Bill Wilson Center

**Report on Audit of Consolidated Financial Statements**
**and Supplementary Information**
**June 30, 2017**
**(With summarized comparative totals for June 30, 2016)**

**Together with**
**Independent Auditors' Report**
**and Single Audit Reports**

# BILL WILSON CENTER
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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, 2017, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

**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, 2017, 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 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 4, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, 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 October 3, 2017, 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
October 3, 2017

# BILL WILSON CENTER
**Consolidated Statement of Financial Position**
June 30, 2017
(With summarized comparative totals for June 30, 2016)

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 2,107,186 | $ 1,442,546 |
| Investments | 1,131,356 | 1,080,842 |
| Receivables, net, current portion | 2,046,092 | 2,342,801 |
| Prepaid expenses and deposits | 231,053 | 311,335 |
| Total current assets | 5,515,687 | 5,177,524 |
| Receivables, net, non-current portion | 110,738 | 100,793 |
| Property and equipment, net | 13,690,001 | 13,455,782 |
| Restricted cash and cash equivalents | 410,777 | 390,003 |
| Total assets | $ 19,727,203 | $ 19,124,102 |
| **LIABILITIES AND NET ASSETS** | | |
| Current liabilities: | | |
| Line of credit payable | $ - | $ 205,000 |
| Accounts payable | 341,751 | 290,835 |
| Accrued expenses | 1,574,923 | 1,460,090 |
| Deposits | 225,510 | 125,424 |
| Deferred revenue | 1,728 | 1,751 |
| Notes payable, current | 68,479 | 65,002 |
| Total current liabilities | 2,212,391 | 2,148,102 |
| Long-term interest payable | 204,652 | 163,608 |
| Notes payable, non-current, net | 3,634,515 | 3,749,613 |
| Total liabilities | 6,051,558 | 6,061,323 |
| Commitments and contingencies | | |
| Net assets: | | |
| Unrestricted | 4,716,747 | 4,429,286 |
| Temporarily restricted | 8,958,898 | 8,633,493 |
| Total net assets | 13,675,645 | 13,062,779 |
| Total liabilities and net assets | $ 19,727,203 | $ 19,124,102 |

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, 2017

(With summarized comparative totals for the year ended June 30, 2016)

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Total | Comparative Totals |
| Support and revenue: | | | | |
| Support: | | | | |
| Contributions | $ 12,366 | $ 252,093 | $ 264,459 | $ 231,644 |
| Contributions in-kind | 500,274 | 66,398 | 566,672 | 413,094 |
| Special events, net | 124,579 | - | 124,579 | 110,937 |
| Foundations and corporations | 141,397 | 235,362 | 376,759 | 567,470 |
| United Way | 2,025 | - | 2,025 | 1,429 |
| Total support | 780,641 | 553,853 | 1,334,494 | 1,324,574 |
| Revenue: | | | | |
| Federal government awards | 3,967,278 | 50,000 | 4,017,278 | 3,832,581 |
| State and local government awards | 11,266,945 | 582,093 | 11,849,038 | 10,720,258 |
| Investment income, net | 51,458 | - | 51,458 | 52,831 |
| Gain (loss) on disposal of assets | (2,784) | - | (2,784) | 415 |
| Fees for services | 315,681 | - | 315,681 | 369,500 |
| Rental income | 185,239 | - | 185,239 | 185,162 |
| Miscellaneous income | 99,173 | - | 99,173 | 22,525 |
| Total revenue | 15,882,990 | 632,093 | 16,515,083 | 15,183,272 |
| Net assets released from restrictions | 860,541 | (860,541) | - | - |
| Total support and revenue | 17,524,172 | 325,405 | 17,849,577 | 16,507,846 |
| Expenses: | | | | |
| Program services | 14,819,532 | - | 14,819,532 | 14,396,668 |
| Supporting services: | | | | |
| Management and general | 1,696,432 | - | 1,696,432 | 1,606,128 |
| Fundraising and development | 302,874 | - | 302,874 | 303,003 |
| Total supporting services | 1,999,306 | - | 1,999,306 | 1,909,131 |
| Total expenses before depreciation and amortization | 16,818,838 | - | 16,818,838 | 16,305,799 |
| Change in net assets before depreciation and amortization | 705,334 | 325,405 | 1,030,739 | 202,047 |
| Depreciation and amortization expense | 417,873 | - | 417,873 | 402,688 |
| Change in net assets | 287,461 | 325,405 | 612,866 | (200,641) |
| Net assets, beginning of year | 4,429,286 | 8,633,493 | 13,062,779 | 13,263,420 |
| Net assets, end of year | $ 4,716,747 | $ 8,958,898 | $ 13,675,645 | $ 13,062,779 |

