



**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
JUNE 30, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020)**

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, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bill Wilson Center as of June 30, 2021, 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.

Prior Period Financial Statements and Report on Summarized Comparative Information

The consolidated financial statements of Bill Wilson Center as of June 30, 2020, were audited by other auditors whose report dated October 22, 2020, expressed an unmodified opinion on those statements. In their opinion, the summarized comparative information presented as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

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 and the related notes to the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 November 1, 2021, 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 Bill Wilson Center's internal control over financial reporting and compliance.

Brogg Christensen Caniglia LLP

November 1, 2021
Roseville, California

BILL WILSON CENTER
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021
(With Summarized Comparative Totals for June 30, 2020)

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	\$ 4,633,722	\$ 5,318,801
Investments	1,490,215	1,288,645
Receivables, net, current portion	4,326,493	2,503,522
Prepaid expenses and deposits	304,136	281,546
Total current assets	10,754,566	9,392,514
Receivables, net, non-current portion	72,214	92,310
Restricted cash and cash equivalents	453,875	434,180
Property and equipment, net	14,195,365	14,536,546
Total non-current assets	14,721,454	15,063,036
Total assets	\$ 25,476,020	\$ 24,455,550

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 887,180	\$ 961,528
Accrued expenses	1,784,464	1,798,411
Deposits payable	222,164	159,619
Deferred rent obligation	60,558	29,584
Deferred revenue	844,803	983,238
Notes payable, current portion	100,360	95,453
Total current liabilities	3,899,529	4,027,833
Long-term accrued expenses	368,826	327,782
Notes payable, net, non-current portion	4,746,345	4,842,073
Total liabilities	9,014,700	9,197,688
Net assets:		
Without donor restrictions	8,134,816	6,725,948
With donor restrictions	8,326,504	8,531,914
Total net assets	16,461,320	15,257,862
Total liabilities and net assets	\$ 25,476,020	\$ 24,455,550

The accompanying notes are an integral part of the consolidated financial statements.

BILL WILSON CENTER
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2021
(With Summarized Comparative Totals for the Year Ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Comparative Totals
Support and revenues:				
Support:				
Contributions	\$ 403,465	\$ 112,262	\$ 515,727	\$ 875,354
Contributions in-kind	646,606	-	646,606	577,281
Special events, net	-	-	-	129,876
Foundations and corporations	603,648	513,987	1,117,635	547,303
United Way	621	-	621	2,219
Total support	<u>1,654,340</u>	<u>626,249</u>	<u>2,280,589</u>	<u>2,132,033</u>
Revenue:				
Federal government awards	9,691,116	-	9,691,116	5,921,623
State and local government awards	16,091,060	-	16,091,060	15,554,063
Paycheck protection program proceeds	827,846	-	827,846	1,530,184
Investment income, net	202,943	-	202,943	48,768
Fees for services	173,515	-	173,515	975,380
Rental income	281,901	-	281,901	266,133
Miscellaneous income	27,048	-	27,048	30,474
Total revenue	<u>27,295,429</u>	<u>-</u>	<u>27,295,429</u>	<u>24,326,625</u>
Net assets released from restrictions	<u>831,659</u>	<u>(831,659)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>29,781,428</u>	<u>(205,410)</u>	<u>29,576,018</u>	<u>26,458,658</u>
Expenses:				
Program services	25,327,399	-	25,327,399	22,304,252
Supporting services:				
Management and general	2,266,709	-	2,266,709	2,235,586
Fundraising and development	352,074	-	352,074	286,206
Total supporting services	<u>2,618,783</u>	<u>-</u>	<u>2,618,783</u>	<u>2,521,792</u>
Total expenses before depreciation and amortization	<u>27,946,182</u>	<u>-</u>	<u>27,946,182</u>	<u>24,826,044</u>
Change in net assets before depreciation and amortization	1,835,246	(205,410)	1,629,836	1,632,614
Depreciation and amortization expense	<u>426,378</u>	<u>-</u>	<u>426,378</u>	<u>440,758</u>
Change in net assets	1,408,868	(205,410)	1,203,458	1,191,856
Net assets, beginning of year	<u>6,725,948</u>	<u>8,531,914</u>	<u>15,257,862</u>	<u>14,066,006</u>
Net assets, end of year	<u>\$ 8,134,816</u>	<u>\$ 8,326,504</u>	<u>\$ 16,461,320</u>	<u>\$ 15,257,862</u>

The accompanying notes are an integral part of the consolidated financial statements.

