,000,603
Receivables, net, non-current portion	145,066	216,592
Property and equipment, net	13,075,117	13,310,850
Restricted cash and cash equivalents	413,764	430,318
Total assets	$ 20,529,733	$ 19,958,363
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit payable	$ -	$ 300,000
Accounts payable	861,139	499,783
Accrued expenses	1,589,927	1,421,206
Deposits payable	140,631	148,351
Deferred revenue	-	412
Notes payable, current	92,194	91,603
Total current liabilities	2,683,891	2,461,355
Long-term interest payable	286,739	245,695
Notes payable, non-current, net	3,493,097	3,580,363
Total liabilities	6,463,727	6,287,413
Commitments and contingencies		
Net assets without donor restrictions	5,704,838	5,038,364
Net assets with donor restrictions	8,361,168	8,632,586
Total net assets	14,066,006	13,670,950
Total liabilities and net assets	$ 20,529,733	$ 19,958,363

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

BILL WILSON CENTER

Consolidated Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2019

(With summarized comparative totals for the year ended June 30, 2018)

	2019			2018
	Without donor restrictions	With donor restrictions	Total	Comparative Totals
Support and revenue:				
Support:				
Contributions	$ 163,881	$ 138,684	$ 302,565	$ 271,935
Contributions in-kind	507,491	-	507,491	422,095
Special events, net	107,553	-	107,553	157,921
Foundations and corporations	377,703	300,050	677,753	564,978
United Way	4,313	-	4,313	3,346
Total support	1,160,941	438,734	1,599,675	1,420,275
Revenue:				
Federal government awards	5,807,881	-	5,807,881	5,702,048
State and local government awards	12,813,746	143,234	12,956,980	11,918,800
Investment income, net	63,693	-	63,693	49,977
Loss on disposal of assets	-	-	-	(66)
Fees for services	178,268	-	178,268	236,913
Rental income	236,745	-	236,745	219,680
Miscellaneous income	39,445	-	39,445	30,936
Total revenue	19,139,778	143,234	19,283,012	18,158,288
Net assets released from restrictions	853,386	(853,386)	-	-
Total support and revenue	21,154,105	(271,418)	20,882,687	19,578,563
Expenses:				
Program services	17,639,746	-	17,639,746	16,905,721
Supporting services:				
Management and general	2,118,059	-	2,118,059	1,890,650
Fundraising and development	298,481	-	298,481	351,897
Total supporting services	2,416,540	-	2,416,540	2,242,547
Total expenses before depreciation and amortization	20,056,286	-	20,056,286	19,148,268
Change in net assets before depreciation and amortization	1,097,819	(271,418)	826,401	430,295
Depreciation and amortization expense	431,345	-	431,345	434,990
Change in net assets	666,474	(271,418)	395,056	(4,695)
Net assets, beginning of year	5,038,364	8,632,586	13,670,950	13,675,645
Net assets, end of year	$ 5,704,838	$ 8,361,168	$ 14,066,006	$ 13,670,950

BILL WILSON CENTER

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2019

(With summarized comparative totals for the year ended June 30, 2018)

	2019								
	Program Services								
	Mental Health Services	Residential Services	Foster Family Services	Youth & Family Services	Counseling Services	Transitional Housing Services	Drop-In Center	Peacock Commons	Total Program Services
Staff compensation	$ 2,129,363	$ 1,322,067	$ 232,558	$ 1,381,231	$ 496,183	$ 1,562,837	$ 640,885	$ 117,398	$ 7,882,522
Employee benefits	440,782	277,507	51,373	292,364	109,672	334,545	127,987	22,726	1,656,956
Payroll taxes	180,321	110,682	19,123	125,114	43,511	135,430	57,374	10,106	681,661
Communication costs	38,954	35,294	14,462	20,209	15,966	67,390	9,060	7,249	208,584
Conferences and meetings	761	1,019	650	334	27	4,403	1,151	432	8,777
Equipment and furniture	14,850	14,386	3,949	21,479	209	55,794	5,765	20,453	136,885
Food and beverages	3,242	111,342	609	38,260	3,415	313,041	27,958	11,834	509,701
Foster family payments	8,621	-	257,375	-	-	24,719	-	-	290,715
Insurance	27,292	28,648	6,794	9,732	4,666	29,793	6,627	9,011	122,563
Interest expense	-	1,380	-	-	13,518	45,763	-	31,714	92,375
Maintenance and equipment rental	24,965	44,264	1,904	11,384	8,632	62,894	20,704	63,473	238,220
Membership dues and licenses	11,189	23,197	4,733	1,464	1,128	3,626	60	5,581	50,978
Occupancy	160,685	17,045	31,359	648,300	40,402	1,432,649	17,097	4,010	2,351,547
Payments to sub-recipients	-	-	-	230,715	-	99,253	-	-	329,968
Postage and shipping	2,868	876	799	1,746	1,153	1,028	324	114	8,908
Printing and publications	24,038	10,719	3,689	14,052	19,915	12,081	20,438	2,439	107,371
Professional fees	418,573	52,411	9,649	45,175	313,364	165,765	14,068	93,635	1,112,640
Reserve for bad debts	-	10,070	535	-	750	3,667	-	11,796	26,818
Recruiting and training costs	20,223	10,647	7,542	16,089	4,222	22,219	7,727	1,616	90,285
Service charges	-	307	202	-	1,985	609	-	1,094	4,197
Specific assistance	1,669	90,540	41,495	297,224	-	587,899	49,780	23,927	1,092,534
Supplies	19,572	21,026	5,949	38,753	10,170	77,189	28,159	9,664	210,482
Travel and transportation	22,657	28,483	5,700	37,316	1,549	46,278	8,065	2,564	152,612
Utilities	15,635	64,065	1,378	4,815	3,637	100,985	13,253	52,899	256,667
Youth stipends	-	-	-	4,030	-	10,850	900	-	15,780
Total expenses before depreciation and amortization	3,566,260	2,275,975	701,827	3,239,786	1,094,074	5,200,707	1,057,382	503,735	17,639,746
Depreciation and amortization	22,911	97,854	2,435	-	16,813	57,780	13,711	184,204	395,708
Total expenses	$ 3,589,171	$ 2,373,829	$ 704,262	$ 3,239,786	$ 1,110,887	$ 5,258,487	$ 1,071,093	$ 687,939	$ 18,035,454

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

BILL WILSON CENTER

Consolidated Statement of Functional Expenses (Continued)

For the Year Ended June 30, 2019

(With summarized comparative totals for the year ended June 30, 2018)