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

# BILL WILSON CENTER

## Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2017

(With summarized comparative totals for the year ended June 30, 2016)

| | 2017 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Program Services | | | | | | | | |
| | Mental Health Services | Residential Services | Foster Family Services | Children & Youth Services | Family Services | Transitional Housing Services | Drop-In Center | Peacock Commons | Total Program Services |
| Staff compensation | $ 2,335,691 | $ 1,459,762 | $ 265,990 | $ 576,993 | $ 499,259 | $ 1,083,187 | $ 500,324 | $ 100,694 | $ 6,821,900 |
| Employee benefits | 519,742 | 306,163 | 63,163 | 128,420 | 108,132 | 233,838 | 112,442 | 18,543 | 1,490,443 |
| Payroll taxes | 206,550 | 123,756 | 25,740 | 52,982 | 45,400 | 93,920 | 45,418 | 7,389 | 601,155 |
| Communication costs | 36,409 | 31,790 | 14,022 | 10,459 | 15,716 | 46,068 | 9,056 | 9,892 | 173,412 |
| Conference, conventions and meetings | 2,361 | 3,422 | 790 | 208 | 124 | 293 | 2,347 | 1,125 | 10,670 |
| Equipment and furniture purchases | 23,394 | 22,724 | 2,470 | 12,802 | 419 | 49,416 | 7,012 | 7,589 | 125,826 |
| Food and beverage | 6,821 | 61,302 | 291 | 490 | 2,080 | 290,750 | 27,791 | 11,738 | 401,263 |
| Foster family fees | - | - | 294,831 | - | - | - | - | - | 294,831 |
| Insurance | 25,901 | 37,269 | 8,625 | 2,710 | 4,527 | 26,058 | 5,317 | 10,212 | 120,619 |
| Interest expense | - | 1,380 | - | - | 15,395 | 51,222 | - | 31,714 | 99,711 |
| Maintenance and equipment rental | 30,151 | 54,906 | 2,176 | 3,990 | 3,322 | 62,791 | 17,992 | 65,645 | 240,973 |
| Memberships, dues and licenses | 15,807 | 17,895 | 5,613 | 2,292 | 748 | 2,275 | 230 | 5,035 | 49,895 |
| Occupancy | 165,524 | 9,364 | 17,630 | 117,926 | 30,402 | 1,019,546 | 10,342 | 3,756 | 1,374,490 |
| Payments to sub-recipients | - | - | - | 323,276 | - | 6,297 | - | - | 329,573 |
| Postage and shipping | 2,924 | 905 | 913 | 786 | 958 | 762 | 336 | 117 | 7,701 |
| Printing and publications | 51,571 | 8,126 | 2,980 | 5,877 | 12,390 | 8,858 | 8,198 | 2,568 | 100,568 |
| Professional fees | 470,010 | 46,303 | 11,599 | 30,831 | 380,553 | 45,742 | 17,855 | 119,002 | 1,121,895 |
| Reconciliation reserve and bad debts | - | 15,274 | 22,038 | - | 90 | 17,823 | - | 5,106 | 60,331 |
| Recruiting and training costs | 11,757 | 18,705 | 3,568 | 3,303 | 1,608 | 3,628 | 3,452 | 369 | 46,390 |
| Service charges | 4,190 | 2,811 | 614 | 785 | 3,034 | 2,693 | 713 | 1,641 | 16,481 |
| Specific assistance | 9 | 75,775 | 30,227 | 30,397 | - | 558,128 | 44,419 | 43,541 | 782,496 |
| Supplies | 26,244 | 25,411 | 4,836 | 11,597 | 11,920 | 52,895 | 23,359 | 9,287 | 165,549 |
| Travel and transportation | 45,622 | 29,190 | 9,147 | 5,929 | 2,321 | 39,639 | 3,534 | 3,029 | 138,411 |
| Utilities | 25,888 | 71,955 | 1,068 | 3,504 | 3,251 | 83,566 | 8,919 | 46,798 | 244,949 |
| Total expenses before depreciation and amortization | 4,006,566 | 2,424,188 | 788,331 | 1,325,557 | 1,141,649 | 3,779,395 | 849,056 | 504,790 | 14,819,532 |
| Depreciation and amortization | 24,913 | 81,026 | 1,801 | - | 17,814 | 59,792 | 11,185 | 184,035 | 380,566 |
| Total expenses | $ 4,031,479 | $ 2,505,214 | $ 790,132 | $ 1,325,557 | $ 1,159,463 | $ 3,839,187 | $ 860,241 | $ 688,825 | $ 15,200,098 |

