
BILL WILSON CENTER
(a California non-profit organization)

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

**BILL WILSON CENTER
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bill Wilson Center
Santa Clara, California

We have audited the accompanying statements of financial position of Bill Wilson Center (a California non-profit organization) as of June 30, 2010 and June 30, 2009, the related statements of cash flows for the years then ended, and the related statements of activities and functional expenses for the year ended June 30, 2010. These financial statements are the responsibility of Bill Wilson Center's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the organization's June 30, 2009 financial statements and, in our report dated September 3, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bill Wilson Center as of June 30, 2010 and June 30, 2009, the changes in its cash flows for the fiscal years then ended, and the changes in its net assets for the fiscal year ended June 30, 2010 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 14, 2010 on our consideration of Bill Wilson Center's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Bill Wilson Center taken as a whole. The accompanying schedule of expenditures of federal, state, and local awards, California Emergency Management Agency ("CAL EMA") supplementary information, and California Department of Social Services ("CDSS") supplementary information - Forms SR 3, SR 4, and FCR 12FFA, for the year ended June 30, 2010, are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, CAL EMA, and CDSS, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

NICHOLS, RICK & COMPANY

Nichols, Rick & Company, CPA's
San Jose, California
October 14, 2010

BILL WILSON CENTER
Statements of Financial Position
As of June 30, 2010 and June 30, 2009

	2010	2009
<u>ASSETS</u>		
Assets:		
Cash	\$ 947,748	\$ 396,578
Investments	511,021	503,771
Accounts receivable	53,764	14,485
Grants receivable, net	1,259,063	1,597,329
Unconditional promises to give:		
Pledges receivable, net	179,570	151,220
United Way	50,000	50,000
Prepaid expenses	93,457	113,074
Total current assets	3,094,623	2,826,457
Unconditional promises to give:		
Pledges receivable, net	239,492	206,238
Deposits	40,930	39,494
Fixed assets, net	8,457,339	7,824,290
Intangible assets, net	8,630	
TOTAL ASSETS	\$ 11,841,014	\$ 10,896,479
<u>LIABILITIES & NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 674,607	\$ 508,988
Accrued compensation	685,188	629,113
Deposits	61,320	48,992
Deferred revenue	29,662	12,075
Lease payable, current	1,866	3,519
Grants payable	68,160	68,160
Line of credit payable	155,000	80,000
Long-term debt, current	34,893	
Total current liabilities	1,710,696	1,350,847
Grants payable	56,785	124,945
Lease payable		1,759
Interest payable	17,948	17,948
Long-term debt	925,341	478,700
Total non-current liabilities	1,000,074	623,352
Total liabilities	2,710,770	1,974,199
Net assets:		
Unrestricted	2,343,362	2,239,745
Temporarily restricted	732,252	691,224
Permanently restricted	6,054,630	5,991,311
Total net assets	9,130,244	8,922,280
TOTAL LIABILITIES & NET ASSETS	\$ 11,841,014	\$ 10,896,479

BILL WILSON CENTER
Statement of Activities
For the year ended June 30, 2010
with comparative totals for the year ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>June 30, 2010 Totals</u>	<u>Comparative totals for the year ended June 30, 2009</u>
SUPPORT & REVENUE					
Support received directly					
Contributions	\$ 137,836	\$	\$ 6,142	\$ 143,978	\$ 133,634
Contributions in-kind	356,066			356,066	381,139
Special events, net	201,608			201,608	88,114
Foundations and corporations	254,273	210,755		465,028	632,682
Support received indirectly					
United Way	18,457	50,000		68,457	69,837
Total Support	<u>968,240</u>	<u>260,755</u>	<u>6,142</u>	<u>1,235,137</u>	<u>1,305,406</u>
Revenue					
Federal government awards	3,289,101			3,289,101	3,580,746
State & local government awards	6,224,509			6,224,509	6,005,682
Interest, dividend, & capital gain income	16,319			16,319	21,907
Net realized & unrealized					
gain (loss) on investments	24,295			24,295	(93,989)
Loss on disposal of asset	(1,104)			(1,104)	(3,343)
Fees for services	244,738			244,738	179,942
Rental income					23,684
Insurance proceeds & miscellaneous income	17,763			17,763	78,060
Total Revenue	<u>9,815,621</u>			<u>9,815,621</u>	<u>9,792,689</u>
Net assets (released from) added to restrictions	<u>162,550</u>	<u>(219,727)</u>	<u>57,177</u>		
TOTAL SUPPORT & REVENUE	<u>10,946,411</u>	<u>41,028</u>	<u>63,319</u>	<u>11,050,758</u>	<u>11,098,095</u>
EXPENSES					
Program Services					
Mental Health Services	2,048,041			2,048,041	1,511,089
Residential Services	2,411,149			2,411,149	2,381,597
Future Families	1,183,607			1,183,607	1,510,197
Youth Services	357,415			357,415	660,873
Family Services	321,241			321,241	480,100
Transitional Housing	1,961,969			1,961,969	1,895,082
Drop-In Center	770,384			770,384	740,556
Centre for Living with Dying	403,211			403,211	445,287
Total Program Services	<u>9,457,017</u>			<u>9,457,017</u>	<u>9,624,781</u>
Support Services					
Management & General	1,078,629			1,078,629	1,255,785
Fund Development	307,148			307,148	345,369
Total Support Services	<u>1,385,777</u>			<u>1,385,777</u>	<u>1,601,154</u>
TOTAL EXPENSES	<u>10,842,794</u>			<u>10,842,794</u>	<u>11,225,935</u>
Change in net assets from operations	103,617	41,028	63,319	207,964	(127,840)
Net assets at beginning of year	2,239,745	691,224	5,991,311	8,922,280	9,050,120
Net assets at end of year	<u>\$ 2,343,362</u>	<u>\$ 732,252</u>	<u>\$ 6,054,630</u>	<u>\$ 9,130,244</u>	<u>\$ 8,922,280</u>

BILL WILSON CENTER
Statement of Functional Expenses
For the year ended June 30, 2010
with comparative totals for the year ended June 30, 2009