	2019					2018
	Total Program Services	Support services: Management and General	Support services: Fundraising and Development	Support services: Totals	Total Program and Support Services	Comparative Totals
Staff compensation	$ 7,882,522	$ 1,466,336	$ 200,434	$ 1,666,770	$ 9,549,292	$ 9,464,294
Employee benefits	1,656,956	307,222	35,159	342,381	1,999,337	1,799,622
Payroll taxes	681,661	90,597	17,406	108,003	789,664	804,411
Communication costs	208,584	22,202	2,438	24,640	233,224	198,388
Conferences and meetings	8,777	9,888	89	9,977	18,754	17,913
Equipment and furniture	136,885	11,378	1,688	13,066	149,951	160,083
Food and beverages	509,701	6,313	223	6,536	516,237	424,461
Foster family payments	290,715	-	-	-	290,715	350,681
Insurance	122,563	34,194	1,252	35,446	158,009	185,694
Interest expense	92,375	9,507	-	9,507	101,882	97,083
Maintenance and equipment rental	238,220	16,037	2,086	18,123	256,343	289,558
Membership dues and licenses	50,978	16,240	4,685	20,925	71,903	73,835
Occupancy	2,351,547	4,393	99	4,492	2,356,039	1,916,533
Payments to sub-recipients	329,968	-	-	-	329,968	411,906
Postage and shipping	8,908	737	2,396	3,133	12,041	10,777
Printing and publications	107,371	11,186	10,957	22,143	129,514	142,263
Professional fees	1,112,640	37,768	4,146	41,914	1,154,554	1,105,546
Reserve for bad debts	26,818	-	-	-	26,818	18,000
Recruiting and training costs	90,285	10,683	4,505	15,188	105,473	116,799
Service charges	4,197	19,449	5,350	24,799	28,996	34,211
Specific assistance	1,092,534	5,395	-	5,395	1,097,929	852,893
Supplies	210,482	3,927	2,348	6,275	216,757	215,690
Travel and transportation	152,612	16,402	801	17,203	169,815	184,063
Utilities	256,667	18,205	2,419	20,624	277,291	273,564
Youth stipends	15,780	-	-	-	15,780	-
Total expenses before depreciation and amortization	17,639,746	2,118,059	298,481	2,416,540	20,056,286	19,148,268
Depreciation and amortization	395,708	26,613	9,024	35,637	431,345	434,990
Total expenses	$ 18,035,454	$ 2,144,672	$ 307,505	$ 2,452,177	$ 20,487,631	$ 19,583,258

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

BILL WILSON CENTER

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2019

(With summarized comparative totals for the year ended June 30, 2018)

	Years Ended	
	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 395,056	$ (4,695)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	431,345	434,990
Loss on disposal of assets	-	66
Net realized and unrealized loss on investments	33,217	24,755
Changes in operating assets and liabilities:		
Receivables	(188,584)	(1,571,141)
Prepaid expenses and deposits	10,555	(8,458)
Accounts payable	361,356	158,032
Accrued expenses	168,721	(153,717)
Deposits payable	(7,720)	(77,159)
Deferred revenue	(412)	(1,316)
Net cash provided (used) by operating activities	1,203,534	(1,198,643)
Cash flows from investing activities:		
Proceeds from sale of investments	62,545	146,222
Purchases of investments	(159,101)	(219,650)
Purchases of property and equipment	(193,041)	(14,369)
Net cash used by investing activities	(289,597)	(87,797)

BILL WILSON CENTER

Consolidated Statement of Cash Flows (Continued)

For the Year Ended June 30, 2019

(With summarized comparative totals for the year ended June 30, 2018)

	Ended June 30, 2019	Ended June 30, 2018
Cash flows from financing activities:		
Payments on notes payable	$ (89,246)	$ (72,564)
Proceeds from loans including accrued interest	41,044	41,043
Repayments on line of credit	(500,000)	-
Borrowings on line of credit	200,000	300,000
Net cash (used) provided by financing activities	(348,202)	268,479
Increase (decrease) in cash and cash equivalents	565,735	(1,017,961)
Cash and cash equivalents, beginning of year	1,500,002	2,517,963
Cash and cash equivalents, end of year	$ 2,065,737	$ 1,500,002
Cash and cash equivalent reconciliation:		
Cash and cash equivalents	$ 1,651,973	$ 1,069,684
Restricted cash and cash equivalents	413,764	430,318
Total cash and cash equivalents	$ 2,065,737	$ 1,500,002

Supplemental disclosure of cash flow information

	2019	2018
Cash paid during the year for interest	$ 62,154	$ 56,039

Supplemental disclosure of non-cash transactions

	2019	2018
Property and equipment acquired with debt	$ -	$ 38,969

Note 1 - Organization, principles of consolidation and program summaries:

Organization - Bill Wilson Center ("BWC") was incorporated as a California non-profit organization on March 29, 1974 and provides services to the residents of Santa Clara County. The Organization's mission is to support and strengthen the community by serving youth and families through counseling, housing, education and advocacy. The Organization emphasizes the importance of collaborative program development and service delivery.

On December 5, 2018, the Organization entered into a transition agreement with UpLift Family Services ("UpLift"). In entering into this agreement, both parties' intend to merge BWC into UpLift within four years from January 1, 2019. For the first twelve months, either party may terminate the agreement without cause and in its sole discretion. As part of the transition agreement, BWC will become a member based California non-profit public benefit corporation with UpLift as its sole member.

Principles of consolidation - The consolidated financial statements include the accounts of a subsidiary, Peacock Commons, LLC, (the "LLC") a California limited liability company of which Bill Wilson Center is the sole member (collectively, the Organization). The LLC was formed on April 25, 2011 to provide housing for low income persons, where no adequate housing exists for such groups; or to serve as a general partner in a limited partnership which owns and operates housing for the benefit of low income persons who are in need of affordable, decent, safe and sanitary housing and related services. The Peacock Commons apartments were certified for occupancy on April 26, 2012. All intercompany accounts have been eliminated in the accompanying consolidated financial statements.

Program summaries - The Organization operates programs in eight distinct areas as follows:

Mental Health Services

- Mental Health Services are provided to Medi-Cal eligible individuals and include therapy and psychiatric services, including intensive outpatient and school linked services.
- Young Adult and Transition Age Youth Mental Health services provide immediate access to therapy and psychiatric services through a crisis line.
- BWC Connections connects LGBTQ young adults to housing, education, and mental health resources within Bill Wilson Center.

Residential Services

- Provides short-term housing for homeless and runaway youth at BWC's Residential Programs and host homes. Youth receive intensive individual, group and family counseling in order to reunite youth with their families.
- Quetzal House provides short-term housing for girls, ages 13 to 17, who are chronic runaways from the foster care system or from their families.
- Transitional Housing Placement Program provides semi-independent living for youth ages 16 to 19, including parenting youth, who are in the foster care system. The youth learn the skills they need to become self-sufficient.

Note 1 - Organization, principles of consolidation and program summaries (continued):

Foster Family Services

- Foster Family Program recruits foster families and matches children in the foster care system with families that are trained and supported to care for them. Includes Foster To Adopt, Intensive Foster Care Services and Treatment Foster Care Services.
- Volunteer Case Aide Program matches trained volunteers with children in foster care who need services such as tutoring, mentoring, and supervised visits.
- Parenting Classes build communication skills between parents and youth, ages 12 to 17.

Youth and Family Services

- Safe Place provides youth with easy access to services or safety.
- Family Advocacy Services provides support to families who have youth enrolled in the San Jose Unified and Santa Clara Unified School Districts who are struggling due to their family's homelessness.
- Rapid Rehousing and Homeless Prevention provides case management and rental assistance to youth and young parent families.
- Independent Living Program provides current and former foster youth and young adults, ages 16 to 21, with essential life skills through individual case management, housing and financial assistance, educational classes and workshops, pro-social activities and events, counseling services, and youth leadership development.

Drop-In-Center

- Drop-In-Center for homeless youth and young adults provides basic necessities as well as case management, job readiness, housing assistance, HIV prevention, and outreach services with the goal of helping youth and young adults exit the streets.