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, 2017

(With summarized comparative totals for the year ended June 30, 2016)

| | 2017 | | | | | 2016 |
|---|---|---|---|---|---|---|
| | Total | Support services | | | Total Program | |
| | Program Services | Management and General | Fundraising and Development | Totals | and Support Services | Comparative Totals |
| Staff compensation | $ 6,821,900 | $ 1,183,908 | $ 214,408 | $ 1,398,316 | $ 8,220,216 | $ 8,131,656 |
| Employee benefits | 1,490,443 | 229,148 | 34,293 | 263,441 | 1,753,884 | 1,703,938 |
| Payroll taxes | 601,155 | 69,528 | 13,269 | 82,797 | 683,952 | 700,522 |
| Communication costs | 173,412 | 14,942 | 1,547 | 16,489 | 189,901 | 170,757 |
| Conference, conventions and meetings | 10,670 | 5,254 | 447 | 5,701 | 16,371 | 15,485 |
| Equipment and furniture purchases | 125,826 | 12,888 | 3,066 | 15,954 | 141,780 | 179,339 |
| Food and beverage | 401,263 | 1,161 | 272 | 1,433 | 402,696 | 352,061 |
| Foster family fees | 294,831 | - | - | - | 294,831 | 331,187 |
| Insurance | 120,619 | 40,916 | 1,209 | 42,125 | 162,744 | 165,630 |
| Interest expense | 99,711 | 6,420 | - | 6,420 | 106,131 | 107,585 |
| Maintenance and equipment rent | 240,973 | 21,028 | 2,304 | 23,332 | 264,305 | 311,248 |
| Memberships, dues and licenses | 49,895 | 9,328 | 6,970 | 16,298 | 66,193 | 63,776 |
| Occupancy | 1,374,490 | 10,646 | 121 | 10,767 | 1,385,257 | 1,135,988 |
| Payments to sub-recipients | 329,573 | - | - | - | 329,573 | 328,051 |
| Postage and shipping | 7,701 | 1,043 | 503 | 1,546 | 9,247 | 10,123 |
| Printing and publications | 100,568 | 16,059 | 8,521 | 24,580 | 125,148 | 100,656 |
| Professional fees | 1,121,895 | 25,332 | 3,284 | 28,616 | 1,150,511 | 1,101,757 |
| Reconciliation reserve and bad debts | 60,331 | - | - | - | 60,331 | 35,512 |
| Recruiting and training costs | 46,390 | 14,341 | 1,650 | 15,991 | 62,381 | 65,785 |
| Service charges | 16,481 | 3,246 | 4,778 | 8,024 | 24,505 | 21,218 |
| Specific assistance | 782,496 | 3,984 | - | 3,984 | 786,480 | 704,627 |
| Supplies | 165,549 | 2,645 | 3,068 | 5,713 | 171,262 | 179,670 |
| Travel and transportation | 138,411 | 8,204 | 552 | 8,756 | 147,167 | 139,964 |
| Utilities | 244,949 | 16,411 | 2,612 | 19,023 | 263,972 | 249,264 |
| Total expenses before depreciation and amortization | 14,819,532 | 1,696,432 | 302,874 | 1,999,306 | 16,818,838 | 16,305,799 |
| Depreciation and amortization | 380,566 | 28,358 | 8,949 | 37,307 | 417,873 | 402,688 |
| Total expenses | $ 15,200,098 | $ 1,724,790 | $ 311,823 | $ 2,036,613 | $ 17,236,711 | $ 16,708,487 |

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, 2017

(With summarized comparative totals for June 30, 2016)

| | For the Years Ended June 30, 2017 | For the Years Ended June 30, 2016 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ 612,866 | $ (200,641) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 417,873 | 398,988 |
| Donated assets | (95,254) | - |
| (Gain) loss on disposal of fixed assets | 2,784 | (415) |
| Net realized and unrealized gain on investments | (26,797) | (26,275) |
| Changes in operating assets and liabilities: | | |
| Receivables, net | 286,764 | (525,104) |
| Prepaid expenses and deposits | 80,282 | (116,545) |
| Accounts payable | 50,916 | (292,791) |
| Accrued expenses | 114,833 | 115,719 |
| Deposits | 100,086 | (36,842) |
| Deferred revenue | (23) | (88,172) |
| Net cash provided (used) by operating activities | 1,544,330 | (772,078) |
| Cash flows from investing activities: | | |
| Proceeds from sale of investments | 113,414 | 158,508 |
| Purchases of investments | (137,131) | (184,281) |
| Purchases of property and equipment | (607,052) | (132,468) |
| Net cash used by investing activities | (630,769) | (158,241) |

# BILL WILSON CENTER
**Consolidated Statement of Cash Flows (Continued)**
For the Year Ended June 30, 2017
(With summarized comparative totals for June 30, 2016)