PROGRAM SERVICES

	Mental Health Services	Residential Services	Future Families	Youth Services	Family Services	Transitional Housing	Drop-In Center	Centre for Living With Dying		Comparative totals for the year ended June 30, 2009
								June 30, 2010 Totals	June 30, 2009	
Salaries	\$ 1,120,880	\$ 1,383,317	\$ 482,023	\$ 202,758	\$ 89,988	\$ 707,928	\$ 375,930	\$ 163,546	\$ 4,526,370	\$ 4,447,052
Payroll taxes	93,180	123,040	43,717	18,067	7,945	71,804	32,898	14,948	405,599	363,971
Employee benefits	208,280	261,575	98,187	38,710	16,751	154,448	71,873	33,948	883,772	692,527
Total salaries & related expenses	1,422,340	1,767,932	623,927	259,535	114,684	934,180	480,701	212,442	5,815,741	5,503,550
Bad debt expense	126,773	5,460	4,061		2,552	1,260	348	2,571	137,554	114,986
Conference, conventions & meetings	681	959	690	5,247	1,159	449		3,123	13,497	19,001
Equipment purchases	5,161	1,501	1,501		5,857	4,735	3,708	3,123	20,888	55,492
Equipment rent & maintenance	7,621	44,068	1,535	5,328	764	29,755	28,949	1,856	124,969	196,751
Food & beverage	4,224	150,668	516	3,861		145,921	56,188	58	362,200	334,416
Foster family fees		38,973	305,875						344,848	366,095
Insurance	21,911	52,574	19,286	4,873	2,288	22,339	8,899	2,600	134,770	136,830
Memberships, dues, & licenses	8,777	9,961	5,550	3,000	175	244	316	130	28,153	11,978
Occupancy	98,671	18,108	64,815	17,922	3,470	443,522	14,909	78,399	739,816	759,064
Payments to sub recipients				9,800		91,503	3,000		104,303	117,561
Postage & shipping	1,818	2,030	1,498	848	62	1,314	433	937	8,940	12,261
Printing & publications	18,647	10,033	8,989	3,003	5,239	7,589	5,838	6,115	65,453	13,272
Professional fees	243,597	32,737	60,216	2,836	169,784	15,721	18,173	78,292	621,356	695,862
Recruiting & training costs	1,640	7,742	9,249	332	171	723	1,812	1,868	23,537	21,910
Service charges & interest	724	1,035	1,014	157	59	980	249	1,257	5,475	5,353
Specific assistance	6,634	75,116	16,975	8,392	5,359	138,259	82,042	1,500	328,918	622,952
Supplies	22,654	29,114	12,554	19,528		15,856	24,884	7,253	137,202	162,136
Telephone	20,669	29,651	20,897	5,924	2,905	20,855	7,398	4,000	112,299	116,179
Travel & transportation	14,304	20,714	12,499	3,623	713	14,935	11,764	231	78,783	111,713
Utilities	13,996	56,260		3,206	3,734	42,467	13,713		133,376	132,391
Total expenses before depreciation	2,040,842	2,354,636	1,171,647	357,415	318,975	1,932,607	763,324	402,632	9,342,078	9,509,753
Depreciation & amortization	7,199	56,513	11,960		2,266	29,362	7,060	579	114,939	115,028
TOTAL EXPENSES	\$ 2,048,041	\$ 2,411,149	\$ 1,183,607	\$ 357,415	\$ 321,241	\$ 1,961,969	\$ 770,384	\$ 403,211	\$ 9,457,017	\$ 9,624,781

See Accompanying Notes to the Financial Statements

BILL WILSON CENTER
Statement of Functional Expenses
For the year ended June 30, 2010
with comparative totals for the year ended June 30, 2009

	TOTAL PROGRAM SERVICES	SUPPORT SERVICES			June 30, 2010	Comparative totals for the year ended June 30, 2009
		Management & General	Fund Development	Totals	PROGRAM & SUPPORT SERVICES TOTALS	
Salaries	\$ 4,526,370	\$ 773,128	\$ 169,259	\$ 942,387	\$ 5,468,757	\$ 5,487,634
Payroll taxes	405,599	37,926	15,130	53,056	458,655	449,482
Employee benefits	883,772	103,810	23,896	127,706	1,011,478	855,219
Total salaries & related expenses	5,815,741	914,864	208,285	1,123,149	6,938,890	6,792,335
Bad debt expense	137,554		57,954	57,954	195,508	114,986
Conferences, conventions & meetings	13,497	1,790	609	2,399	15,896	22,324
Equipment purchases	20,888	6,926	3,483	10,409	31,297	59,788
Equipment rent & maintenance	124,969	9,005	1,451	10,456	135,425	227,200
Food & beverage	362,200		208	208	362,408	334,718
Foster family fees	344,848				344,848	366,095
Insurance	134,770	26,423	1,860	28,283	163,053	169,603
Memberships, dues, & licenses	28,153	7,995	2,449	10,444	38,597	20,426
Occupancy	739,816	8,790	1,632	10,422	750,238	809,028
Payments to sub recipients	104,303				104,303	117,561
Postage & shipping	8,940	653	940	1,593	10,533	20,486
Printing & publications	65,453	4,809	3,544	8,353	73,806	36,835
Professional fees	621,356	8,834	2,374	11,208	632,564	720,614
Recruiting & training costs	23,537	5,532	175	5,707	29,244	39,636
Service charges & interest	5,475	21,866	319	22,185	27,660	20,549
Specific assistance	328,918				328,918	624,152
Supplies	137,202	3,592	1,656	5,248	142,450	166,614
Telephone	112,299	11,004	2,087	13,091	125,390	130,066
Travel & transportation	78,783	3,333		3,333	82,116	118,468
Utilities	133,376	17,802	2,641	20,443	153,819	157,571
Total expenses before depreciation	9,342,078	1,053,218	291,667	1,344,885	10,686,963	11,069,055
Depreciation & amortization	114,939	25,411	15,481	40,892	155,831	156,880
TOTAL EXPENSES	\$ 9,457,017	\$ 1,078,629	\$ 307,148	\$ 1,385,777	\$ 10,842,794	\$ 11,225,935

BILL WILSON CENTER
Statements of Cash Flows
For the years ended June 30, 2010 and June 30, 2009

	2010	2009
Cash flows from operating activities:		
Increase (decrease) in net assets from operations	\$ 207,964	\$ (127,840)
Adjustments to reconcile increase (decrease) in net assets from operations to net cash provided (used) by operating activities:		
Depreciation & amortization	155,831	156,880
Net realized & unrealized (gain) loss on investments	(24,295)	93,989
Donated securities included in support	(4,295)	
Loss on disposal of assets	1,104	3,343
Changes in assets & liabilities:		
Expenses paid from loan proceeds upon purchase of property		16,157
(Increase) decrease in accounts receivable	(39,279)	33,377
Decrease (increase) in grants receivable	338,266	(395,715)
Increase in unconditional promises to give	(61,604)	(102,887)
Decrease in prepaid expenses	19,617	35,360
(Increase) decrease in deposits	(1,436)	44,171
Increase in accounts payable and accrued expenses	221,694	241,925
(Decrease) increase in grants payable	(68,160)	43,105
Increase (decrease) in deposits held	12,328	(69,508)
Increase in deferred revenue	17,587	
Net cash provided (used) by operating activities	775,322	(27,643)
Cash flows from investing activities:		
Proceeds from sale of investments	265,766	350,103
Acquisition of investments	(244,426)	(226,489)
Proceeds from sale of asset	456	
Acquisition of building, land, & equipment	(311,570)	(311,066)
Net cash used by investing activities	(289,774)	(187,452)
Cash flows from financing activities:		
Paydown of capitalized lease	(3,412)	(3,023)
Net advances on line of credit	75,000	80,000
Principal paydowns on notes payable	(5,966)	
Net cash provided by financing activities	65,622	76,977
Net increase (decrease) in cash	551,170	(138,118)
Cash, beginning of year	396,578	534,696
Cash, end of year	\$ 947,748	\$ 396,578

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for:		
Interest	\$ 15,266	\$ 4,095
Income taxes	\$	\$
Original cost basis for assets disposed of	\$	\$ 75,820
Building and land acquired via financing	\$ 487,500	\$ 480,491

BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1. Nature of Organization and Summary of Significant Accounting Policies:

Organization: Bill Wilson Center (the "Center") was incorporated as a California non-profit organization on March 29, 1974, and provides services to the residents of Santa Clara County. The Center'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.

Program Summaries: The Center operates programs in eight distinct areas as follows:

Mental Health Services

Mental Health Services are provided for eligible children and youth and include therapy and psychiatric services.

Residential Services

Runaway and Homeless Youth Residential Program offers short-term housing to youth (ages 11 - 17), as well as intensive individual, group and family counseling.