Counseling Services

- Contact Cares volunteers provide supportive listening, information and referral through 24-hour crisis lines.
- Counselors provide low-cost, professional counseling services to families and individuals of all ages.
- Parent-Child Interactive Therapy and Training provides therapeutic coaching to parents with young children in an effort to build positive relationships.
- School Outreach Counseling provides on-site counseling services to Santa Clara Unified School District middle and high school students, and several other schools.
- Child Abuse Treatment Program provides counseling for children and youth who have experienced abuse and neglect.
- Centre for Living with Dying provides emotional support to adults and children facing life-threatening illness or the trauma of the loss of a loved one.
- Healing Heart Program provides emotional support to children and youth who have experienced the loss of a loved one.
- Critical Incident Stress Management provides training and support for first responders.

Note 1 - Organization, principles of consolidation and program summaries (continued):

Transitional Housing Services

- Transitional Housing Program provides housing and support services for homeless young adults ages 18 - 24, including parenting young adults and their infants/toddlers.
- THP+ provides rental subsidies and supportive services for young adults who have aged out of foster care.
- THP+ Foster Care provides housing and support services for young adults who have elected to stay in foster care after turning 18.
- LGBTQ Transitional Living Program is a supportive housing program for homeless young adults, ages 18 to 21, who identify as LGBTQ.
- Young Adult Shelter provides emergency shelter and supportive services to homeless victimized young adults between the ages of 18 and 24.
- LGBTQ Host Home Program matches people who can provide temporary, interim housing to LGBTQ young adults, ages 18 to 24, who are currently homeless.
- Emergency Housing Services provides a Transitional Housing to Rapid Re-Housing (TH-RRH) option for homeless young adults who to have the highest need for support.
- Non-traditional Family Shelter provides emergency shelter and supportive services to families.

Peacock Commons

- Permanent Housing Apartment Complex provides affordable rent and supportive services for young adults and families residing at Peacock Commons.

Note 2 - Summary of significant accounting policies:

Basis of accounting - The consolidated financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation - The Organization presents its consolidated financial statements in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP"), which requires the Organization to report information regarding its financial position and activities according to two classes of net assets:

- *Net assets without donor restrictions* - include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund plus any net assets designated by the Board for specific purposes.
- *Net assets with donor restrictions* - include those assets which are subject to a donor restriction and for which the applicable restriction was not met as of the end of the current reporting year. The Organization has elected to report as an increase in net assets with donor restriction any restricted revenue received in the current year for which the restrictions have been met in the current year.

Note 2 - Summary of significant accounting policies (continued):

Use of estimates - The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these consolidated financial statements include the allowance for doubtful accounts, the discount for present value on contributions receivable, the useful lives of property and equipment, future payment estimates on loans, and the allocation of expenses by function. Actual results could differ from these estimates under different conditions.

Cash and cash equivalents - Cash and cash equivalents include demand deposits in banks and money market funds. The carrying amount in the consolidated statement of financial position approximates fair value.

Revenue recognition - The Organization's programs are supported by client fees, government grants and contracts and by contributions from individuals, corporations and foundations. The Organization receives cost reimbursement contract revenue as well as fixed rate contract revenue. Revenue is recognized when the corresponding service has been provided according to the agreement, subject to the contract limit, if any. Under fixed rate contracts, the Organization agrees to provide certain services in specified quantities at a prescribed rate per unit of service provided. Certain contracts have provisions for annual settlements to provide for recovery of costs for service capacity required to be provided, but not utilized, and for repayment of amounts billed in excess of contract limits. Estimated settlements are accrued by the Organization as a reconciliation reserve and are reported in the consolidated statements of activities and changes in net assets. These amounts approximate fair value as they are expected to be received or paid within one year.

Contributions are recognized when the donor makes a pledge that is, in substance, an unconditional promise to give. Unconditional promises to give are recorded as with or without donor restrictions depending on the nature of donor restrictions. A conditional promise to give is a promise that depends on the occurrence of a specified future and uncertain event to bind the promisor. There were no conditional promises to give at June 30, 2019.

In-kind contributions - Significant donated equipment, facility and other goods are recorded at their estimated fair market value as of the date of receipt. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair market value at the time the services are rendered. The Organization may also receive donated services that do not require specific expertise but which are nonetheless central to the Organization's operations; these amounts are not recorded.

Rental income - The Organization owns properties that are rented to individuals at reduced rental rates as part of the services of the Organization. Rental income is recorded in the same month that the payment is earned.

Note 2 - Summary of significant accounting policies (continued):

Functional expense allocations - The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, specifically identified expenses are charged to the applicable program. The remaining costs are allocated among the programs and services benefited based on management estimates.

Advertising - The Organization's policy is to expense advertising costs to operations as incurred. The Organization incurred approximately $4,600 and $4,000 in advertising expenses for the years ended June 30, 2019 and 2018, respectively.

Investments - The Organization's investments are valued in accordance with GAAP, including fair value measurements. The Organization invests in marketable securities and money market funds. All debt securities and equity securities are carried at quoted market prices as of the last trading date of the Organization's fiscal year. Contributions of investments are recorded at estimated fair value at the date of donation and are sold as soon as reasonably possible. Gains and losses that result from market fluctuations are recognized in the year such fluctuations occur. Realized gains or losses resulting from sales or maturities are the differences between the investment cost basis and the sale or maturity settlement of the investment. Dividend and interest income are recognized when earned.

Receivables - Receivables consist of grants receivable, contracts receivable, pledges receivable and other receivables. Grants receivable consist primarily of amounts awarded by governmental agencies for various purposes. Contracts receivable consist primarily of amounts billed for services provided. Pledges receivable are recorded when an unconditional promise to give has been made to the Organization. The Organization provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Prepaid expenses and deposits - Prepaid expenses primarily consist of payments made associated with the Organization's insurance policies and rent. Such prepayments are amortized over the term of the related insurance coverage or lease agreement. Deposits consist of security deposits on rented property.

Property and equipment - Property and equipment are recorded at cost, or if contributed, at the estimated fair market value when donated. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. There were no restrictions placed on property and equipment at June 30, 2019.

Note 2 - Summary of significant accounting policies (continued):

Depreciation and amortization - Depreciation and amortization is computed using the straight-line method over estimated useful lives of the related assets which range from five to ten years for automobiles and furniture and equipment; and ten to forty years for buildings and improvements. The Organization capitalizes all expenditures for equipment and improvements in excess of $2,500. Expenditures for maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Notes payable - Notes payable include building and loan acquisition costs incurred in connection with the mortgage notes payable. They are secured by deed of trust on real property and are being amortized over the remaining lives of the building or loan term. Amortization of loan fees is computed using the straight-line method over the lives of the related loans. Amortization expense amounted to approximately $2,600 for each of the years ended June 30, 2019 and 2018.

Long-lived assets - The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of any assets may not be recoverable. No such impairments have been identified to-date.

Construction in progress - Construction in progress represents assets acquired and not yet placed into service. Applicable interest charges incurred during the construction are capitalized as an element of the cost and are amortized over the asset's estimated useful life.

Restricted cash and cash equivalents - Restricted cash and cash equivalents include demand deposits in banks and money market funds that are restricted by donors to be maintained in separate accounts. The carrying amount in the consolidated statements of financial position approximates fair value.