BILL WILSON CENTER
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021
(With Summarized Comparative Totals for the Year Ended June 30, 2020)

	2021							
	Program Services							
	Mental Health Services	Residential Services	Youth & Family Services	Counseling Services	Transitional Housing Services	Drop-In Center	Peacock Commons Apts	Total Program Services
Staff compensation	\$ 2,409,344	\$ 1,509,708	\$ 2,056,799	\$ 636,737	\$ 1,982,264	\$ 633,397	\$ 139,725	\$ 9,367,974
Employee benefits	477,047	304,193	454,935	131,673	434,582	148,317	32,356	1,983,103
Payroll taxes	199,717	125,497	183,593	51,106	164,412	55,168	10,729	790,222
Communication costs	42,695	32,977	38,656	9,675	84,358	16,351	15,187	239,899
Conferences and meetings	-	150	-	-	-	-	-	150
Equipment and furniture	15,638	16,237	15,536	84,152	86,378	62,628	11,737	292,306
Food and beverages	805	106,309	17,684	-	433,161	11,470	56,048	625,477
Host family payments	-	-	-	-	9,138	-	-	9,138
Insurance	44,374	25,041	9,464	6,255	40,647	7,220	6,525	139,526
Interest expense	-	63,791	-	11,433	41,354	-	31,714	148,292
Maintenance and equipment rental	35,692	66,580	11,939	7,240	115,012	17,375	40,681	294,519
Membership dues and licenses	12,286	10,190	6,725	2,160	4,099	155	5,730	41,345
Occupancy	138,102	36,151	76,750	80,860	741,758	10,610	2,478	1,086,709
Payments to sub-recipients	-	-	94,862	-	72,119	-	-	166,981
Postage and shipping	2,952	671	1,978	1,845	1,229	367	72	9,114
Printing and publications	23,939	12,285	17,963	20,820	9,424	14,993	2,275	101,699
Professional fees	727,678	51,499	38,606	540,830	94,906	22,189	60,672	1,536,380
Recruiting and training costs	40,771	19,914	49,983	15,152	36,441	16,413	50	178,724
Rental assistance	-	-	4,718,435	-	1,305,698	-	-	6,024,133
Reserve for bad debts	-	-	-	-	-	-	-	-
Service charges	-	28	-	442	129	-	161	760
Specific assistance	95	82,156	577,410	-	886,158	28,905	14,048	1,588,772
Supplies	19,480	32,370	40,216	12,032	105,218	31,261	11,668	252,245
Travel and transportation	7,536	16,275	26,166	150	47,609	2,019	1,180	100,935
Utilities	16,696	71,114	7,439	3,654	145,015	10,232	76,614	330,764
Youth stipends	-	-	4,520	-	13,712	-	-	18,232
Total expenses before depreciation and amortization	4,214,847	2,583,136	8,449,659	1,616,216	6,854,821	1,089,070	519,650	25,327,399
Depreciation and amortization	17,281	99,227	-	5,480	67,292	10,669	187,320	387,269
Total expenses	<u>\$ 4,232,128</u>	<u>\$ 2,682,363</u>	<u>\$ 8,449,659</u>	<u>\$ 1,621,696</u>	<u>\$ 6,922,113</u>	<u>\$ 1,099,739</u>	<u>\$ 706,970</u>	<u>\$ 25,714,668</u>

The accompanying notes are an integral part of the consolidated financial statements.

BILL WILSON CENTER
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the Year Ended June 30, 2021
(With Summarized Comparative Totals for the Year Ended June 30, 2020)

	2021				2020	
	Total Program Services	Support services		Total Support Services	Total Program and Support Services	Comparative Totals
		Management and General	Fundraising and Development			
Staff compensation	\$ 9,367,974	\$ 1,445,972	\$ 247,481	\$ 1,693,453	\$ 11,061,427	\$ 11,050,709
Employee benefits	1,983,103	304,325	39,853	344,178	2,327,281	2,012,698
Payroll taxes	790,222	84,622	17,699	102,321	892,543	895,175
Communication costs	239,899	38,249	2,285	40,534	280,433	254,149
Conferences and meetings	150	680	161	841	991	10,584
Equipment and furniture	292,306	15,049	180	15,229	307,535	315,233
Food and beverages	625,477	344	-	344	625,821	675,273
Host family payments	9,138	-	-	-	9,138	23,919
Insurance	139,526	45,613	1,265	46,878	186,404	170,331
Interest expense	148,292	-	-	-	148,292	138,233
Maintenance and equipment rental	294,519	25,515	2,423	27,938	322,457	327,436
Membership dues and licenses	41,345	14,580	3,744	18,324	59,669	68,347
Occupancy	1,086,709	4,837	102	4,939	1,091,648	1,113,720
Payments to sub-recipients	166,981	-	-	-	166,981	338,159
Postage and shipping	9,114	736	878	1,614	10,728	12,056
Printing and publications	101,699	24,799	8,409	33,208	134,907	124,181
Professional fees	1,536,380	66,458	4,195	70,653	1,607,033	1,361,076
Recruiting and training costs	178,724	107,229	2,235	109,464	288,188	223,971
Rental assistance	6,024,133	283	-	283	6,024,416	2,521,617
Reserve for bad debts	-	-	-	-	-	21,261
Service charges	760	24,512	2,950	27,462	28,222	26,393
Specific assistance	1,588,772	-	-	-	1,588,772	2,354,870
Supplies	252,245	9,816	12,959	22,775	275,020	241,266
Travel and transportation	100,935	11,503	31	11,534	112,469	181,307
Utilities	330,764	41,587	5,224	46,811	377,575	345,430
Youth stipends	18,232	-	-	-	18,232	18,650
Total expenses before depreciation and amortization	25,327,399	2,266,709	352,074	2,618,783	27,946,182	24,826,044
Depreciation and amortization	387,269	22,603	16,506	39,109	426,378	440,758
Total expenses	<u>\$ 25,714,668</u>	<u>\$ 2,289,312</u>	<u>\$ 368,580</u>	<u>\$ 2,657,892</u>	<u>\$ 28,372,560</u>	<u>\$ 25,266,802</u>