Quetzal House is a six-bed, short-term group home for girls, ages 13 - 17, who are chronic runaways from the foster care system.

Transitional Housing Placement Program provides transitional housing and independent living skills training for youth, including parenting youth, who are in the foster care system.

Future Families

Foster Family and Adoption ensures that children who have been placed in foster care will be matched with a family that is willing and able to care for them. Includes emergency placement, foster to adopt, long-term foster care, and intensive therapeutic foster care.

Case Aide Program matches trained volunteers with children in foster care who need services such as tutoring, mentoring, transportation, supervised visits.

Therapeutic Counseling for children and youth who have experienced abuse and neglect includes attachment, parent child interaction, trauma-focused cognitive behavioral, and social learning therapies.

Youth Services

Independent Living Skills Program teaches youth in foster care the skills they need to become self-sufficient.

Restorative Justice Program provides first time offenders an alternative to incarceration and/or citation by the local police and/or probation department.

Safe Place provides youth with access to services or safety. Safe Place Community Outreach provides leadership skills to youth.

Youth Revolution brings high-risk youth together for one week of workshops to learn life skills, to encourage education, and to build self-motivation and hope.

Family Services

Contact Cares provides objective listening, caring involvement, and information and referrals on 24-hour crisis lines.

Family and Individual Counseling provides low-cost, professional counseling services to families and individuals of all ages.

School Outreach Counseling Program provides counseling services to students in the middle and high schools of Santa Clara Unified School District.

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 rent subsidies and support services for youth who have aged out of foster care.

Drop-In Center

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

BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1. Nature of Organization and Summary of Significant Accounting Policies: (continued)

Centre for Living with Dying

Centre for Living With Dying provides emotional support to adults and children facing life-threatening illness or the trauma of having a loved one die.

Healing Heart program is designed for children and youth who have experienced the loss of a loved one.

Critical Incident Stress Management ("CISM") provides training and support for first responders.

Funding for the Center during the fiscal years ended June 30, 2010 and June 30, 2009 was provided by client fees, contributions, grants from federal, state and local government agencies, and allocations from the United Way of Silicon Valley.

Basis of Presentation: The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Center is required to present a statement of cash flows.

Contributions: Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. In addition, pledges and unconditional promises to give are reported as temporarily restricted support upon date of notification and are then released from restrictions upon satisfaction of the time or use requirement. If a restriction is fulfilled in the same time period in which the contribution is received, the Center reports the support as unrestricted.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in unrestricted net assets.

Cash and Cash Equivalents: For purposes of the statements of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of these instruments.

Income Taxes: The Center is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3), from California income taxes under Section 23701(d) of the California Bank and Corporation Tax Law, and has been determined to be an organization that is not a private foundation. Management has determined the implementation of ASC 740-10-65 did not have a material impact on its financial statements.

Donations: All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair market value at date of notification. Donated services, valued at \$262,279 and \$277,405, for the years ended June 30, 2010 and June 30, 2009, were contributed by specially trained interns involved in the adult and family services and children and youth development programs. For the year ended June 30, 2010 \$93,787 of donated food was received. For the year ended June 30, 2009, \$22,377 of donated merchandise, \$75,832 of donated food, and \$5,525 of donated supplies were received.

Special Events: Special events are reported net of expenses of \$54,832 and \$54,299, for the years ended June 30, 2010 and June 30, 2009, respectively.

Depreciation: Fixed assets are reported at cost, or donated value, and are depreciated using the straight-line method over the estimated useful life of the asset, ranging from five to forty years. The Center's policy is to capitalize expenditures of this nature equal to or in excess of \$2,500. Additions to fixed assets for the years ended June 30, 2010 and June 30, 2009 totaled \$790,367 and \$773,609, respectively. In addition, for the years ended June 30, 2010 and June 30, 2009, \$31,297 and \$59,788, respectively, of equipment and renovation costs purchased with grant funds, normally capitalized, has been expensed due to the grantor retaining a reversionary interest in title. At June 30, 2010 and June 30, 2009, the cost and related accumulated depreciation for such assets is as follows:

BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1. Nature of Organization and Summary of Significant Accounting Policies: (continued)

	2010	2009
Land	\$ 2,997,004	\$ 2,623,304
Buildings & improvements	6,380,372	6,119,270
Vehicles	174,497	177,997
Furniture & equipment	341,108	306,397
Construction in progress	506,352	385,498
	10,399,333	9,612,466
Less:		
Accumulated Depreciation	1,941,994	1,788,176
TOTAL	\$ 8,457,339	\$ 7,824,290

Depreciation expense charged for the years ended June 30, 2010 and June 30, 2009 was \$155,758 and \$156,880, respectively.

Indirect Expense Allocations: The Center has in place a cost allocation plan employed to allocate indirect expenses to each program on a basis proportionate to the direct staff time or other cost driver used for each program.

Comparative Information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2009, from which the summarized information was obtained.

Reclassifications: Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Revenue Recognition, Grants Receivable, and Grants Payable: The Center 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 Center 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 Center as a grant receivable or grant payable for contracts for which cost reports have not been finalized. The carrying amounts for grants receivable and payable reported in the statements of financial position approximate fair values as all amounts are expected to be received or paid within one year.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising: The Center's policy is to expense advertising costs to operations as incurred. The Center incurred \$2,800 and \$9,962 in advertising costs for the years ended June 30, 2010 and June 30, 2009, respectively.

Note 2. Grants and Pledges Receivable:

The carrying amounts for grants receivable reported in the statements of financial position approximate fair values as all amounts are due within ninety days. The following amounts are reported as receivables as of June 30, 2010 and June 30, 2009:

	2010	2009
Aid to Families with Dependent Children - Foster Care ("AFDC - FC")	\$ 139,790	\$ 114,082
Foster Families	62,907	65,960
Federal government	277,761	505,953
State of California	335,278	127,831
County of Santa Clara	602,720	769,483
City governments, other	11,802	81,716
Sub-total	1,430,258	1,665,025
Less: allowance	171,195	67,696
Grants receivable, net	\$ 1,259,063	\$ 1,597,329

**BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 2. Grants and Pledges Receivable: (continued)

For June 30, 2010, pledges receivable are reported at fair value net of an allowance of \$88,055 and unamortized discount of \$24,428, based on a risk-free interest rate of 5%. For June 30, 2009, pledges receivable are reported at fair value net of an allowance of \$82,385 and unamortized discount of \$25,983, based on a risk-free interest rate of 5%. Estimated annual collections on pledges receivable, net of discount, are as follows:

	2010	2009
Less than one year	\$ 179,570	\$ 151,220
One to five years	229,046	197,908
More than five years	<u>10,446</u>	<u>8,330</u>
Total	<u>\$ 419,062</u>	<u>\$ 357,458</u>

Note 3. Investments:

Investments are carried at fair value, as based on quoted market prices for these instruments. Donated investments are recorded at the estimated fair value at the donation date. Marketable securities consist of the following at June 30, 2010 and June 30, 2009:

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
<i>Unrestricted</i>				
Fixed Income Securities	\$ 139,729	\$ 140,233	\$ 153,004	\$ 156,551
Equity Securities	<u>306,550</u>	<u>270,788</u>	<u>297,477</u>	<u>247,220</u>
Sub-total – unrestricted	446,279	411,021	450,481	403,771
<i>Permanently restricted</i>				
Fixed Income Securities	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total investments	<u>\$ 546,279</u>	<u>\$ 511,021</u>	<u>\$ 550,481</u>	<u>\$ 503,771</u>

Investment returns are reported gross of \$5,064 and \$5,364 of investment management fees for the years ended June 30, 2010 and June 30, 2009.