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Cash flows from financing activities: | | | | |
| Payments on notes payable | | (64,191) | | (60,710) |
| Proceeds from loans including accrued interest | | 41,044 | | 41,044 |
| Repayments on line of credit | | (300,000) | | (40,000) |
| Borrowings on line of credit | | 95,298 | | 200,000 |
| Net cash (used) provided by financing activities | | (227,849) | | 140,334 |
| Increase (decrease) in cash and cash equivalents | | 685,712 | | (789,985) |
| Cash and cash equivalents, beginning of year | | 1,832,549 | | 2,622,534 |
| Cash and cash equivalents, end of year | $ | 2,518,261 | $ | 1,832,549 |
| Cash and cash equivalent reconciliation: | | | | |
| Cash and cash equivalents | $ | 2,107,186 | $ | 1,442,546 |
| Restricted cash and cash equivalents | | 410,777 | | 390,003 |
| Total cash and cash equivalents | $ | 2,517,963 | $ | 1,832,549 |

Supplemental disclosure of cash flow information

| | | | | |
|---|---|---|---|---|
| Cash paid during the year for interest | $ | 65,237 | $ | 66,682 |

Supplemental disclosure of non-cash transactions

| | | | | |
|---|---|---|---|---|
| Transfer of assets from construction-in-progress to property and equipment | $ | 50,000 | $ | 69,833 |

# BILL WILSON CENTER
**Notes to Consolidated Financial Statements**
June 30, 2017

## 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.

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.
- Transition age youth may gain immediate access to Mental Health Services through a crisis line.

Residential Center
- Short-term housing for homeless and runaway youth at BWC's Residential Center and host homes. Intensive individual, group and family counseling in order to reunite youth with their families.
- Quetzal House provides short-term housing for girls, ages 13 - 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 16-19, including parenting youth, who are in the foster care system. The youth learn the skills they need to become self-sufficient.

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, and Intensive Therapeutic Foster Care 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.

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

Youth Services

- Direct Referral Program provides services to first time offenders under the age of 15 who are at risk of re-offending. Youth participate in 7 Challenges and their parents may attend parenting classes.
- Support and Enhancement Services provides intensive case management and cognitive behavioral therapy services for youth on probation.
- Safe Place provides youth with easy access to services or safety.
- Family Advocacy Services provides support to families who have children attending Lincoln or Mt. Pleasant High Schools who are struggling due to their family's homelessness.
- Rapid Rehousing and Supportive Services provides case management and rental assistance to youth and young parent families.

Drop-In-Center

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

Family Services

- Contact Cares volunteers provide supportive listening, and information and referral on 24-hour crisis lines.
- Counselors provide low-cost, professional counseling services to families and individuals of all ages.
- School Outreach Counseling provides on-site counseling services to Santa Clara Unified School District middle and high school students, and several other schools.
- Therapeutic 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.

Transitional Housing

- Transitional Housing Program provides housing and support services for homeless youth ages 16 - 24, including parenting youth and their infants/toddlers.
- THP+ provides rental subsidies and support services for youth who have aged out of foster care.
- THP+ Foster Care provides housing and support services for youth who have elected to stay in foster care after turning 18.

Peacock Commons

- Permanent Housing Apartment Complex provides affordable rent and supportive services for youth 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 three classes of net assets:

- *Unrestricted net assets* - 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.
- *Temporarily restricted net assets* - 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 temporarily restricted net assets any restricted revenue received in the current year for which the restrictions have been met in the current year.
- *Permanently restricted net assets* - include those assets which are subject to a non-expiring donor restriction, such as endowments. The Organization did not have any permanently restricted net assets at June 30, 2017 and 2016.

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.

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

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 unrestricted, temporarily restricted or permanently restricted 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, 2017 and 2016.

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 made.

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 $4,000 in advertising expenses for the years ended June 30, 2017 and 2016.

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

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, net - 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 pay 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 rental property.

Property and equipment, net - 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, 2017 and 2016.

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, net - Notes payable includes building and loan acquisition costs incurred in connection with the mortgage note payable, secured by deed of trust on real property 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 life of the related loans, amortization expense amounted to approximately $71,000 and $73,000 for the years ended June 30, 2017 and 2016, respectively.

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

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.

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, 2017 and 2016.

Fair value of financial instruments - Financial instruments included in the Organization's consolidated statement of financial position as of June 30, 2017 and 2016 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.

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

Concentration of revenue sources - For the years ending June 30, 2017 and 2016, approximately 88% 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, 2017 management did not identify any uncertain tax positions.

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California. The tax years that remain subject to potential examination for the U.S. federal jurisdiction is June 30, 2014 and forward. The State of California tax jurisdiction is subject to potential examination for fiscal tax years June 30, 2013 and forward.