The accompanying notes are an integral part of the consolidated financial statements.

BILL WILSON CENTER
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2021
(With Summarized Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 1,203,458	\$ 1,191,856
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	426,378	440,758
Net realized and unrealized (gain) loss on investments	(167,540)	18,041
Deferred rent obligation	30,974	29,584
Long-term accrued expenses	41,044	41,043
Change in operating assets and liabilities:		
Receivables	(1,802,875)	1,320,723
Prepaid expenses and deposits	(22,590)	(52,590)
Accounts payable	(74,348)	100,389
Accrued expenses	(13,947)	208,484
Deposits payable	62,545	18,988
Deferred revenue	(138,435)	983,238
Net cash provided by (used in) operating activities	(455,336)	4,300,514
Cash flows from investing activities:		
Proceeds from sale of investments	107,320	128,288
Purchases of investments	(141,349)	(191,606)
Purchases of property and equipment	(82,092)	(418,508)
Net cash used in investing activities	(116,121)	(481,826)
Cash flows from financing activities:		
Payments on notes payable	(93,927)	(101,844)
Capitalized loan fees	-	(29,600)
Net cash used in financing activities	(93,927)	(131,444)
Increase (decrease) in cash and cash equivalents	(665,384)	3,687,244
Cash and cash equivalents, beginning of year	5,752,981	2,065,737
Cash and cash equivalents, end of year	\$ 5,087,597	\$ 5,752,981
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 4,633,722	\$ 5,318,801
Restricted cash and cash equivalents	453,875	434,180
Total cash and cash equivalents	\$ 5,087,597	\$ 5,752,981
<u>Supplemental disclosure of cash flow information</u>		
Cash paid during the year for interest	\$ 107,247	\$ 97,191
<u>Supplemental disclosure of non-cash transactions</u>		
Property and equipment acquired with debt	\$ -	\$ 1,480,000

The accompanying notes are an integral part of the consolidated financial statements.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 1: 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

In determining the requirements for consolidation of related organizations, the Organization follows the guidance provided by Financial Accounting Standards Board Accounting Standards Codification Topic 958, Subtopic 810, *Not-for-Profit Entities – Consolidation* (FASB ASC 958-810). FASB ASC 958-810 requires consolidation of nonprofit organizations that are financially related to one another by means of ownership or control and economic interest. 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 seven distinct areas as follows:

Mental Health Services

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

Residential Programs

- The Organization provides short-term housing for homeless and runaway youth at BWC's Residential Programs and host homes. Youth receive intensive individual, group and family counseling in order to reunite youth with their families.
- Transitional Housing Placement Program provides semi-independent living for youth ages 16 to 18, including parenting youth, who are in the foster care system. The youth learn the skills they need to become self-sufficient.

Youth and Family Services

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

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1: ORGANIZATION (CONTINUED)

Program Summaries (Continued)

Youth and Family Services (Continued)

- Tenant Based Rental Assistance (TBRA) provides financial assistance for families living or attending school in Santa Clara, or transitioning off the streets and into housing.

Counseling Services

- Contact Cares volunteers provide supportive listening, information and referral through 24-hour crisis lines.
- Counselors provide low-cost, professional counseling services to families and individuals of all ages.
- Parent-Child Interactive Therapy and Training provides therapeutic coaching to parents with young children in an effort to build positive relationships.
- School Outreach Counseling provides on-site counseling services to Santa Clara Unified School District middle and high school students, and several other schools.
- Child Abuse Treatment Program provides counseling for children and youth who have experienced abuse and neglect.
- Centre for Living with Dying provides emotional support to adults and children facing life-threatening illness or the trauma of the loss of a loved one.
- Healing Heart Program provides emotional support to children and youth who have experienced the loss of a loved one.
- Critical Incident Stress Management provides training and support for first responders.
- Volunteer Case Aide Program matches trained volunteers with children in foster care who need services such as tutoring, mentoring, and supervised visits.
- Parenting Classes build communication skills between parents and youth, ages 12 to 17.