In 2009 the Center adopted FASB ASC 820-10, *Fair Value Measurements*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. For its investments, the Center utilized Level 1 inputs, consisting of unadjusted quoted prices in active markets for identical assets and having the highest priority. Level 2 and Level 3 inputs were not utilized. The carrying amounts of receivables, prepaid expenses, accounts payable, deferred revenue, accrued vacation, and grant advance approximate fair value because of the relative terms and/or short maturity of these financial instruments.

Note 4. Compensated Absences and Vacations:

Full-time employees accrue 20 days of paid time off (PTO) per year during the first two years of employment, 25 PTO days during years three and four, and 30 PTO days during the fifth and subsequent years of employment, up to a maximum accrual of 40 days. The PTO hours may be used for vacation, sick leave, holidays, family emergencies, religious observances, preventive health or dental care, and personal time. Upon termination, employees are compensated for unused PTO hours. Benefited part-time employees receive the PTO benefits on a prorated basis.

Note 5. Grants Payable:

The Center entered into an agreement with Santa Clara County to repay its prior year mental health cost report reconciliation shortage at a rate of \$5,680 per month through April 1, 2012, with \$68,160 and \$11,360 paid during the years ended June 30, 2010 and June 30, 2009, respectively.

BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 6. Deferred Revenue:

Deferred revenue represents grant fundings received prior to year-end for a subsequent fiscal year. At June 30, 2010 and June 30, 2009, deferred revenue consists of:

	2010	2009
City of San Jose, Youth Home Services	\$ 12,075	\$ 12,075
Safe Summer Initiative Grant, 2010	<u>17,587</u>	<u>0</u>
Totals	<u>\$ 29,662</u>	<u>\$ 12,075</u>

Note 7. Notes Payable and Capital Lease:

The Center is obligated under a capital lease for office equipment scheduled to expire in December 2010. The equipment under this lease has a cost of \$17,277 and the accumulated depreciation as of June 30, 2010 and June 30, 2009 was \$16,945 and \$14,477, respectively. Future maturities of capital lease obligations as of June 30, 2010 were as follows:

<u>Year ending</u>	<u>Gross Lease Payments</u>	<u>Less: Amount Representing Interest</u>	<u>Principal Portion</u>
June 30, 2011	<u>\$ 1,934</u>	<u>\$ 68</u>	<u>\$ 1,866</u>

The Center is obligated under a line of credit secured by the personal property of the Center. The line is available up to \$250,000, bears interest at the bank's prime rate, and includes certain covenants the Center must maintain. As of June 30, 2009, the Center was not in compliance with the covenant to maintain net income on an annual basis. As of June 30, 2010, the line of credit balance was \$155,000 and interest paid during the year under this line was \$6,285. As of June 30, 2009, the line of credit balance was \$80,000 and interest paid during the year under this line was \$3,548. A payment of \$55,000 was made on the line of credit in July 2010.

During the year ended June 30, 2010, the Center purchased real property located at 713 Fremont Street, Santa Clara, CA. To finance the purchase of this property the Center borrowed \$487,500, secured by real property located at 691-693 South 2nd Street in San Jose, CA. The loan bears interest at 7.38 %, is due April 15, 2020 and requires monthly principal and interest payments of \$5,784. The loan balance as of June 30, 2010 was \$483,420 and interest paid during the year ended June 30, 2010 was \$8,982. Intangible assets include loan issue costs of \$8,703 relating to the loan payable. Amortization for the year ended June 30, 2010 totaled \$73.

During the year ended June 30, 2009, the Center 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, CA. The City of Mountain View loan, in the amount of \$404,814, is structured as an equity sharing arrangement whereby the Mountain View will receive 80% of the market value of the property upon a transfer 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. Upon acquisition of the property, \$13,800 of accrued interest on the \$46,000 was assumed by the Center. The future annual maturities for the notes payable outlined above are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2010	\$ 154,137
2011	162,947
2012	118,478
2013	52,768
2014	54,372
Thereafter	<u>487,691</u>
Total	<u>\$ 1,030,393</u>

Note 8. Rental Income:

The Center was the lessor of real property located in the County of Santa Clara, California. Rental income received under these leases for the year ended June 30, 2009 totaled \$23,684.

**BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 9. Building - Grant Liens and Restrictions:

The Center does not expect to cease operations; therefore the following amounts were recorded as permanently restricted grants and not as mortgage loans requiring mandatory payback. For the same reason, interest is not being accrued on those grants that have an interest component. However, disposition of the properties prior to fulfillment of the use restrictions generates a mandatory payment of principal and, where applicable, of accrued interest.

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

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 three percent simple interest, and neither the principal nor the accrued interest will become due if the Center continues to use the facility as a runaway and homeless youth shelter. As of June 30, 2010 and June 30, 2009, accrued interest on this obligation amounted to \$26,094 and \$24,639, 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 three percent simple interest, and neither the principal nor the accrued interest will become due if the Center continues to use the facility as a runaway and homeless youth shelter. As of June 30, 2010 and June 30, 2009, accrued interest on this obligation amounted to \$502,250 and \$472,850, with an annual accrual of \$29,400.

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

A grant of \$375,000 from the Department of Housing and Urban Development. This amount is unsecured, bears no interest and will be considered paid in full if the Center continues to use the facility as a teenaged parent family shelter for a period of twenty years (until approximately November 2016), with the last ten years being prorated.

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 three percent simple interest, and neither the principal nor the accrued interest will become due if the Center continues to use the facility as a teenaged parent family shelter. As of June 30, 2010 and June 30, 2009, accrued interest on this obligation amounted to \$163,500 and \$151,500, with an annual accrual of \$12,000. The terms of the grants require the Center to maintain a \$50,000 reserve account for the maintenance and repair of the subject property. These funds are held as permanently restricted in the Center's investment account.

A grant of \$50,000 from the Department of Housing and Urban Development, passed through the County of Santa Clara. This amount is unsecured, bears no interest and will be considered paid in full if the Center continues to use the facility as a teenaged parent family shelter for a period of fifteen years (until approximately November 2011).

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

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 three percent simple interest, and neither the principal nor the accrued interest will become due if the Center continues to use the facility as transitional housing for homeless teens. As of June 30, 2010 and June 30, 2009, accrued interest on this obligation amounted to \$130,313 and \$119,063, with an annual accrual of \$11,250. The terms of the grants require the Center to maintain a \$50,000 reserve account for the maintenance and repair of the subject property. These funds are held as permanently restricted in the Center's investment account.

**BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 9. Building - Grant Liens and Restrictions: (continued)

During the fiscal year ended June 30, 2002, the Center 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, CA. This amount is secured by a Trust Deed on the subject property, bears no interest and will be considered paid in full if the Center 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, CA. 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 Center 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, 2010 and June 30, 2009, accrued interest on this obligation amounted to \$146,323 and \$128,033, with an annual accrual of \$18,290. The terms of the grants require the Center to maintain a \$10,000 reserve account for the maintenance and repair of the subject property.