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, 2016, from which the summarized information was obtained.

Reclassification - Certain fiscal year 2016 balances have been reclassified to conform to the 2017 financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

Recently adopted accounting guidance - In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2014-15 "Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" which requires management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. The new guidance is effective for non-public entities for the annual period ending after December 15, 2016. The Organization has elected to adopt this ASU effective July 1, 2016.

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

Recent accounting pronouncements - In August 2016, the FASB issued ASU No. 2016-14 "Not-for-Profit Entities: Presentation of Financial Statements for Not-for-Profit Entities." The ASU is intended to improve identified issues about the current financial reporting for Not-for-Profits. This ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. 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 financial statements.

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

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, 2017.

**Note 3 - Receivables, net:**

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

| | 2017 | 2016 |
|---|---|---|
| Grants receivable | $ 2,516,770 | $ 2,824,240 |
| Contracts receivable | 211,130 | 94,035 |
| Pledges receivable | 307,413 | 274,517 |
| Accounts receivable | 4,927 | 5,322 |
| Total receivables | 3,040,240 | 3,198,114 |
| Less: allowance for doubtful accounts and fair value adjustment | (883,410) | (754,520) |
| Total receivables, net | 2,156,830 | 2,443,594 |
| Less: current portion | (2,046,092) | (2,342,801) |
| Non-current portion | $ 110,738 | $ 100,793 |

Pledges receivable are recorded at fair value which includes a discount rate of 5% at June 30, 2017:

| Year Ending June 30, | |
|---|---|
| 2018 | $ 105,819 |
| 2019 | 79,912 |
| 2020 | 62,250 |
| 2021 | 39,532 |
| 2022 | 15,641 |
| Thereafter | 4,260 |
| Total | 307,414 |
| Less: allowance for doubtful accounts and fair value adjustment | (90,857) |
| Less: current portion | (105,819) |
| Non-current portion | $ 110,738 |

## Note 4 - 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.

All investments are at quoted prices in active markets for identical assets (Level 1 inputs) as follows at June 30:

| | 2017 | 2016 |
|---|---|---|
| Cash held-for-investments | $ 121,300 | $ 66,193 |
| Fixed income | 544,869 | 594,245 |
| Equity securities | 465,187 | 420,404 |
| Net investments | $ 1,131,356 | $ 1,080,842 |

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

| | 2017 | 2016 |
|---|---|---|
| Interest and dividends | $ 32,910 | $ 34,244 |
| Realized gain on investments, net | 16,750 | 27,439 |
| Unrealized gain (loss) on investments, net | 10,047 | (1,164) |
| | 59,707 | 60,519 |
| Less management fees | (8,249) | (7,688) |
| Net investment income | $ 51,458 | $ 52,831 |

## Note 5 - Property and equipment, net:

Property and equipment consists of the following at June 30:

| | 2017 | 2016 |
|---|---|---|
| Land | $ 3,934,417 | $ 3,934,417 |
| Buildings and improvements | 13,287,404 | 12,635,984 |
| Furniture and equipment | 447,872 | 433,762 |
| Vehicles | 61,717 | 61,717 |
| Construction-in-progress | - | 50,000 |
| Total property and equipment | 17,731,410 | 17,115,880 |
| Less accumulated depreciation and amortization | (4,041,409) | (3,660,098) |
| Property and equipment, net | $ 13,690,001 | $ 13,455,782 |

Depreciation and amortization expense was approximately $418,000 and $403,000 for the years ended June 30, 2017 and 2016, respectively.

## Note 6 - Line of credit:

The Organization is obligated under a line of credit, maturing November 15, 2017 and secured by the personal property of the Organization. The line is available up to $500,000 and bears interest at the greater of the bank's prime rate or 3.50% (4.25% at June 30, 2017). 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 7 - Notes payable:

The Organization had the following notes payable at June 30:

| | 2017 | 2016 |
|---|---|---|
| San Jose Enclave - Wells Fargo Bank | $ 549,067 | $ 581,900 |
| Summerdale - Wells Fargo Bank | 520,667 | 552,025 |
| 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 |
| Housing Trust - 3490 Residential Center Rehab | - | 50,000 |
| Total notes payable | 3,773,668 | 3,887,859 |
| Less loan fees | (70,674) | (73,244) |
| Less current portion | (68,479) | (65,002) |
| Non-current portion | $ 3,634,515 | $ 3,749,613 |

During the year ended June 30, 2016 the Organization obtained a loan through the Housing Trust for rehabilitation of the Bill Wilson Residential Center. The loan was recorded as a temporary restricted asset when the improvements were placed in service in 2017.