Deposits payable - The Organization receives security deposits from residents of Peacock Commons, the transitional housing program, and from the County of Santa Clara for placement of foster youth.

Deferred revenue - Deferred revenue is recorded for rents and grants received from sources in advance of the period for which the payment is due.

Federal awards - Federal awards consist of funds received from the federal government for specific projects. Substantially all of the Organization's federal award revenue is derived from cost reimbursement grants, which are billed to the grantor after costs have been incurred. Federal award revenue and unbilled federal awards are recognized to the extent the related costs are incurred.

Note 2 - Summary of significant accounting policies (continued):

Federal awards (continued) - Federal awards are subject to review and audit by the grantor agencies in accordance with the Single Audit Act and Office of Management and Budget ("OMB") Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Although such audits could result in expenditure disallowances under terms of the grants, it is believed that any required reimbursement would not be material to the consolidated financial statements at June 30, 2019.

Fair value of financial instruments - Financial instruments included in the Organization's consolidated statement of financial position as of June 30, 2019 and 2018 include cash and cash equivalents, receivables, investments, accounts payable, accrued expenses and notes payable. The balances of these instruments represent a reasonable estimate of the corresponding fair values. Investments are reflected in the accompanying consolidated statement of financial position at their estimated fair values.

Concentration of revenue sources - For the year ending June 30, 2019, approximately 90% of the Organization's support and revenue is derived from grants from Federal, State and local government agencies.

Concentration of credit risk - Financial instruments, which potentially subject the Organization to credit risk, consist primarily of cash, cash equivalents and receivables. The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions. At times, such amounts might exceed Federal Deposit Insurance Corporation ("FDIC") limits. It is the Organization's opinion that it is not exposed to any significant credit risks.

Accounting for uncertainty in income taxes - The Organization evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the consolidated financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of June 30, 2019, management did not identify any uncertain tax positions.

Note 2 - Summary of significant accounting policies (continued):

Summarized comparative information - The consolidated 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2018, from which the summarized information was obtained.

Recently adopted accounting guidance - During the year ended June 30 2019, the Organization adopted the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016- 14 "Not-for-Profit Entities: Presentation of Financial Statements for Not-for-Profit Entities." The standard is intended to improve the net asset classification requirements and the information presented in the financial statements and footnotes about not-for-profits liquidity, financial performance, expenses, including providing information about expenses by their natural classification, and cash flows.

A recap of the net asset reclassification driven by the adoption of ASU 2016-14 as of June 30, 2018 is as follows:

	ASU 2016-14 classifications		
Net asset classifications	Without donor restrictions	With donor restrictions	Total net assets
As previously presented:			
Unrestricted	$ 5,038,364	$ -	$ 5,038,364
Temporarily restricted	-	8,632,586	8,632,586
Net assets previously presented	$ 5,038,364	$ 8,632,586	$ 13,670,950

Recent accounting pronouncements - In August 2018, Financial Accounting Standards Board issued Accounting Standards Update 2018-13, Fair Value Measurements: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements. This ASU modifies the disclosure requirements for fair value measurements. Those modifications include the removal and addition of disclosure requirements as well as clarifying specific disclosure requirements. The ASU is effective for fiscal years beginning after December 15, 2019. Certain provisions of the ASU will be applied prospectively while the rest of the provisions will be applied retrospectively. Management has not determined the impact of this pronouncement.

Note 2 - Summary of significant accounting policies (continued):

Recent accounting pronouncements (continued) - In June 2018, the FASB issued ASU No. 2018-08 “Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.” The new standard provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction based on whether a resource provider is receiving value in return for the resources transferred. Further, the ASU provides additional guidance to help determine whether a contribution is conditional and better distinguish a donor-imposed condition from a donor-imposed restriction. The effective date of this amendment is for fiscal years beginning after December 15, 2019. Early application is permitted. Management has not determined the impact of this pronouncement.

In February 2016, the FASB issued FASB ASU No. 2016-02 “Leases.” The ASU is intended to increase transparency and comparability between organizations recognizing lease assets and liabilities by recognizing lease assets and lease liabilities on the balance sheet and increasing the related disclosures. For non-public entities, the effective date will be effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early application is permitted. Management has not determined the impact of this pronouncement.

In May 2014, the FASB issued ASU No. 2014-09 “Revenue from Contracts with Customers (Topic 606)”. The ASU provides guidance over the core principle of recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. ASU 2014-09 will supersede the revenue recognition requirements in FASB Accounting Standard Codification (ASC) 605, "Revenue Recognition", and most industry-specific guidance throughout the Industry Topics of the FASB ASC. The purpose of the new standard is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards (IFRS). In August 2015, the FASB issued ASU 2015-14 “Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date” which will defer the effective date of ASU No. 2014-09 "Revenue from Contracts with Customers" for all entities by one year. In March 2016, the FASB issued ASU No. 2016-08 “Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations. The ASU improves operability and understandability of Topic 606 in principal versus agent considerations. In April 2016, the FASB issued ASU No. 2016-10 “Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing”. The ASU expands on Topic 606 with clarification over identifying performance obligations and licensing. For non-public entities, the effective date will be effective for annual reporting periods beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted under several options, the earliest for a year beginning after December 15, 2016 and interim periods within that year. Various retrospective application methods are available. Management has not determined the impact on the consolidated financial statements.

Note 2 - Summary of significant accounting policies (continued):

Reclassification - Certain 2018 balances have been reclassified to conform to the 2019 financial statement presentation. These reclassifications have no effect on previously reported net income.

Subsequent events - Subsequent events are evaluated through the date of the independent auditors' report, which is the date the consolidated financial statements were available to be issued and determined that no material subsequent events require an estimate to be recorded or disclosed as of June 30, 2019, except as disclosed in Note 15.

Note 3 - Liquidity and availability of financial assets:

Financial assets available for general expenditures, that is without restrictions limiting their use, within one year of the current statements of financial position date, comprise the following at June 30:

	2019	2018
Cash and cash equivalents	$ 1,651,973	$ 1,069,684
Investments	1,243,368	1,180,029
Receivables, net, current portion	3,771,489	3,511,379
Total financial assets	6,666,830	5,761,092
Less net assets with donor restrictions	(392,286)	(476,094)
Total financial assets available to meet cash needs for general expenditures within one year	$ 6,274,544	$ 5,284,998

The Organization has certain donor-restricted assets which are not available for general expenditure in the normal course of operations. Accordingly, the net assets with donor restrictions related to those assets are excluded from the above.

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. The Organization has a $850,000 line of credit available at June 30, 2019 to meet cash flow needs.

Note 4 - Receivables, net:

The following amounts are reported as receivables as of June 30:

	2019	2018
Grants receivable	$ 4,535,977	$ 4,237,340
Contracts receivable	54,376	129,811
Pledges receivable	264,977	319,275
Accounts receivable	15,477	29,903
Total receivables	4,870,807	4,716,329
Less: allowance for doubtful accounts and fair value adjustment	(954,252)	(988,358)
Total receivables, net	3,916,555	3,727,971
Less: current portion	(3,771,489)	(3,511,379)
Non-current portion	$ 145,066	$ 216,592

Receivables are recorded at fair value which includes a discount rate of 5% at June 30, 2019.