Transitional Housing Services

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

Drop-In-Center

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

Peacock Commons Apartments

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

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Organization 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 FASB ASC Topic 958, Subtopic 210, *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to stipulations, including those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund plus any net assets designated by the Board for specific purposes.

Net assets with donor restrictions - Net assets that are subject to stipulations that will be met by actions or the passage of time, including 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 period. The Organization has elected to report as an increase in net assets with donor restriction any restricted revenue received in the current year for which the restrictions have been met in the current year.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles (GAAP) 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 support, revenue, 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 of 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 those 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 statements of financial position approximates fair value.

Revenue Recognition

The Organization adopted the provisions of FASB ASC 606 as revised by Accounting Standards Update 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*. The Organization has retrospectively adopted the new guidance as of June 30, 2021 with no changes to previously reported net assets.

The Organization receives revenue through the following streams:

Grant Revenue

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.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue (Continue)

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.

Contribution Revenue

Contributions are recognized when the donor makes a pledge that is, in substance, an unconditional promise to give. Unconditional promises to give are recorded as with or without donor restrictions depending on the nature of donor restrictions. A conditional promise to give is a promise that depends on the occurrence of a specified future and uncertain event to bind the promisor. There were no conditional promises to give at June 30, 2021 and 2020.

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the consolidated statements of activities and changes in net assets. The performance obligation is the delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Organization. The Organization establishes the transaction price, often at a discount, based on quoted prices in active markets, with a discount, for identical events. There were no special events revenue for the year ended June 30, 2021.

In-kind Contributions

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

Rental Income

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

Other Revenue

Other revenue consists primarily of investment income and is recognized over time when earned.

The Organization follows the guidance provided by FASB ASU 2018-08, *Not-for-Profit Entities – Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. FASB ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under FASB ASC 606. If no commensurate value is received by the general public as a result of the grant, it is not considered to be commensurate value received by the provider of the grant.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocations

The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Most expenses can be directly attributed to the program or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses in this category include occupancy, office expense, insurance and payroll taxes. The basis of allocation of these expenses relies mostly on the direct allocation method, which allocates all costs that can be identified specifically with a particular final cost objective to the particular segment to which the expense relates. The indirect allocation method, based on either financial or non-financial measurements, is used for costs that have been incurred for common or joint objectives and cannot be readily associated with a specific reporting segment, in accordance with the policy of the Bill Wilson Center. The consolidated financial statements report expenses by function in the consolidated statement of functional expenses.

Advertising

The Organization's policy is to expense advertising costs to operations as incurred. The Organization incurred approximately \$4,600 and \$4,000 in advertising expenses for the years ended June 30, 2021 and 2020, respectively.

Investments

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

Fair Value Measurements

The Organization follows the guidance provided by FASB ASC 820-10, which defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements for fair value measurements.

FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on the fair value hierarchy established in FASB ASC 820-10. The standard describes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an on-going basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Organization's own suppositions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The following methods and assumptions were used to estimate the fair values of assets and liabilities:

Fixed Income and Equity Securities: The fair values are based on unadjusted quoted market prices for identical assets traded within active markets.

In January 2016, the FASB modified ASC Section 825 by issuing ASU 2016-01, *Financial Instruments – Overall*. The amendments in this update are designed to address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Those modifications require equity securities to be measured at fair value with changes in fair value recognized through change in net assets. The Organization has retrospectively adopted the new guidance as of June 30, 2021 with no changes to previously reported net assets.

In August 2018, the FASB modified ASC Section 820 by issuing ASU 2018-13, *Fair Value Measurement – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update are designed to address the disclosure requirements for fair value measurements. Those modifications include the removal and addition of disclosure requirements as well as clarifying specific disclosure requirements. The Organization has retrospectively adopted the new guidance as of June 30, 2021 with no changes to previously reported net assets.

Receivables

Receivables consist of grants receivable, contracts receivable, pledges receivable and other receivables. Grants receivable consist primarily of amounts awarded by governmental agencies for various purposes. Contracts receivable consist primarily of amounts billed for services provided. Pledges receivable are recorded when an unconditional promise to give has been made to the Organization. The Organization provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance as of June 30, 2021 and 2020 was approximately \$903,000 and \$929,000, respectively. At June 30, 2021 and 2020, approximately \$670,000 and \$143,000, respectively, of the accounts receivable balance was 90 days or more past due.