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 $618,217. The refinanced loan bears interest at 5.25%, is due February 15, 2029 and requires monthly principal and interest payments of $5,252. Interest paid during the years ended June 30, 2017 and 2016 was approximately $29,000 and $32,000, 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, 2017 and 2016 was approximately $30,000 and $31,000, respectively.

**Note 7 - 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 $827,468 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, 2017 and 2016.

**Note 7 - Notes payable (continued):**

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.

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

| Year Ending June 30, | | |
|---|---|---|
| 2018 | $ | 68,479 |
| 2019 | | 72,162 |
| 2020 | | 76,043 |
| 2021 | | 80,133 |
| 2022 | | 84,442 |
| Thereafter | | 3,392,409 |
| Total | $ | 3,773,668 |

**Note 8 - Buildings - Grant liens and restrictions:**

The Organization has loans with no specified due date that have been recorded as temporarily restricted net assets 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, 2017 and 2016, accrued interest on this obligation amounted to $36,279 and $34,824, respectively, with an annual accrual of $1,455.

A grant of $980,000 from the Redevelopment Agency of 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, 2017 and 2016, accrued interest on this obligation amounted to $708,050 and $678,650, respectively, with an annual accrual of $29,400.

## Note 8 - 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 and a grant of $200,000 from the Redevelopment Agency of Santa Clara both passed through 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, 2017 and 2016, accrued interest on this obligation amounted to $247,500 and $235,000, 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 temporarily restricted net assets 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 and a grant of $297,257 from the Redevelopment Agency of Santa Clara, both passed through 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, 2017 and 2016, accrued interest on this obligation amounted to $209,063 and $197,813, 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 temporarily restricted net assets in the Statement of Financial Position.

## Note 8 - 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 Redevelopment Agency of 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 and a grant of $204,583 from the Redevelopment Agency of Santa Clara, both passed through the City of Santa Clara for the acquisition of 3551 Shafer Drive, Santa Clara, California. 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, 2017 and 2016, accrued interest on this obligation amounted to $274,355 and $256,065, 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 temporarily restricted net assets 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 Redevelopment Agency of the City of Santa Clara, with $4,725,605 advanced as of June 30, 2017 and 2016. The Redevelopment Agency of 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, 2017 and 2016, accrued interest on this obligation amounted to $1,183,323 and $1,041,555, 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 8 - 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, 2017 and 2016, 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 Residential Center 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 9 - Temporarily restricted net assets:

The temporarily restricted net assets activities for the year ended June 30, 2017 were as follows:

| | June 30, 2016 | Additions | Releases | June 30, 2017 |
|---|---|---|---|---|
| Pledges receivable | $ 182,265 | $ 201,595 | $ (182,265) | $ 201,595 |
| Residential services | - | 3,000 | (3,000) | - |
| Quetzal House | - | 30,264 | (30,264) | - |
| Contact cares | - | 1,000 | (1,000) | - |
| Transitional housing | 3,251 | 3,200 | (3,200) | 3,251 |
| Transitional housing plus program | 1,000 | - | - | 1,000 |
| THP+FC Program | 1,177 | - | - | 1,177 |
| FAS Programs | - | 25,800 | (20,175) | 5,625 |
| Rapid Rehousing Programs | - | 45,000 | (45,000) | - |
| Applied Materials and others - | | | | |
| Drop-in-center | 27,807 | 5,635 | (19,381) | 14,061 |
| Adobe & 100 Women Foundation - | | | | |
| Drop-in-center | 101,606 | - | (43,599) | 58,007 |
| Centre for Living with Dying | 25,000 | 40,435 | (40,435) | 25,000 |
| Healing Heart (Valle Monte League) | - | 62,666 | (62,666) | - |
| Centre For Living - Aids Retreat | 4,743 | 121 | (1,941) | 2,923 |
| Housing Trust - Shelter Furniture | | | | |
| and Equipment | - | 10,000 | (10,000) | - |
| Encore.org - Fellowship | 2,962 | - | (2,962) | - |
| Foster Care Youth - Individuals | - | 2,135 | (2,135) | - |
| CHAT Program | - | 25,000 | - | 25,000 |
| Adopt-a-family | - | 26,604 | (26,604) | - |
| Counseling services | - | 5,000 | (5,000) | - |
| 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 | 413,323 | - | (8,625) | 404,698 |
| The Alameda | 1,782,640 | 648,491 | (141,801) | 2,289,330 |
| Jackson Street | 476,489 | - | (26,691) | 449,798 |
| Main Street | 330,035 | - | (6,537) | 323,498 |
| Peacock Commons | 5,142,306 | - | (177,260) | 4,965,046 |
| Total temporarily | | | | |
| restricted net assets | $ 8,633,493 | $ 1,185,946 | $ (860,541) | $ 8,958,898 |