Maturities for receivables are as follows:

Year Ending June 30,	
2020	$ 4,685,720
2021	102,979
2022	45,854
2023	19,379
2024	13,495
Thereafter	3,380
Total	4,870,807
Less: allowance for doubtful accounts and fair value adjustment	(954,252)
Less: current portion	(3,771,489)
Non-current portion	$ 145,066

Note 5 - Investments:

The Organization follows the provisions of the Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

An investment's classification within a level in the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The categorization of the investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment.

The following tables present the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level with fair value hierarchy as of June 30, 2019 and 2018.

	June 30, 2019		
	Level 1	Level 2	Total
Cash and cash equivalents	$ 132,323	$ -	$ 132,323
Fixed income	159,525	406,858	566,383
Equity securities	544,662	-	544,662
Total investments	$ 836,510	$ 406,858	$ 1,243,368

	June 30, 2018		
	Level 1	Level 2	Total
Cash and cash equivalents	$ 32,603	$ -	$ 32,603
Fixed income	154,038	409,513	563,551
Equity securities	583,875	-	583,875
Total investments	$ 770,516	$ 409,513	$ 1,180,029

Note 5 - Investments (continued):

The following schedule summarizes the investment activity as of June 30:

	2019	2018
Interest and dividends	$ 39,395	$ 33,890
Realized gain on investments, net	10,255	12,831
Unrealized gain on investments, net	22,962	11,924
	72,612	58,645
Less management fees	(8,919)	(8,668)
Net investment income	$ 63,693	$ 49,977

Note 6 - Property and equipment, net:

Property and equipment consists of the following at June 30:

	2019	2018
Land	$ 3,934,417	$ 3,934,417
Buildings and improvements	13,460,688	13,301,889
Furniture and equipment	447,872	447,872
Vehicles	95,186	95,186
Construction-in-progress	34,242	-
	17,972,405	17,779,364
Accumulated depreciation and amortization	(4,897,288)	(4,468,514)
Property and equipment, net	$ 13,075,117	$ 13,310,850

Construction-in-progress represents costs incurred on the construction of assets that have not been completed or placed in service as of June 30, 2019. Depreciation and amortization expense was approximately $431,000 and $435,000 for the years ended June 30, 2019 and 2018, respectively.

Note 7 - Line of credit:

The Organization is obligated under a line of credit, maturing January 15, 2020 and secured by the personal property of the Organization. The line is available up to $850,000 and bears interest at the greater of the bank's prime rate or 5% (5.50% at June 30, 2019). This agreement and all of the other Wells Fargo Bank agreements require the Organization to comply with certain covenants. Management is not aware of any violations of these covenants.

Note 8 - Notes payable:

The Organization had the following notes payable at June 30:

	2019	2018
San Jose Enclave - Wells Fargo Bank	$ 477,930	$ 514,443
Summerdale - Wells Fargo Bank	452,726	487,598
Peacock Court - City of Sunnyvale	100,000	100,000
Peacock Court - Housing Trust	500,000	500,000
Peacock Court - County of Santa Clara	200,000	200,000
Peacock Court - CalHFA	757,120	757,120
Jackson Street - City of Sunnyvale	45,000	45,000
Jackson Street - Housing Trust	35,000	35,000
509 View Street - City of Mountain View	404,814	404,814
509 View Street - City of Sunnyvale	72,000	72,000
Socorro Residence - City of Sunnyvale	590,000	590,000
Subaru Motors Finance	16,237	34,097
Total notes payable	3,650,827	3,740,072
Less loan fees	(65,536)	(68,106)
Less current portion	(92,194)	(91,603)
Non-current portion	$ 3,493,097	$ 3,580,363

During the year ended June 30, 2015, the Organization performed renovations of buildings located at 1284 and 1294 Jackson Avenue in Santa Clara, California. To partially finance the renovation, the Organization borrowed $80,000 in loans, $35,000 from the Housing Trust and $45,000 from the City of Sunnyvale. The Housing Trust loan bears simple interest, deferred at 2% and becomes due in December 2044. The City of Sunnyvale loan bears simple interest, deferred at 3.00% and is due in October 2044.

During the year ended June 30, 2014, the Organization purchased real property at 1141 Summerdale Dr., San Jose, California. To finance the purchase of this property the Organization refinanced the San Jose Enclave property and borrowed an additional $302,465 and entered into a new loan in the amount of $618,750. The refinanced loan bears interest at 5.25%, is due February 15, 2029 and requires monthly principal and interest payments of $5,226. Interest paid during the years ended June 30, 2019 and 2018 was approximately $26,000 and $27,000, respectively. The new loan with Wells Fargo Bank bears interest at 5.25%, is due February 15, 2029 and requires monthly principal and interest payments of $4,999. Interest paid during the years ended June 30, 2019 and 2018 was approximately $25,000 and $26,000, respectively.

Note 8 - Notes payable (continued):

On June 24, 2010, the Organization obtained a Community Development Block Grant (CDBG) loan from the County of Santa Clara in the amount of $200,000 to purchase real property located at 3661 Peacock Court in Santa Clara, California. The loan is secured by a Deed of Trust and bears simple interest, deferred at 3% and is due January 2068. During the year ended June 30, 2011, the Organization renovated the building. To partially finance the renovation, the Organization borrowed $100,000 of CDBG funds from the City of Sunnyvale, secured by Peacock Court. The loan bears simple interest, deferred at 3.00% and is due January 2066. In addition, the Organization secured two $370,400 loans and a $500,000 loan from Opportunity Fund Northern California. During fiscal year 2012, a total of $912,766 was drawn on these loans. The Organization refinanced these loans in fiscal year 2013 with two loans through the Housing Trust for $500,000 and the California Housing Finance Agency for $757,120. The Housing Trust loan bears no interest and becomes due January 2068. The California Housing Finance Agency ("CalHFA") loan bears simple interest, deferred at 3.00% and is due January 2068. In connection with this refinancing, Mental Health Services Act ("MHSA") funds in the amount of $808,147 have been set aside by CalHFA in a Capitalized Operating Subsidy Reserve account. These funds are an asset of CalHFA, and will become revenue to the Organization when and if disbursed. These funds may be disbursed to the Organization for the purpose of supplementing Peacock Commons, LLC rental shortfalls for the payment of approved Operating Expenses associated with seven MHSA eligible apartments.

The Organization obtained Community Development Block Grant (CDBG) loans from the City of Mountain View and the City of Sunnyvale to purchase real property located at 509 View Street, Mountain View, California. The City of Mountain View loan, in the amount of $404,814, is structured as an equity sharing arrangement whereby the City of Mountain View will receive 80% of the market value of the property upon a transfer of the property. The amount recorded is the estimated equity share of the property. The loan bears no interest and has no due date. The City of Sunnyvale loan, in the amount of $72,000 is due and payable on June 30, 2026. There is no interest on $26,000 of the $72,000, while the remaining $46,000 bears simple interest of 3% per annum, deferred. Upon acquisition of the property, $13,800 of accrued interest on the $46,000 was assumed by the Organization. The Organization accrued interest of $1,380 for the years ended June 30, 2019 and 2018.