Prepaid Expenses and Deposits

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

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.

Property and Equipment

Property and equipment are recorded at cost, or if contributed, at the estimated fair market value when donated. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. There were no restrictions placed on property and equipment at June 30, 2021 and 2020.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, when material.

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.

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 earned.

Notes Payable

Notes payable include building and loan acquisition costs incurred in connection with the mortgage notes payable. They are secured by deed of trust on real property and are being amortized over the remaining lives of the building or loan term. In accordance with FASB ASC 835-30, debt issuance costs are presented as a reduction of the carrying amount of the debt rather than as an asset. Amortization of debt issuance costs is computed using the straight-line method over the lives of the related loans. Amortization expense amounted to approximately \$3,100 and \$3,700 for the years ended June 30, 2021 and 2020, respectively.

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, 2021.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Financial instruments included in the Organization's consolidated statements of financial position as of June 30, 2021 and 2020 include cash and cash equivalents, receivables, investments, accounts payable, accrued expenses and notes payable. Pledges receivable and investments are reflected in the accompanying consolidated statements of financial position at their estimated fair values, using methodologies described above.

Concentration of Revenue Sources

For the years ending June 30, 2021 and 2020, approximately 90% and 87%, respectively, of the Organization's support and revenue is derived from grants from Federal, State and local government agencies, respectively.

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 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, 2021 and 2020, management did not identify any uncertain tax positions.

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and under Section 23701(d) of the California Revenue and Taxation Code. Therefore, no provision for income taxes has been made. After they are filed, the Organization's exempt organization returns remain subject to examination by taxing authorities generally three years for federal returns and four years for state returns.

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 GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2020, from which the summarized information was obtained.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 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, 2021, and interim periods within annual periods beginning after December 15, 2022. Early application is permitted. The Organization is currently evaluating the impact the adoption of this ASU will have on its financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is meant to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profit entities ("NFP"), including additional disclosure requirements for recognized contributed services. This ASU requires that all NFP receiving nonfinancial assets must present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The ASU also requires further disclosure on the contributed nonfinancial assets in the notes to the financial statements. The ASU will be applied retrospectively and is effective for fiscal years beginning after June 15, 2021, and interim periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the impact the adoption of this ASU will have on its financial statements.

Subsequent Events

Management has evaluated events and transactions for potential recognition and disclosure through November 1, 2021, which is the date the consolidated financial statements were available to be issued.

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	2021	2020
Cash and cash equivalents	\$ 4,633,722	\$ 5,318,801
Investments	1,490,215	1,288,645
Receivables, net, current portion	4,326,493	2,503,522
Total financial assets	10,450,430	9,110,968
Less those unavailable for general expenditures within one year, due to purpose restrictions stipulated by donors	(971,031)	(890,031)
Financial assets available to meet cash need for expenditures within one year	\$ 9,479,399	\$ 8,220,937

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

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. The Organization had a \$850,000 line of credit available at June 30, 2020 to meet cash flow needs. The line of credit matured in December 2020 and was not renewed.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4: RECEIVABLES

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

	<u>2021</u>	<u>2020</u>
Grants receivable	\$ 5,114,146	\$ 3,245,937
Contracts receivable	-	27,445
Pledges receivable	166,737	214,150
Accounts receivable	<u>21,358</u>	<u>39,596</u>
Total receivables	5,302,241	3,527,128
Less allowance for doubtful accounts and fair value adjustment	<u>(903,534)</u>	<u>(931,296)</u>
Total receivables, net	4,398,707	2,595,832
Less current portion	<u>(4,326,493)</u>	<u>(2,503,522)</u>
Non-current portion	<u>\$ 72,214</u>	<u>\$ 92,310</u>

Receivables are recorded at fair value using a discount rate of 5% at June 30, 2021.

Maturities for receivables are as follows:

<u>Year ending June 30:</u>	
2022	\$ 4,326,493
2023	38,325
2024	17,916
2025	7,824
2026	5,562
Thereafter	<u>2,587</u>
Total	<u>\$ 4,398,707</u>

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5: INVESTMENTS

The following tables present the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level with fair value hierarchy as of June 30, 2021 and 2020.