During the fiscal year ended June 30, 2007 and subsequent years, the Center received the following on-going grant for the acquisition, operations, and rehabilitation of real property located at 3661 Peacock Court in Santa Clara, CA:

An on-going grant of \$4,767,565 from the Redevelopment Agency of the City of Santa Clara, with \$3,198,809 advanced as of June 30, 2010 and \$3,120,367 advanced as of June 30, 2009. 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 Center continues to use the facility as housing for low income persons and families at risk of homelessness. As of June 30, 2010 and June 30, 2009, accrued interest on this obligation amounted to \$276,422 and \$176,005, with an annual accrual of \$95,964. The terms of the grant requires the Center to maintain a reserve account for the maintenance and repair of the subject property equal or greater than 3% of gross rent received.

As of June 30, 2010, total liens arising from non-forgiving grants are \$6,100,888, comprised of \$5,002,309 principal and \$1,098,579 accrued interest.

Note 10. Lease Commitments:

The Center is obligated under various facility leases, expiring through December 31, 2012 and containing renewal clauses, for the rental of residential units, and an eight year lease, expiring June 30, 2012, for the rental of parking spaces adjoining one of its facilities. The total rental expense incurred under leases for the years ending June 30, 2010 and June 30, 2009 was \$689,692 and \$712,271 respectively. The terms of the parking space lease call for annual payments of \$12,600 and include 5 five-year renewal options. The future minimum commitments under these leases are as follows:

<u>Year ending</u>	<u>Amount</u>	<u>Year ending</u>	<u>Amount</u>
June 30, 2011	\$ 279,418	June 30, 2013	\$ 80,808
June 30, 2012	\$ 185,503		

The Center is also committed under various operating lease agreements for office equipment, with termination dates from September 2012 through February 2015. Monthly payments under these leases total \$3,872. For the years ended June 30, 2010 and June 30, 2009, total payments made pursuant to these leases were \$39,485 and \$21,364, respectively. The future annual minimum commitments under these leases are as follows:

<u>Year ending</u>	<u>Amount</u>	<u>Year ending</u>	<u>Amount</u>
June 30, 2011	\$ 47,005	June 30, 2014	\$ 23,484
June 30, 2012	\$ 47,005	June 30, 2015	\$ 6,155
June 30, 2013	\$ 39,630		

Note 11. Profit Sharing Plan:

On June 19, 1996, the Board of Directors approved a discretionary profit sharing plan with an effective date of July 1, 1995. The Plan is a defined contribution plan covering all employees of the Center who work more than 1,000 hours, have twelve months of service and are age eighteen or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11. Profit Sharing Plan: (continued)

Each year, the Center may contribute to the Plan an amount determined at the Center's discretion. For the years ended June 30, 2010 and June 30, 2009, the Board of Directors approved a total contribution of \$305,243 and \$175,671, respectively, to this plan.

Each participant's account is credited with the Center's contributions, plan earnings, employee salary deferrals, and forfeitures of terminated participants' non-vested accounts. Allocations are based on participant gross compensation. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account. A participant is 100 percent vested on their own deferrals, and is 50 percent vested after one year of service and 100 percent vested after two years of service on the Center's contributions.

Upon termination of service, if a participant's vested balance is less than \$5,000, a lump-sum amount will be distributed. For vested balances greater than \$5,000, a participant may elect to receive either a lump-sum amount, or annual installments over a specified period of time, not exceeding a participant's life expectancy.

Note 12. Concentration of Risk and Contingencies:

At times during the fiscal years ended June 30, 2010 and June 30, 2009, the Center maintained cash balances in excess of insured levels at financial institutions. In addition, approximately 50% of the Center's total revenue and support is derived from programs administered by the County of Santa Clara.

The Center, 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 Center's insurance policy or is immeasurable. Management further believes the losses, if any, would not have a material effect on the financial position of the Center.

Note 13. Restricted Net Assets:

As of June 30, 2010 and June 30, 2009, the Center's restricted net assets consisted of the following:

	2010	2009
<u>Temporary restrictions</u>		
<i>Time restriction-</i>		
United Way – 2010/11 & 2009/10 fundings	\$ 50,000	\$ 50,000
<i>Use restriction-</i>		
Transitional Housing	5,408	4,740
Youth Works		26,354
Adopt a Family	10,060	
Centre for Living with Dying	4,741	37,356
Core operating support for accounting and human resources	180,000	
Accounting & bookkeeping salary augmentation		50,000
Reserve fund for facility operating costs at Shafer Drive	10,000	10,000
Enclave renovation		7,901
Drop-in center	14,754	
Fire repairs		38,918
Fixed assets secured by building liens (see note 9)	457,289	465,955
Total temporary restrictions	\$ 732,252	\$ 691,224
<u>Permanent restrictions</u>		
<i>Time restriction-endowment fund</i>	\$ 23,142	\$ 17,000
<i>Use restriction-</i>		
Reserve fund for facility operating costs	100,000	100,690
Fixed assets secured by building liens (see note 9)	5,931,488	5,873,621
Total permanent restrictions	\$ 6,054,630	\$ 5,991,311

BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 14. Net Assets Released from Restrictions:

Restricted net assets were decreased (increased) as a result of the following restriction releases and transfers during the years ended June 30, 2010 and June 30, 2009:

	2010	2009
<u>Temporary restrictions</u>		
<i>Time restriction-</i>		
United Way – 2009/10 & 2008/09 fundings	\$ 50,000	\$ 50,000
<i>Use restriction-</i>		
Depreciation on buildings and improvements	8,666	8,335
Donor imposed uses satisfied	<u>161,061</u>	<u>247,586</u>
Total temporary restrictions released	<u>\$ 219,727</u>	<u>\$ 305,921</u>
 <u>Permanent restrictions</u>		
<i>Use restriction-</i>		
Fixed asset additions subject to restrictions	\$ (142,503)	\$ (233,876)
Reserve fund reduction (addition)	690	2,861
Depreciation on buildings and improvements	<u>84,636</u>	<u>90,451</u>
Total permanent restrictions added	<u>\$ (57,177)</u>	<u>\$ (140,564)</u>

Note 15. Subsequent events:

Management has evaluated subsequent events through October 14, 2010, the date on which the financial statements were available to be issued.