## Note 9 - Temporarily restricted net assets (continued):

The temporarily restricted net assets activities for the year ended June 30, 2016 were as follows:

| | June 30, 2015 | Additions | Releases | June 30, 2016 |
|---|---|---|---|---|
| Pledges receivable | $ 154,774 | $ 182,265 | $ (154,774) | $ 182,265 |
| Residential services | 800 | 150 | (950) | - |
| Quetzal House | - | 4,175 | (4,175) | - |
| Contact cares | - | 3,300 | (3,300) | - |
| Transitional housing | 3,361 | - | (110) | 3,251 |
| Transitional housing plus program | - | 1,000 | - | 1,000 |
| THP+FC Program | - | 1,177 | - | 1,177 |
| Applied Materials and others - Drop-in-center | 49,648 | 11,000 | (32,841) | 27,807 |
| Adobe & 100 Women Foundation - Drop-in-center | 102,344 | 72,000 | (72,738) | 101,606 |
| Centre for Living with Dying | - | 68,291 | (43,291) | 25,000 |
| Healing Heart (Valle Monte League) | - | 62,340 | (62,340) | - |
| Centre For Living - Aids Retreat | 5,028 | 128 | (413) | 4,743 |
| Encore.org - Fellowship | | 25,000 | (22,038) | 2,962 |
| Child abuse prevention (San Disk Foundation) | - | 25,000 | (25,000) | - |
| Foster Care Youth - Individuals | - | 1,893 | (1,893) | - |
| Adopt-a-family | - | 31,662 | (31,662) | - |
| 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: | | | | |
| Shafer Drive | 414,789 | 6,875 | (8,341) | 413,323 |
| The Alameda | 1,861,548 | 54,431 | (133,339) | 1,782,640 |
| Jackson Street | 496,413 | 7,337 | (27,261) | 476,489 |
| Main Street | 336,572 | - | (6,537) | 330,035 |
| Peacock Commons | 5,309,961 | 8,924 | (176,579) | 5,142,306 |
| Total temporarily restricted net assets | $ 8,874,127 | $ 566,948 | $ (807,582) | $ 8,633,493 |

## Note 10 - 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, 2017 and 2016, the Board of Directors approved a total contribution of approximately $479,000 and $414,000, 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 11 - Special events:

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

| | 2017 | 2016 |
|---|---|---|
| Special event income | | |
| Revenues | $ 20,060 | $ 12,355 |
| Contributions | 165,521 | 167,914 |
| Special event income, net | 185,581 | 180,269 |
| Special event direct expenses | 61,002 | 69,332 |
| Special events, net | $ 124,579 | $ 110,937 |

Total fundraising expenses for the year ended June 30, 2017 and 2016 were approximately $373,000 and $380,000, respectively.

## Note 12 - Related-party transactions:

For the years ending June 30, 2017 and 2016, the Organization received approximately $52,000 and $57,000, respectively, from Board members, management and their affiliated organizations.

## Note 13 - Commitments and contingencies:

*Lease commitments* - The Organization is obligated under various facility leases, expiring at various dates through October 2019 and containing renewal clauses, for the rental of office space and residential units. Monthly payments under these leases total approximately $43,000 and $34,000 for the years ended June 30, 2017 and 2016, respectively, and the total rental expense incurred under leases was approximately $514,000 and $406,000, respectively.

The future minimum commitments under these leases are as follows:

| Year Ending June 30, | | |
|---|---|---|
| 2018 | $ | 510,295 |
| 2019 | | 189,377 |
| 2020 | | 63,790 |
| Total | $ | 763,462 |

The Organization's total occupancy expense was approximately $1,385,000 and $1,136,000 for the years ended June 30, 2017 and 2016, 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 July 2022. Monthly payments under these leases total approximately $6,000 and $5,000 for the years ended June 30, 2017 and 2016, respectively, and total payments made pursuant to these leases were approximately $72,000 and $61,000, respectively. The future annual minimum commitments under these leases are as follows:

| Year Ending June 30, | | |
|---|---|---|
| 2018 | $ | 71,723 |
| 2019 | | 46,468 |
| 2020 | | 30,809 |
| 2021 | | 25,147 |
| 2022 | | 17,026 |
| Thereafter | | 405 |
| Total | $ | 191,578 |

**Note 12 - 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.

# SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE 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, 2017, 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 October 3, 2017.

**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.

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

**Compliance and Other Matters**

As part of obtainig 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
October 3, 2017

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, 2017. 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, 2017.