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 76,062	\$ -	\$ -	\$ 76,062
Fixed income securities	239,044	347,229	-	586,273
Equity securities	827,880	-	-	827,880
Total investments	\$ 1,142,986	\$ 347,229	\$ -	\$ 1,490,215

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 92,226	\$ -	\$ -	\$ 92,226
Fixed income securities	216,565	389,699	-	606,264
Equity securities	590,155	-	-	590,155
Total investments	\$ 898,946	\$ 389,699	\$ -	\$ 1,288,645

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2021	2020
Buildings and improvements	\$ 14,079,257	\$ 14,031,443
Furniture and equipment	458,870	458,870
Vehicles	95,186	95,186
Total depreciable assets	14,633,313	14,585,499
Less accumulated depreciation	(5,757,643)	(5,334,370)
Land	5,240,556	5,240,556
Construction in progress	79,139	44,861
Net property and equipment	\$ 14,195,365	\$ 14,536,546

Construction-in-progress represents costs incurred on the construction of assets that have not been completed or placed in service as of June 30, 2021. Depreciation and amortization expense was approximately \$426,000 and \$441,000 for the years ended June 30, 2021 and 2020, respectively.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7: DEFERRED REVENUE

The activity in deferred revenue consists of revenue from contracts with customer and the Paycheck Protection Program funds. On April 22, 2020, the Organization secured funds in the amount of approximately \$2,358,000 under the Paycheck Protection Program ("PPP"). The PPP established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides loans to qualifying businesses based on average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and meets certain criteria established by the Small Business Administration ("SBA") and the lender.

The Organization intends to use the proceeds for purposes consistent with the PPP. Therefore, management determined the funds are a conditional grant and recognizes revenues as the funds are expended within the specified conditions. The unforgiven portion of the PPP loan is payable over two years, with the first payment being due October 22, 2020, at an interest rate of 1%, with a deferral of payments for the first six months. The Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. During 2021, the Organization has submitted an application for forgiveness and recognized the remaining deferred revenue as a conditional grant. On September 20, 2021, the SBA accepted the forgiveness application and the note has been paid in full. The activity and balances for deferred revenue are shown in the following table:

Balance at June 30, 2020	\$ 983,238
Payments received for future obligations	844,803
Refund of payments received for future obligations	(155,392)
Proceeds from Paycheck Protection Program	-
Forgiveness of Paycheck Protection Program funds	<u>(827,846)</u>
Balance at June 30, 2021	<u>\$ 844,803</u>

NOTE 8: LINE OF CREDIT

The Organization was obligated under a line of credit, which matured December 15, 2020 and was secured by the personal property of the Organization. The line was available up to \$850,000 and bore interest at the greater of the bank's prime rate (3.25% at June 30, 2020) or 5%. This agreement and all of the other Wells Fargo Bank agreements required the Organization to comply with certain covenants. Management is not aware of any violations of these covenants. There was no balance as of June 30, 2020. The line of credit matured in December 2020 and was not renewed.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9: NOTES PAYABLE

The Organization had the following notes payable at June 30:

	<u>2021</u>	<u>2020</u>
San Jose Enclave - Wells Fargo Bank	\$ 398,893	\$ 439,493
Summerdale - Wells Fargo Bank	377,240	416,016
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
Blossom Hill Rd - Housing Trust	<u>1,454,989</u>	<u>1,469,540</u>
 Total notes payable	 4,935,056	 5,028,983
 Less unamortized debt issuance costs	 (88,351)	 (91,457)
Less current portion	<u>(100,360)</u>	<u>(95,453)</u>
 Total long-term obligation	 <u>\$ 4,746,345</u>	 <u>\$ 4,842,073</u>

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% 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 ("refinanced loan") and entered into a new loan in the amount of \$618,750 ("new loan"). The refinanced loan bears interest at 5.25%, is due February 15, 2029 and requires monthly principal and interest payments of \$5,226. 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. Total interest paid on these loans during the years ended June 30, 2021 and 2020 was approximately \$44,000 and \$48,000, respectively.

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% 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.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9: NOTES PAYABLE (CONTINUED)

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% and is due January 2068. In connection with this refinancing, Mental Health Services Act ("MHSA") funds in the amount of \$833,527 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 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 and is 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 each years ended June 30, 2021 and 2020.

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 the City of Sunnyvale. The loan bears simple interest at 1% and is due March 2043.

During the year ended June 30, 2020, the Organization purchased real property at 14420 Blossom Hill Road, San Jose, California. To finance the purchase of this property, the Organization borrowed \$1,480,000 from the Housing Trust of Silicon Valley. The loan bears monthly interest at 2.5% above the 20-year treasury fixed rate (2% as of June 30, 2021). The loan requires monthly principal and interest payments of approximately \$6,000, and is due on September 2039. Interest paid during the years ended June 30, 2021 and 2020, was approximately \$64,000 and \$49,000, respectively.

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

<u>Year ending June 30:</u>	
2022	\$ 100,360
2023	105,538
2024	111,048
2025	116,847
2026	122,950
Thereafter	<u>4,378,313</u>
Total	<u>\$ 4,935,056</u>

NOTE 10: BUILDINGS – GRANT LIENS AND RESTRICTIONS

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

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10: BUILDINGS – GRANT LIENS AND RESTRICTIONS (CONTINUED)

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 CDBG of \$48,000 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, 2021 and 2020, accrued interest on this obligation amounted to approximately \$41,000 and \$40,000, respectively, with an annual accrual of \$1,400.