BILL WILSON CENTER
Schedule of Expenditures of Federal, State, and Local Awards
For the year ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Receipts/ Revenue Recognized	Disbursements/ Expenditures Incurred
Major Programs				
Department of Housing and Urban Development:				
Emergency Shelter Grant, passed through City of San Jose, ESG-08-003	14.235	\$ 61,344	\$ 61,344	\$ 61,344
Emergency Shelter Grant, passed through City of San Jose, ESG-08-002	14.235	25,000	25,000	25,000
Supportive Housing, CA01B700009	14.235	298,645	106,536	106,536
Supportive Housing, CA0032B9T000801	14.235	298,645	187,419	187,419
Transitional Housing, CA0031B9T000801	14.235	554,340	270,246	270,246
Transitional Housing, CA0031B9T000802	14.235	548,476	244,412	244,412
sub-total		1,786,450	894,957	894,957
Department of Health & Human Services:				
Passed through County of Santa Clara, Foster Care	93.658	191,357	191,357	191,357
Passed through County of Santa Clara, Foster Care Intensive Treatment	93.658	28,524	28,524	28,524
Passed through County of Santa Clara, Quetzal House	93.658	222,823	222,823	222,823
Passed through County of Santa Clara, AFDC and FC	93.658	326,339	326,339	326,339
sub-total		769,043	769,043	769,043
Total major federal financial assistance		2,555,493	1,664,000	1,664,000
Non-major Programs				
Department of Homeland Security, passed through Santa Clara County local board of				
Federal Emergency Management Agency, LRO ID 088000-021, Phases 27 & 28	97.024	28,800	22,382	22,382
Federal Emergency Management Agency, LRO ID 088000-021, Phases 27 & 28	ARRA 97.114	28,800	6,418	6,418
Department of Housing and Urban Development:				
Home Investment Partnership, passed through City of Santa Clara	14.239	4,767,505	121,736	121,736
Department of Housing and Urban Development, Community Development Block Grants:				
Passed through City of Santa Clara, Family Therapy/School Outreach	14.218	72,817	72,817	72,817
Passed through City of Sunnyvale, Crisis Counseling, GEN0910-825920	14.218	15,864	15,864	15,864
Department of Justice,				
Passed through California Emergency Management Agency (CAL EMA), Child Abuse, AT08021430	16.575	207,372	47,356	47,356
Passed through CAL EMA, Child Abuse, CA09011430	ARRA 16.801	100,558	69,696	69,696
Department of Health & Human Services:				
Promoting Responsible Fatherhood, # 90FR0096/03	93.086	243,469	84,030	84,030
Promoting Responsible Fatherhood, # 90FR0096/04	93.086	243,469	167,233	167,233
Transitional Living Program, Award # 09CX5063/02 & 03	93.550	200,000	191,244	191,244
Transitional Living Program, Award # 09CX5053/02 & 03	93.550	200,000	193,694	193,694
Street Outreach, # 09Y02088/02	93.557	100,000	20,858	20,858
Street Outreach, # 09Y02088/03	93.557	100,000	84,863	84,863
Passed through County of Santa Clara, Job Keeper 24/7 Hotline, # MCABWC10	93.558	2,500	2,500	2,500
Runaway & Homeless Youth, # 09CY5174/02	93.623	133,793	41,829	41,829
Runaway & Homeless Youth, # 09CY5174/03	93.623	133,793	99,877	99,877
Runaway & Homeless Youth, # 09CY2196/01 & 02	93.623	200,000	197,543	197,543
Runaway & Homeless Youth, # 09CY2329/01	93.623	160,000	57,384	57,384
Runaway & Homeless Youth, # 09CY2329/02	93.623	160,000	104,777	104,777
Passed through County of Santa Clara, Independent Living Skills, # 4300005790	93.674	23,000	23,000	23,000
Total non-major federal financial assistance		7,121,740	1,625,101	1,625,101
Total federal financial assistance		9,677,233	3,289,101	3,289,101
State & local government assistance				
Miscellaneous state & local assistance - individual grants less than \$5,000 each				
Aid to Families with Dependent Children and Foster Children, State portion		11,282	11,282	11,282
City of San Jose, B.E.S.T., Youth Home Services, Best 0910, Best Cycles XVIII & XIX		387,986	387,986	387,986
City of San Jose, B.E.S.T., Safe Summer Initiative		99,156	99,156	99,156
County of Santa Clara, Children of Transitional Age Parenting Youth, # 4300005767		13,500	12,706	12,706
County of Santa Clara, Contact Cares 24/7 Hotline, # 4300005764		71,550	71,550	71,550
County of Santa Clara, Counseling, Mental Health Services, # 4300005228		27,055	27,055	27,055
County of Santa Clara, Counseling, Mental Health Services, # 4300005228		1,275,000	1,255,707	1,255,707
County of Santa Clara, Mental Health Services, TAY & TAY Start-up, # 4300005337		989,189	971,656	971,656
County of Santa Clara, Status Offender Services, # 4300005798		647,254	647,254	647,254
County of Santa Clara, Group Home Subsidy, # 4300005851		36,690	36,690	36,690
County of Santa Clara, HIV Prevention & Education, BWC 063-074		115,000	115,000	115,000
County of Santa Clara, Drop-In Center Youth Works, # 4300005761		76,833	76,833	76,833
County of Santa Clara, HIV/AIDS counseling, # 4300005760		80,017	80,017	80,017
County of Santa Clara, Parent Child Interaction Therapy, # 4300005768		59,400	59,400	59,400
County of Santa Clara, Parent Child Interaction Therapeutic Training, # 4300005773		30,000	25,900	25,900
County of Santa Clara, Power Through Choices, # 4300005763		50,000	50,000	50,000
County of Santa Clara, passed through Community Solutions, Diversion (fka Restorative Justice), # 4300006152		366,265	232,306	232,306
County of Santa Clara, Transitional Housing Placement - Plus Program		624,806	624,806	624,806
County of Santa Clara, Transitional Housing Placement Program, # 0268.07.43		354,646	354,646	354,646
County of Santa Clara, Transitional Housing Placement, Babies Subsidy Program		14,394	14,394	14,394
County of Santa Clara, Transitional Housing For Youth, # 4300005749		14,750	14,750	14,750
County of Santa Clara, Volunteer Case Aid Program, # 4300005786		126,768	126,768	126,768
State of California, passed through County of Santa Clara, Quetzal House		264,914	264,914	264,914
State of California, Department of Social Services, Adoption Placement Fees		40,000	40,000	40,000
State of California, passed through Santa Clara County, Home Placement Fees		10,192	10,192	10,192
State of California, CAL EMA, Youth Sexual Exploitation, # HX09081430		180,375	180,375	180,375
State of California, Social Services Department, Foster Family		433,166	433,166	433,166
Total state & local government assistance		6,388,906	6,224,509	6,224,509
GRAND TOTALS		\$ 16,066,139	\$ 9,513,610	\$ 9,513,610

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

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

We have audited the financial statements of Bill Wilson Center (a California non-profit organization) as of and for the year ended June 30, 2010 and have issued our report thereon dated October 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Bill Wilson Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bill Wilson Center internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bill Wilson Center's internal control over financial reporting. 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. Our consideration of internal control over financial reporting was for the limited purposed described earlier in this paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bill Wilson Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization, pass-through entities, and federal awarding agencies and is not intended and should not be used by anyone other than these specified parties.

NICHOLS, RICK & COMPANY

Nichols, Rick & Company, CPA's
San Jose, California
October 14, 2010

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Bill Wilson Center (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major programs for the year ended June 30, 2010. Bill Wilson Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of Bill Wilson Center's management. Our responsibility is to express an opinion Bill Wilson Center's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Bill Wilson Center'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. Our audit does not provide a legal determination of Bill Wilson Center's compliance with those requirements. In our opinion, Bill Wilson Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

Management of Bill Wilson Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Bill Wilson Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 effectiveness of Bill Wilson Center'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 control 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. 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, pass-through entities, and federal awarding agencies and is not intended and should not be used by anyone other than these specified parties.

NICHOLS, RICK & COMPANY

Nichols, Rick & Company, CPA's
San Jose, California
October 14, 2010

**BILL WILSON CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

A. Summary of Auditor's Results

I. Financial Statements

1. The independent auditor's report on the financial statements of Bill Wilson Center, Inc. expressed an unqualified opinion.
2. No significant deficiencies were disclosed in the audit of the financial statements.