During the year ended June 30, 2013, the Organization purchased real property at 1353 Socorro Avenue, Sunnyvale, California. To finance the purchase of this property the Organization borrowed $590,000 from City of Sunnyvale. The loan bears simple interest at 1.00% and is due March 2043.

Note 8 - Notes payable (continued):

The future scheduled principal payments under these notes are as follows:

Year Ending June 30,		
2020	$	92,194
2021		80,044
2022		84,349
2023		88,885
2024		93,665
Thereafter		3,211,690
Total	$	3,650,827

Note 9 - Buildings - Grant liens and restrictions:

The Organization has loans with no specified due date that have been recorded as net assets with donor restriction and not as loans requiring mandatory principal and interest payback. However, disposition, change in use, or cessation of operations requires a mandatory repayment of principal and accrued interest.

During the fiscal year ended June 30, 1994, the Organization received the following grants for the acquisition and development of real property located at 3490 The Alameda in Santa Clara, California:

A Community Development Block Grant (CDBG) of $48,500 from the City of Sunnyvale. This amount is secured by a Trust Deed on the subject property, bears 3% simple interest, and neither the principal nor the accrued interest will become due if the Organization continues to use the facility as a runaway and homeless youth shelter. As of June 30, 2019 and 2018, accrued interest on this obligation amounted to $39,189 and $37,734, respectively, with an annual accrual of $1,455.

A grant of $980,000 from the City of Santa Clara. This amount is secured by a Trust Deed on the subject property, bears 3% simple interest, and neither the principal nor the accrued interest will become due if the Organization continues to use the facility as a runaway and homeless youth shelter. As of June 30, 2019 and 2018, accrued interest on this obligation amounted to $766,850 and $737,450, respectively, with an annual accrual of $29,400.

Note 9 - Buildings - Grant liens and restrictions (continued):

During the fiscal year ended June 30, 1997, the Organization received the following grants for the acquisition of real property located at 1284-1294 Jackson Street in Santa Clara, California;

> A grant of $200,000 from the Department of Housing and Urban Development passed through the City of Santa Clara, and a grant of $200,000 from the City of Santa Clara. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing 3% simple interest, and neither the principal nor the accrued interest will become due if the Organization continues to use the facility as a teenaged parent family shelter. As of June 30, 2019 and 2018, accrued interest on this obligation amounted to $271,500 and $259,500, with an annual accrual of $12,000. The terms of the grants require the Organization to maintain a $50,000 reserve account for the maintenance and repair of the subject property. This amount is shown as part of net assets with donor restrictions in the statement of financial position.

During the fiscal year ended June 30, 1999, the Organization received the following grants for the acquisition of real property located at 2120 Main Street in Santa Clara, California;

> A grant of $77,743 from the Department of Housing and Urban Development, passed through the City of Santa Clara, and a grant of $297,257 from the City of Santa Clara. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing 3% simple interest, and neither the principal nor the accrued interest will become due if the Organization continues to use the facility as transitional housing for homeless teens. As of June 30, 2019 and 2018, accrued interest on this obligation amounted to $231,563 and $220,313, respectively, with an annual accrual of $11,250. The terms of the grants require the Organization to maintain a $50,000 reserve account for the maintenance and repair of subject property. This amount is shown as part of net assets with donor restrictions in the statement of financial position.

Note 9 - Buildings - Grant liens and restrictions (continued):

During the fiscal year ended June 30, 2002, the Organization received the following grants:

A grant of $75,000 from the City of Santa Clara for seismic upgrade and related rehabilitation work at 1284 Jackson Street, Santa Clara, California. This amount is secured by a Trust Deed on the subject property, bears no interest and will be considered paid in full if the Organization continues to use the facility as a youth transitional housing project for a period of twenty years (until approximately November 2020).

A grant of $405,100 from the Department of Housing and Urban Development, passed through the City of Santa Clara for the acquisition of 3551 Shafer Drive, Santa Clara, California, and a grant of $204,583 from the City of Santa Clara. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing three percent simple interest, and will be considered paid in full if the Organization continues to use the facility as a youth transitional housing project for a period of thirty years (until approximately June 2032). As of June 30, 2019 and 2018, accrued interest on this obligation amounted to $310,936 and $292,646, respectively, with an annual accrual of $18,290. The terms of the grants require the Organization to maintain a $10,000 reserve for the maintenance and repair of the subject property. This amount is shown as part of net assets with donor restrictions in the statement of financial position.

During the fiscal year ended June 30, 2007, the Organization received the following grant for the acquisition, operations, and rehabilitation of real property located at 3661 Peacock Court in Santa Clara, California:

An on-going grant of $4,767,565 from the City of Santa Clara, with $4,725,605 advanced as of June 30, 2019 and 2018. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing three percent simple interest, and neither the principal nor the accrued interest will become due if the Organization continues to use the facilities as housing for low income persons and families at risk of homelessness. As of June 30, 2019 and 2018, accrued interest on this obligation amounted to $1,466,859 and $1,325,091, respectively, with an annual accrual of $141,768. The terms of the grant requires the Organization to maintain a reserve account for the maintenance and repair of the subject property equal or greater than 3% of gross rents received.

Note 9 - Buildings - Grant liens and restrictions (continued):

During the fiscal year ended June 30, 2011, the Organization received the following grants:

A grant of $251,044 in HOME Investment Partnerships (“HOME”) funding passed through from the City of Santa Clara for rehabilitation of 3661 Peacock Court, Santa Clara, California. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing no interest, and the principal will not become due as long as the Organization continues to use the facility as housing for low income persons and families at risk of homelessness.

A grant of $1,917,445 in HOME funding passed through the City of San Jose for rehabilitation of 3661 Peacock Court, Santa Clara, California. This amount is secured by a Trust Deed on the subject property, bearing no interest, and the principal will be forgiven if the Organization continues to use the facility for fifty-five years as housing for low income persons and families at risk of homelessness. As of June 30, 2019 and 2018, the City of San Jose has advanced $1,917,445.

A grant of $82,959 from the City of Santa Clara for the installation of solar panels at 3490 The Alameda, Santa Clara, California. This amount is unsecured, bears no interest and will be considered paid in full if the Organization maintains the solar panels for a period of ten years (until approximately August 2021).

During the year ended June 30, 2016, the Organization obtained a loan through the Housing Trust for $595,000 to fund the rehabilitation of the Bill Wilson Safety Net Shelter at 3490 The Alameda, Santa Clara, California. The loan bears no interest and will be forgiven in April 2026 if the Organization complies with all terms.

During the year ended June 30, 2017, the Organization obtained a Community Development Block Grant (CDBG) loan from the City of Mountain View in the amount of $50,000 for rehabilitation activities at 509 View Street, Mountain View, California. The loan bears simple interest, deferred at 3% and will be forgiven on November 30, 2031 if the Organization complies with all terms.