A grant of \$980,000 from the City of Santa Clara. This amount is secured by a Trust Deed on the subject property, bears 3% simple interest, and neither the principal nor the accrued interest will become due if the Organization continues to use the facility as a runaway and homeless youth shelter. As of June 30, 2021 and 2020, accrued interest on this obligation amounted to approximately \$825,000 and \$796,000, respectively, with an annual accrual of \$29,000.

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

A grant of \$200,000 from the Department of Housing and Urban Development passed through the City of Santa Clara, and a grant of \$200,000 from the City of Santa Clara. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing 3% simple interest, and neither the principal nor the accrued interest will become due if the Organization continues to use the facility as a teenaged parent family shelter. As of June 30, 2021 and 2020, accrued interest on this obligation amounted to approximately \$296,000 and \$284,000, 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 presented in net assets with donor restrictions in the consolidated statements 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 \$78,000 from the Department of Housing and Urban Development, passed through the City of Santa Clara, and a grant of \$297,000 from the City of Santa Clara. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing 3% simple interest, and neither the principal nor the accrued interest will become due if the Organization continues to use the facility as transitional housing for homeless teens. As of June 30, 2021 and 2020, accrued interest on this obligation amounted to approximately \$254,000 and \$243,000, respectively, with an annual accrual of \$11,000. 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 presented in net assets with donor restrictions in the consolidated statements of financial position.

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

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

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10: BUILDINGS – GRANT LIENS AND RESTRICTIONS (CONTINUED)

A grant of \$405,100 from the Department of Housing and Urban Development, passed through the City of Santa Clara for the acquisition of 3551 Shafer Drive, Santa Clara, California, and a grant of \$204,000 from the City of Santa Clara. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing 3% simple interest, and 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 June 2032). As of June 30, 2021 and 2020, accrued interest on this obligation amounted to approximately \$347,000 and \$329,000, respectively, with an annual accrual of \$18,000. 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 presented in net assets with donor restrictions in the consolidated statements 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 of \$4,767,000 from the City of Santa Clara, with \$4,767,000 advanced as of June 30, 2021 and 2020. 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 facilities as housing for low-income persons and families at risk of homelessness. As of June 30, 2021 and 2020, accrued interest on this obligation amounted to approximately \$1,751,000 and \$1,609,000, respectively, with an annual accrual of \$142,000. The terms of the grant require 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.

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

A grant of \$251,000 in HOME Investment Partnership ("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 \$1,917,000 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 the 55 years as housing for low-income persons and families at risk of homelessness. As of June 30, 2021 and 2020, the City of San Jose has advanced \$1,917,000.

A grant of \$83,000 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 10 years (until August 2021).

During the year ended June 30, 2016, the Organization obtained a loan through the Housing Trust for \$582,000 to fund the rehabilitation of the Bill Wilson Safety Net Shelter at 3490 The Alameda, Santa Clara, California. The loan bears no interest and will be forgiven in April 2026 if the Organization complies with all terms.

During the year ended June 30, 2017, the Organization obtained a 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.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11: NET ASSETS WITH DONOR RESTRICTION

The net assets with donor restriction activities for the year ended June 30, 2021 were as follows:

	June 30, 2020	Additions	Releases	June 30, 2021
Pledges receivable	\$ 92,310	\$ 72,214	\$ (92,310)	\$ 72,214
Employee Wellness program	47,490	-	(10)	47,480
Basic center - RHY South County	-	25,500	(25,500)	-
Basic center - RHY North County	-	25,478	(24,357)	1,121
Transitional Housing	10,000	-	(62)	9,938
Independent Living program	2,893	11,090	(4,539)	9,444
San Jose Best DIC	-	5,500	-	5,500
THP+FC program	3,677	-	-	3,677
CalOES Young Adult Shelter	-	2,500	(2,500)	-
Transitional Housing Plus program	1,000	500	-	1,500
Transitional Housing - North County	-	45,000	(45,000)	-
Transitional Living program - MGH	-	10,000	(10,000)	-
Transitional Living program - LGBTQ	-	5,300	(5,300)	-
Support for Transitional Foster Youth (Trust)	525,337	-	(4,998)	520,339
Listen for Good	-	20,000	(2,970)	17,030
Destination Home - Motel Voucher COVID19	-	2,520	(1,615)	905
FAS - Central program	-	8,600	(8,600)	-
FAS - East program	-	14,800	(14,800)	-
FAS - San Jose Unified School District	-	2,200	(2,200)	-
FAS - City of Santa Clara	-	5,256	(5,256)	-
COVID19 expenditures	41,550	76,150	(12,192)	105,508
Adobe and 100 Women Foundation - drop-in center	-	45,500	(33,986)	11,514
Center for Living with Dying	25,000	82,875	(90,129)	17,746
Healing Heart (Valle Monte League)	-	62,244	(62,244)	-
Center for Living - Aids Retreat	1,885	-	-	1,885
CHAT program	-	25,000	(25,000)	-
Adopt-a-family	-	27,977	(27,977)	-
Peacock Commons	-	10,500	(4,160)	6,340
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 cost	100,000	-	-	100,000
Property restricted by liens and restrictions:				
View Street	50,000	-	-	50,000
Shafer Drive	469,054	-	(13,377)	455,677
The Alameda	1,966,542	31,233	(101,115)	1,896,660
Jackson Street	389,709	-	(24,952)	364,757
Main Street	303,887	4,696	(5,859)	302,724
Peacock Commons	4,462,691	3,616	(180,651)	4,285,656
Total net assets with donor restrictions	\$ 8,531,914	\$ 626,249	\$ (831,659)	\$ 8,326,504