**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
October 3, 2017

# BILL WILSON CENTER
## Single Audit Reports
## Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

| 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 | CA0032L9T001508 | $ 187,919 | $ - |
| Transitional housing - North County | 14.267 | CA0032L9T001407 | 104,354 | - |
| Transitional housing - South County | 14.267 | CA0031L9T001609 | 289,055 | - |
| Transitional housing - South County | 14.267 | CA0031L9T001508 | 267,351 | - |
| Peacock Commons | 14.267 | CA1032L9T001505 | 142,750 | - |
| Peacock Commons | 14.267 | CA1032L9T001404 | 105,565 | - |
| Rapid ReHousing for Youth | 14.267 | CA1379L9T001500 | 50,308 | - |
| Rapid ReHousing for Homeless Youth | 14.267 | 4300013327 | 105,203 | - |
| Total Continuum of Care Program* | | | 1,252,505 | - |
| Community Development Block Grants | | | | |
| Passed through the City of Mountain View | | | | |
| Quetzel House Renovation | 14.218 | 893-11-22-16AG-E | 50,000 | - |
| Passed through the City of Santa Clara | | | | |
| Family Therapy/School Outreach | 14.218 | - | 63,470 | - |
| Passed through the City of Sunnyvale | | | | |
| Family & Individual Counseling Services | 14.218 | 1617-827550 | 25,000 | - |
| Total Community Development Block Grants | | | 138,470 | - |
| Passed through the City of San Jose | | | | |
| Emergency Shelter Grant - Rapid Rehousing | 14.231 | ESG-15-006A | 430,689 | 302,276 |
| Total Emergency Shelter Grant | | | 430,689 | 302,276 |
| **Total U.S. Department of Housing and Urban Development** | | | **1,821,664** | **302,276** |
| **U.S. Department of Homeland Security** | | | | |
| Passed through Santa Clara County Local Board of Federal Emergency Management Agency | | | | |
| Emergency Food and Shelter National Board Program | 97.024 | 088000-021 | 13,000 | - |
| **Total U.S. Department of Homeland Security** | | | **13,000** | - |
| **U.S. Department of Justice** | | | | |
| Passed through California Office of Emergency Services | | | | |
| Transitional Housing Program | 16.575 | XH16011430 | 86,860 | |
| Child Abuse Treatment Program | 16.575 | AT16021430 | 102,535 | |
| Child Abuse Treatment Program | 16.575 | AT15011430 | 118,392 | |
| **Total U.S. Department of Justice** | | | **307,787** | - |
| **Subtotal** | | | **$ 2,142,451** | **$ 302,276** |

* 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, 2017

| 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** | | | **$ 2,142,451** | **$ 302,276** |
| **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 | 185,827 | - |
| AFDC-FC - Crisis Residential | 93.658 | 0268.00.01 | 439,447 | - |
| AFDC-FC - Quetzal House | 93.658 | 0268.00.01 | 257,645 | - |
| THP Plus Foster Care | 93.658 | 0268.18.01 | 395,963 | - |
| Total Foster Care Programs | | | 1,278,882 | - |
| Transitional Living Programs: | | | | |
| Direct award | | | | |
| Transitional living - maternity group home | 93.550 | 90CX6994-05 | 26,846 | - |
| Transitional living - maternity group home | 93.550 | 90CX6994-04 | 164,145 | - |
| Total Transitional Living Programs | | | 190,991 | - |
| Runaway and Homeless Youth Programs: | | | | |
| Direct Award | | | | |
| Basic Center - South County | 93.623 | 90CY6670/03 | 153,322 | - |
| Basic Center - South County | 93.623 | 90CY6670/02 | 46,855 | - |
| Basic Center - North County | 93.623 | 90CY6669/03 | 138,816 | - |
| Basic Center - North County | 93.623 | 90CY6669/02 | 65,961 | - |
| Total Runaway and Homeless Youth Programs* | | | 404,954 | - |
| **Total U.S. Department of Health and Human Services:** | | | **1,874,827** | **-** |
| **Total Expenditures of Federal Awards** | | | **$ 4,017,278** | **$ 302,276** |

* Denotes a major program

The accompanying notes are an integral part of this schedule

# BILL WILSON CENTER

**Single Audit Reports**
**Notes to the Schedule of Expenditures of Federal Awards**
Year Ended June 30, 2017

**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, 2017. 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 grants, 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, 2017

## 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 |
|---|---|---|---|
| Continuum of Care Program | 14.267 | $ | 1,252,505 |
| Runaway and Homeless Youth Programs | 93.623 | | 404,954 |
| Total major programs | | $ | 1,657,459 |
| Total Federal Awards | | $ | 4,017,278 |
| Percentage of total federal award expenditures tested | | | 41% |

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

9. The Organization was determined to not 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.*