Note 10 - Net assets with donor restriction:

The net assets with donor restriction activities for the year ended June 30, 2019 were as follows:

	June 30, 2018	Additions	Releases	June 30, 2019
Pledges receivable	$ 268,796	$ 120,066	$ (268,796)	$ 120,066
Employee wellness program	-	50,000	-	50,000
Crisis - Residential RHY SC	-	1,000	(1,000)	-
Quetzal House	-	11,236	(11,236)	-
Transitional housing	-	10,000	-	10,000
Transitional housing plus program	1,000	15,000	(15,000)	1,000
Independent Living Program	-	9,225	(9,225)	-
Young Adult Shelter	-	500	(500)	-
THP+FC Program	3,677	10,000	(10,000)	3,677
Homeless Youth Housing & Services	3,251	760	(4,011)	-
Transtional Living Program - LGBTQ	-	2,450	(2,450)	-
FAS Programs	-	30,900	(30,900)	-
Rapid Rehousing Programs	-	20,000	(10,000)	10,000
Adobe and 100 Women Foundation - Drop-in center	6,515	11,000	(17,515)	-
Centre for Living with Dying	20,000	32,339	(27,339)	25,000
Healing Heart (Valle Monte League)	-	63,292	(63,292)	-
Centre For Living - Aids Retreat	2,366	-	(312)	2,054
CHAT Program	25,000	25,000	(25,000)	25,000
Adopt-a-family	-	15,466	(15,466)	-
Peacock Commons	6,600	10,500	(10,500)	6,600
Reserve fund for facility operating cost at Shafer Drive	10,000	-	-	10,000
Time restricted contributions	28,889	-	-	28,889
Reserve fund for facility operating costs	100,000	-	-	100,000
Property restricted by liens and restrictions:				
View Street	50,000	-	-	50,000
Shafer Drive	396,070	94,989	(8,628)	482,431
The Alameda	2,178,090	-	(111,057)	2,067,033
Jackson Street	427,585	15,245	(27,087)	415,743
Main Street	316,961	-	(6,537)	310,424
Peacock Commons	4,787,786	33,000	(177,535)	4,643,251
Total net assets with donor restrictions	$ 8,632,586	$ 581,968	$ (853,386)	$ 8,361,168

Note 10 - Net assets with donor restriction (continued):

The net assets with donor restriction activities for the year ended June 30, 2018 were as follows:

	June 30, 2017	Additions	Releases	June 30, 2018
Pledges receivable	$ 201,595	$ 268,796	$ (201,595)	$ 268,796
Crisis - Residential RHY SC	-	2,500	(2,500)	-
Quetzal House	-	14,310	(14,310)	-
Transitional housing	-	500	(500)	-
Transitional housing plus program	1,000	-	-	1,000
Independent Living Program	-	2,880	(2,880)	-
Getting to Zero Program	-	4,073	(4,073)	-
THP+FC Program	1,177	2,500	-	3,677
Homeless Youth Housing & Services	3,251	-	-	3,251
Transtional Living Program - LGBTQ	-	3,255	(3,255)	-
FAS Programs	5,625	-	(5,625)	-
Rapid Rehousing Programs	-	20,000	(20,000)	-
Adobe and 100 Women Foundation -				
Drop-in center	58,007	6,507	(57,999)	6,515
Centre for Living with Dying	25,000	24,010	(29,010)	20,000
Healing Heart (Valle Monte League)	-	59,858	(59,858)	-
Centre For Living - Aids Retreat	2,923	593	(1,150)	2,366
TAY - Interim Housing	-	1,000	(1,000)	-
Drop in Center - Stanley Foundation	14,061	-	(14,061)	-
CHAT Program	25,000	25,000	(25,000)	25,000
Adopt-a-family	-	13,815	(13,815)	-
Peacock Commons	-	10,000	(3,400)	6,600
Reserve fund for facility				
operating cost at Shafer Drive	10,000	-	-	10,000
Time restricted contributions	28,889	-	-	28,889
Reserve fund for facility				
operating costs	100,000	-	-	100,000
Property restricted by				
liens and restrictions:				
View Street	50,000	-	-	50,000
Shafer Drive	404,698	-	(8,628)	396,070
The Alameda	2,289,330	-	(111,240)	2,178,090
Jackson Street	449,798	4,550	(26,763)	427,585
Main Street	323,498	-	(6,537)	316,961
Peacock Commons	4,965,046	-	(177,260)	4,787,786
Total net assets with				
donor restrictions	$ 8,958,898	$ 464,147	$ (790,459)	$ 8,632,586

Note 11 - Retirement plans:

401(k) plan - The Organization maintains a 401(k) defined contribution plan (the "Plan") in which employees who have met certain service and eligibility requirements may participate. Under the Plan, eligible employees may make contributions through a salary reduction agreement. Each year, the Organization may contribute to the Plan an amount determined at the Organization's discretion. For the years ended June 30, 2019 and 2018, the Board of Directors approved a total contribution of approximately $497,000 and $303,000, respectively, to the Plan.

403(b) plan - The Organization has a 403(b) defined contribution plan (the "403(b) Plan") in which employees who have met certain service and eligibility requirements may participate. Each eligible employee may elect to contribute to the 403(b) Plan.

Note 12 - Special events:

The Organization had the following revenue and expenses from special events for the years ended June 30:

	2019	2018
Special event income		
Revenues	$ 12,150	$ 18,500
Contributions	140,422	180,598
Special event income, net	152,572	199,098
Special event direct expenses	45,019	41,177
Special events, net	$ 107,553	$ 157,921

Total fundraising expenses for the year ended June 30, 2019 and 2018 were approximately $353,000 and $402,000, respectively.

Note 13 - Related-party transactions:

For the years ending June 30, 2019 and 2018, the Organization received contributions of approximately $61,000 and $39,000, respectively, from Board members, management and their affiliated organizations.

Note 14 - Commitments and contingencies:

Lease commitments - The Organization is obligated under various facility leases, expiring at various dates through March 2023 and containing renewal clauses, for the rental of office space and residential units. Monthly payments under these leases total approximately $52,000 and $54,000 for the years ended June 30, 2019 and 2018, respectively, and the total rental expense incurred under leases was approximately $632,000 and $643,000, respectively.

The future minimum commitments under these leases are as follows:

Year Ending June 30,		
2020	$	499,352
2021		109,797
2022		102,276
2023		78,138
Total	$	789,563

The Organization’s total occupancy expense was approximately $2,356,000 and $1,917,000 for the years ended June 30, 2019 and 2018, respectively. Total rent expense included lease payments as described above, month-to-month leases and client rental assistance.

The Organization is also committed under various operating lease agreements for office equipment, with termination dates through August 2023. Monthly payments under these leases total approximately $7,500 and $7,000 for the years ended June 30, 2019 and 2018, respectively, and total payments made pursuant to these leases were approximately $90,000 and $83,000, respectively. The future annual minimum commitments under these leases are as follows:

June 30,		
2020	$	76,207
2021		70,541
2022		62,420
2023		31,042
2024		796
Total	$	241,006

Note 14 - Commitments and contingencies (continued):

Contingencies - The Organization, during the normal course of operating its business, may be subject to various lawsuits, licensing reviews, and government audits. Management believes that losses resulting from these matters, if any, would either be covered under the Organization's insurance policy or are immeasurable. Management further believes the losses, if any, would not have a material effect on the financial position of the Organization.

Note 15 - Subsequent event:

In July 2019, the Organization entered into a purchase agreement to acquire real property in Los Gatos, California. To finance the purchase of this property the Organization will borrow $1,480,000 from the Housing Trust. The agreement bears interest at an annual rate equal to 2.5% above the 20 year treasury fixed rate and will mature in two hundred forty months from the date of closing.