II. Federal Awards

1. Internal Controls over Major Programs:
 - a. No significant deficiencies were disclosed in the audit of Federal awards.
2. The auditor's report on compliance for the major Federal awards programs for Bill Wilson Center, Inc. expressed an unqualified opinion.
3. The schedule of expenditures of Federal awards is reported on the accrual basis of accounting in conformity with generally accepted accounting principles as described in the notes to the financial statements.
4. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
5. Bill Wilson Center, Inc. qualified as a low risk auditee under OMB Circular A-133, Section 530.
6. The programs tested as major programs are identified as follows:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.235	Supportive Housing
93.658	AFDC (Foster Care, Quetzal, Title IV-E)

B. Findings and Questioned Costs – Current Year

None

C. Findings and Questioned Costs – Prior Year

None

BILL WILSON CENTER
SUPPLEMENTARY INFORMATION REQUIRED BY CALIFORNIA EMERGENCY MANAGEMENT AGENCY
JUNE 30, 2010

PROJECT TITLE HOMELESS AND EXPLOITED YOUTH
GRANT AWARD NUMBER HX 09081430
GRANT PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010
AUDIT PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010

	<u>BUDGET</u>	<u>STATE</u>	<u>TOTAL EXPENDITURES</u>
PERSONAL SERVICES	\$ 135,868	\$ 135,868	\$ 135,868
OPERATING EXPENSES	<u>44,507</u>	<u>44,507</u>	<u>44,507</u>
TOTALS	<u>\$ 180,375</u>	<u>\$ 180,375</u>	<u>\$ 180,375</u>

PROJECT TITLE CHAT THERAPY PROGRAM
GRANT AWARD NUMBER AT-08021430
GRANT PERIOD OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009
AUDIT PERIOD JULY 1, 2009 THROUGH SEPTEMBER 30, 2009

	<u>EXPENDITURES BY REVENUE SOURCE</u>			<u>TOTAL EXPENDITURES</u>
	<u>BUDGET</u>	<u>FEDERAL VOCA</u>	<u>CASH MATCH</u>	
PERSONAL SERVICES	\$ 223,438	\$ 41,935	\$ 17,379	\$ 59,314
OPERATING EXPENSES	<u>35,777</u>	<u>5,421</u>	<u>-</u>	<u>5,421</u>
TOTALS	<u>\$ 259,215</u>	<u>\$ 47,356</u>	<u>\$ 17,379</u>	<u>\$ 64,735</u>

PROJECT TITLE CHAT THERAPY PROGRAM - RECOVERY ACT
GRANT AWARD NUMBER CA09011430
GRANT PERIOD OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010
AUDIT PERIOD OCTOBER 1, 2009 THROUGH JUNE 30, 2010

	<u>EXPENDITURES BY REVENUE SOURCE</u>			<u>TOTAL EXPENDITURES</u>
	<u>BUDGET</u>	<u>FEDERAL VOCA</u>	<u>CASH MATCH</u>	
PERSONAL SERVICES	\$ 100,443	\$ 58,743	\$ 13,041	\$ 71,784
OPERATING EXPENSES	<u>25,254</u>	<u>10,953</u>	<u>4,605</u>	<u>15,558</u>
TOTALS	<u>\$ 125,697</u>	<u>\$ 69,696</u>	<u>\$ 17,646</u>	<u>\$ 87,342</u>

GROUP HOME PROGRAM COSTS REPORT (SR 3)

This form is to collect cost information for the group home program. Report actual allowable and reasonable costs. If the corporation operates more than one group home program and/or the program provides other services (example: day care, on-site education, adult services, foster family agency, etc.) costs **must be allocated** to the appropriate activity and only the allowable group home program costs for the program are to be reported. Describe the methodology used to allocate costs if other than the standard allocation methodology indicated in current regulations (MPP Section 11-402.8 et seq.) NOTE: A separate cost report form must be completed for each group home program operated by the corporation.

Number of months in cost reporting period 12

CORPORATE NAME:		PROGRAM NAME (IF DIFFERENT)		CORPORATE NUMBER	PROGRAM NUMBER	PROVIDER FISCAL YEAR (MOYR - MOYR)
BILL WILSON CENTER		N/A		D01711524	0268.00.01	07/09 - 06/10
	A	B	C	D	E	F
	TOTAL PROGRAM COSTS	OFFSETS	REASONABLENESS ADJUSTMENTS	FINAL COSTS (COL. A MINUS COLS. B & C)	PERCENTAGE OF TOTAL COSTS	CDSS USE ONLY
1	Child Care & Supervision	\$641,401		\$401,474	42.5%	
2	Social Work Activities	\$331,099		\$75,399	8.0%	
3	Food	\$74,401		\$96,072	10.2%	
4a	Shelter Costs - Building Rent & Leases	\$6,040		\$0	0.0%	
4b	Shelter Costs - Approved by Attorney General Self-Dealing Transactions Affiliated Leases	\$0		\$0	0.0%	
4c	Shelter Costs - Acquisition Mortgage: Principal & Interest	\$46,584		\$42,056	4.5%	
5	Building & Equipment	\$39,438		\$38,802	4.1%	
6	Utilities	\$32,067		\$15,665	1.7%	
7	Vehicles & Travel	\$16,647		\$10,755	1.1%	
8	Child-Related	\$26,464		\$19,812	2.1%	
9a	Executive Director Salary	\$0		\$51,889	5.5%	
9b	Assistance Director Salary	\$18,899		\$13,638	1.4%	
9c	Administrator Salary	\$14,160		\$20,344	2.2%	
9d	All Other Admin. Salaries	\$183,823		\$95,355	10.1%	
9e	Financial Audit Costs	\$2,636		\$2,063	0.2%	
9f	Administration (Minus Admin. Salaries and Financial Audit Costs)	\$116,646		\$61,124	6.5%	
	TOTAL	\$1,508,249	\$0	\$944,448	100.0%	

CDSS USE ONLY		KDE DATE

GROUP HOME PROGRAM
PAYROLL & FRINGE BENEFIT REPORT (SR 4)

Number of months in cost reporting period: 12

CORPORATE/LICENSEE NAME: BILL WILSON CENTER	CORPORATE NUMBER: D0711524	PROGRAM NUMBER 0268 00 01	PROVIDER FISCAL YR (MO/ YR - MO /YR) 07 09 06 10
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	(1) Child Care & Supervision	(2) Social Work Activities	(3) CDSS USE ONLY
I. PAYROLL (DO NOT INCLUDE BENEFITS)	\$816,916	\$321,562	
II. FRINGE BENEFIT EXPENSE			
1. FICA Employer Tax (include MEDICARE)	\$62,494	\$23,491	
2. Unemployment Coverage (State & Federal)	\$9,476	\$3,562	
3. Workers' Compensation Insurance	\$10,702	\$4,023	
4. Medical Insurance Expense	\$96,968	\$36,449	
5. Retirement	\$44,195	\$16,613	
6. Other (Specify on back of form)	\$2,124	\$798	
TOTAL FRINGE BENEFITS (Add Lines 1 through 6)	\$225,959	\$84,936	
III. TOTAL PAYROLL & FRINGE BENEFITS	\$1,042,875	\$406,498	
IV. CONTRACTOR COSTS	\$0	\$0	
V. TOTAL (Add Line III and Line IV) Transfer to Column A, Lines 1 and 2, Cost Report (SR 3)	\$1,042,875	\$406,498	