SUPPLEMENTARY INFORMATION

Robert Lee & Associates, LLP

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Bill Wilson Center
Santa Clara, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Bill Wilson Center (the "Organization", a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from 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 consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that were reported to management of the Organization in a separate letter.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robert Lee & Associates, LLP

San Jose, California
September 26, 2019

Robert Lee & Associates, LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Bill Wilson Center
Santa Clara, California

Report on Compliance for Each Major Federal Program

We have audited Bill Wilson Center's (the "Organization", a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE (CONTINUED)

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robert Lee + Associates, LLP

San Jose, California
September 26, 2019

BILL WILSON CENTER
Single Audit Reports
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA number	Grant identifying number	Federal program expenditures	Passed through to subrecipients
U.S. Department of Housing and Urban Development				
Continuum of Care				
Direct Award:				
Transitional housing - North County	14.267	CA0032L9T001609	$ 107,500	$ -
Transitional housing - North County	14.267	CA0032L9T001710	196,445	-
Transitional housing - South County	14.267	CA0031L9T001710	251,937	-
Transitional housing - South County	14.267	CA0031L9T001811	307,041	-
Transitional housing - Rapid Rehousing for	14.267	CA1639L9T001700	23,074	-
Peacock Commons	14.267	CA1032L9T001606	88,192	-
Peacock Commons	14.267	CA1032L9T001707	134,295	-
Rapid ReHousing for Youth	14.267	CA1379L9T001601	149,529	-
Rapid ReHousing for Youth	14.267	CA1379L9T001702	81,204	
Rapid ReHousing for Homeless Youth	14.267	4300013327	504,054	-
Total Continuum of Care Program			1,843,271	-
Youth Homeless Demonstration Project				
Santa Cruz Shared Housing Program	14.276	CA1724Y9T081600	30,505	-
Community Development Block Grants				
Passed through the City of Santa Clara				
Shafer House Rehabilitation	14.218	-	94,989	-
Passed through the City of Santa Clara				
Family Therapy/School Outreach	14.218	-	45,000	-
Passed through the City of Santa Clara				
Family Advocacy Services	14.218	-	21,909	-
Passed through the City of Sunnyvale				
Family & Individual Counseling Services	14.218	1819-827550	30,414	-
Total Community Development Block Grants			192,312	-
Other Programs				
Passed through the City of San Jose				
Economic Development Initivative - Enclave	14.251	B-14-MC-06-0021	74,428	-
Passed through the City of San Jose				
Emergency Shelter Grant	14.231	ESG-18-002	92,950	18,805
Total U.S. Department of Housing and Urban Development			2,233,466	18,805
U.S. Department of Justice				
Crime Victim Assistance*				
Passed through California Office of Emergency Services				
Homeless Youth and Exploitation Program	16.575	HX18171430	83,894	-
Marginalized Victims Program	16.575	KI18011430	92,315	-
Specialized Emergency Housing Program	16.575	KE17011430	321,536	-
Transitional Housing Program	16.575	XH16011430	81,187	-
Transitional Housing Program	16.575	XH16011430	224,892	-
Child Abuse Treatment Program	16.575	AT17031430	47,734	-
Child Abuse Treatment Program	16.575	AT18041430	147,123	-
Total Crime Victim Assistance			998,681	-
Subtotal			$ 3,232,147	$ 18,805

* Denotes a major program

The accompanying notes are an integral part of this schedule

BILL WILSON CENTER
Single Audit Reports
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA number	Grant identifying number	Federal program expenditures	Passed through to subrecipients
EXPENDITURES OF FEDERAL AWARDS (CONTINUED):				
Subtotal from previous page			$ 3,232,147	$ 18,805
U.S. Department of Health and Human Services:				
Foster Care Programs*				
Passed-through County of Santa Clara:				
AFDC-FC - Foster Family Services	93.658	0268.01.01	147,980	-
AFDC-FC - Intensive Foster Care Services	93.658	0268.06.28	11,455	-
AFDC-FC - Crisis Residential	93.658	0268.00.01	540,193	-
AFDC-FC - Quetzal House	93.658	0268.00.01	17,737	-
THP Plus Foster Care	93.658	0268.18.01	418,855	-
Total Foster Care Programs			1,136,220	-
Transitional Living Programs				
Direct award				
Transitional living - LGBTQ Youth and Young Adult	93.550	90CX7151-01	50,325	-
Transitional living - LGBTQ Youth and Young Adult	93.550	90CX7151-02	111,206	-
Transitional living - Maternity Group Home	93.550	90CX6994-05	64,292	-
Transitional living - Maternity Group Home	93.550	90CX7212-01	97,950	-
Total Transitional Living Programs			323,773	-
Runaway and Homeless Youth Programs				
Direct Award				
Basic Center - South County	93.623	90CY6989-01	43,635	-
Basic Center - South County	93.623	90CY6989-02	162,372	-
Basic Center - North County	93.623	90CY6982-01	72,563	-
Basic Center - North County	93.623	90CY6982-02	123,600	-
			402,170	-
Other Programs				
Passed-through County of Santa Clara:				
HRSA-Ryan White HIV/AIDS Treatment	93.914	H89HA00046	70,170	-
Chafee Foster Care Independent Living Program	93.674	4300013916	643,401	-
Total U.S. Department of Health and Human Services:			2,575,734	-
Total Expenditures of Federal Awards			$ 5,807,881	$ 18,805

* Denotes a major program

Note 1 - Organization and operations:

Bill Wilson Center (the "Organization") was incorporated as a California non-profit organization on March 29, 1974, and provides services to the residents of Santa Clara County. The organization's mission is to support and strengthen the community by serving youth and families through counseling, housing, education, and advocacy. Bill Wilson Center emphasizes the importance of collaborative program development and service delivery

Note 2 - Summary of significant accounting policies:

Basis of accounting - Expenditures in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, OMB Circular A-122 Cost Principles for Non-Profit Organizations, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The information in the accompanying Schedule of Expenditures of Federal Awards ("SEFA") includes the federal grant and loan activity of the Organization under programs of the federal government for the year ending June 30, 2019. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. Although the Organization is required to match certain grants, as defined by the contracts, no such matching has been included as expenditures in the SEFA.

BILL WILSON CENTER

Single Audit Reports

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the consolidated financial statements of Bill Wilson Center.
2. No significant deficiencies relating to the audit of the consolidated financial statements are reported in the basic consolidated financial statements.
3. No instances of noncompliance material to the consolidated financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the consolidated financial statements.
5. The auditors' report on compliance for the major federal award programs for the Organization expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the Organization is reported in Part C of this Schedule below.
7. The programs tested as major programs include:

Major program	CFDA #	Expenditures
Crime Victim Assistance	16.575	$ 998,681
Foster Care Programs	93.658	1,136,220
Total major programs		$ 2,134,901
Total Federal Awards		$ 5,807,881
Percentage of total federal award expenditures tested		37%

8. The threshold for distinguishing Types A and B programs was $750,000.

9. The Organization was determined to be a low risk auditee.

B. FINDINGS - CONSOLIDATED FINANCIAL STATEMENTS AUDIT

Current Year Findings

No consolidated financial statements audit findings noted in the current year.

Prior Year Findings

No consolidated financial statements audit findings noted in the prior year.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

Current Year Findings

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

Prior Year Findings

There are no prior year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*