CDSS USE ONLY

TOTAL PROGRAM COST DISPLAY (FCR 12FFA)
SUBMIT ONE FOR EACH PROGRAM

Number of months in cost reporting period 12

LINE	(1) LINE ITEMS OF COST	(2) TOTAL (SUM OF COLS. 3 THRU 6)	(3) ADMINISTRATION	(4) RECRUITMENT	(5) TRAINING	(6) SOCIAL WORK	(7) EXPLANATION
	Bill Wilson Center Foster Family Agency		D0711524	0268.01.01			07/2009 - 06/2010
100a	Executive Director Salary	6,755	6,755				Allocation
100b	Assistant Director Salary	4,236	4,236				Allocation
100c	Administrator Salary	4,492	4,492				Allocation
100d	All Other Administrative Salaries	36,342	36,342				Allocation
101	Recruitment Payroll	40,909		40,909			Allocation
102	Training Payroll	0			0		Allocation
110	Administrative Contracts	2,662	2,110	553	0		Allocation
121	Telephone	7,513	0	1,559	0	5,954	Allocation
122	Postage and Freight	488	0	101	0	387	Allocation
123	Office Supplies	818	0	170	0	648	Allocation
132	Conferences, Meetings, In-Service Training	82	0	17	0	65	Allocation
133	Memberships, Subscriptions, Dues	4,120	0	40	0	4,080	Direct/Alloc
134	Printing, Publications	2,565	0	532	0	2,033	Allocation
135	Bonding, General Insurance	6,311	0	1,310	0	5,001	Allocation
137	Advertising	2,515	0	2,515	0	0	Direct
138	Miscellaneous	4,388	0	911	0	3,477	Allocation
		124,196	53,935	48,617	0	21,645	
200	Building and Equipment Payroll	0					
211	Building Rents and Leases	18,233	0	3,784	0	14,449	Allocation
214	Acquisition Mortgage Principal & Interest	0					
215	Property Appraisal Fees	0					
216	Property Taxes	608	0	126		482	Allocation

**TOTAL PROGRAM COST DISPLAY (FCR 12FFA)
SUBMIT ONE FOR EACH PROGRAM - CONTINUED**

Number of months in cost reporting period 12

LINE	CORPORATE/ LICENSEE NAME (1)	CORPORATE NUMBER (IF DIFFERENT)	CORPORATE NUMBER (2)	ADMINISTRATION (3)	RECRUITMENT (4)	TRAINING (5)	SOCIAL WORK (6)	EXPLANATION (7)
	LINE ITEMS OF COST		TOTAL (SUM OF COLS. 3 THRU 6)					
217	Building and Equipment Insurance		188	0	39	0	149	Allocation
221	Utilities		0					
222	Building Maintenance		0					
223	Building and Equipment Contracts		0					
224	Building and Equipment Supplies		0					
225	Equipment Leases		0					
226	Equipment Depreciation Expense		8,459	0	1,756	0	6,703	Allocation
227	Expendable Equipment		130	0	27	0	103	Allocation
228	Building and Equipment Miscellaneous		801	0	167	0	634	Allocation
241	Vehicle Leases		0					
242	Vehicle Depreciation		0	0	0	0	0	Allocation
243	Vehicle Operating Costs		6,284	0	1,304	0	4,980	Allocation
			34,703	0	7,203	0	27,500	
350	Total Paid to Certified Family Homes		275,258					
352	Other Child-Related Costs, Not Provided by Certified Family Homes		10,078					
			285,336					
410	Social Worker Payroll and/or Social Worker Contract		156,185				156,185	Direct
440	Direct Care Contracts		0					
			156,185				156,185	
500	TOTAL EXPENSES		600,420	53,935	55,820	0	205,330	

TOTAL PROGRAM COST DISPLAY (FCR 12FFA)
SUBMIT ONE FOR EACH PROGRAM

Number of months in cost reporting period 12

LINE	(1) LINE ITEMS OF COST	CORPORATE NUMBER		(3) ADMINISTRATION	(4) RECRUITMENT	(5) TRAINING	(6) SOCIAL WORK	(7) EXPLANATION
		D0711524	0268.06.28					
		PROGRAM NAME (IF DIFFERENT)		PROGRAM NUMBER		AGENCY FISCAL YEAR		
		Bill Wilson Center ITFCS		0268.06.28		07/2009 - 06/2010		
		(2) TOTAL (SUM OF COLS. 3 THRU 6)						
100a	Executive Director Salary	2,366		2,366				Allocation
100b	Assistant Director Salary	1,484		1,484				Allocation
100c	Administrator Salary	1,573		1,573				Allocation
100d	All Other Administrative Salaries	12,732		12,732				Allocation
101	Recruitment Payroll	11,220			11,220			Allocation
102	Training Payroll	0				0		Allocation
110	Administrative Contracts	796		666	130	0		Allocation
121	Telephone	4,641		0	759	0	3,882	Allocation
122	Postage and Freight	274		0	45	0	229	Allocation
123	Office Supplies	276		0	45	0	231	Allocation
132	Conferences, Meetings, In-Service Training	53		0	9	0	44	
133	Memberships, Subscriptions, Dues	55		0	0	0	55	Direct
134	Printing, Publications	639		0	104	0	535	Allocation
135	Bonding, General Insurance	2,806		0	459	0	2,347	Allocation
137	Advertising	4,545		0	4,545	0	0	Direct
138	Miscellaneous	1,136		0	186	0	950	Allocation
		44,596		18,821	17,502	0	8,273	
200	Building and Equipment Payroll	0						
211	Building Rents and Leases	10,141		0	1,659	0	8,482	Allocation
214	Acquisition Mortgage Principal & Interest	0						
215	Property Appraisal Fees	0						
216	Property Taxes	304		0	50	0	254	Allocation

**TOTAL PROGRAM COST DISPLAY (FCR 12FFA)
SUBMIT ONE FOR EACH PROGRAM - CONTINUED**

Number of months in cost reporting period 12

CORPORATE/LICENSEE NAME Bill Wilson Center ITFCS	CORPORATE NUMBER (IF DIFFERENT)	CORPORATE NUMBER D0711524	PROGRAM NUMBER 0268.06.28	AGENCY FISCAL YEAR (MO/YR - MO/YR) 07/2009 - 06/2010			
				(3)	(4)	(5)	(6)
LINE	(1) LINE ITEMS OF COST	(2) TOTAL (SUM OF COLS. 3 THRU 6)	(3) ADMINISTRATION	(4) RECRUITMENT	(5) TRAINING	(6) SOCIAL WORK	(7) EXPLANATION
217	Building and Equipment Insurance	71	0	11	0	60	Allocation
221	Utilities	0					
222	Building Maintenance	0					
223	Building and Equipment Contracts	0					
224	Building and Equipment Supplies	0					
225	Equipment Leases	0					
226	Equipment Depreciation Expense	1,057	0	173	0	884	Allocation
227	Expendable Equipment	649		106		543	Allocation
228	Building and Equipment Miscellaneous	44	0	7	0	37	Allocation
241	Vehicle Leases	0					
242	Vehicle Depreciation	350	0	57	0	293	Allocation
243	Vehicle Operating Costs	7,462	0	1,222	0	6,240	Allocation
		20,078	0	3,285	0	16,793	
350	Total Paid to Certified Family Homes	30,272					
352	Other Child-Related Costs, Not Provided by Certified Family Homes	3,254					
		33,526					
410	Social Worker Payroll and/or Social Worker Contract	57,361				57,361	Direct
440	Direct Care Contracts	345				345	Direct
		57,706				57,706	
500	TOTAL EXPENSES	155,906	18,821	20,787	0	82,772	