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11: NET ASSETS WITH DONOR RESTRICTION (CONTINUED)

The net assets with donor restriction activities for the year ended June 30, 2020 were as follows:

	June 30, 2019	Additions	Releases	June 30, 2020
Pledges receivable	\$ 120,066	\$ 92,310	\$ (120,066)	\$ 92,310
Employee Wellness program	50,000	-	(2,510)	47,490
Basic center - RHY North County	-	5,720	(5,720)	-
Transitional Living program - LGBTQ	-	9,950	(9,950)	-
Transitional Housing	10,000	-	-	10,000
Transitional Housing Plus program	1,000	-	-	1,000
Independent Living program	-	9,750	(6,857)	2,893
Support for Transitional Foster Youth (Trust)	-	525,337	-	525,337
THP+FC program	3,677	-	-	3,677
Destination Home - Motel Voucher COVID19	-	10,000	(10,000)	-
FAS - Central program	-	8,768	(8,768)	-
FAS - East program	-	8,500	(8,500)	-
Santa Cruz - Shared Housing program	-	432	(432)	-
FAS - City of Santa Clara	-	984	(984)	-
COVID19 expenditures	-	84,409	(42,859)	41,550
Rapid Rehousing programs	10,000	-	(10,000)	-
Adobe and 100 Women Foundation - drop-in center	-	2,124	(2,124)	-
Center for Living with Dying	25,000	87,246	(87,246)	25,000
Healing Heart (Valle Monte League)	-	42,213	(42,213)	-
Center for Living - Aids Retreat	2,054	-	(169)	1,885
CHAT program	25,000	-	(25,000)	-
Adopt-a-family	-	14,857	(14,857)	-
Peacock Commons	6,600	-	(6,600)	-
Reserve fund for facility operating cost at Shafer Drive	10,000	-	-	10,000
Time restricted contributions	28,889	-	-	28,889
Reserve fund for facility operating cost	100,000	-	-	100,000
Property restricted by liens and restrictions:				
View Street	50,000	-	-	50,000
Shafer Drive	482,431	-	(13,377)	469,054
The Alameda	2,067,033	10,981	(111,472)	1,966,542
Jackson Street	415,743	-	(26,034)	389,709
Main Street	310,424	-	(6,537)	303,887
Peacock Commons	4,643,251	-	(180,560)	4,462,691
Total net assets with donor restrictions	<u>\$ 8,361,168</u>	<u>\$ 913,581</u>	<u>\$ (742,835)</u>	<u>\$ 8,531,914</u>

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 12: 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, 2021 and 2020, the Board of Directors approved a total contribution of approximately \$635,000 and \$390,000, 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 13: SPECIAL EVENTS

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

	<u>2021</u>	<u>2020</u>
Contributions	\$ -	\$ 131,721
Special event direct expenses	-	(1,845)
Special events, net	<u>\$ -</u>	<u>\$ 129,876</u>

Total fundraising expenses for the years ended June 30, 2021 and 2020 were approximately \$369,000 and \$305,000, respectively.

NOTE 14: RELATED-PARTY TRANSACTION

For the years ending June 30, 2021 and 2020, the Organization received contributions of approximately \$35,000 and \$46,000, respectively, from Board members, management and their affiliated organizations.

NOTE 15: COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Organization is obligated under various facility leases, expiring at various dates through October 2024 and containing renewal clauses, for the rental of office space and residential units. Monthly payments under these leases total approximately \$54,000 and \$55,000 for the years ended June 30, 2021 and 2020, respectively, and the total rental expense incurred under leases was approximately \$617,000 and \$654,000, respectively. The commitment of multiple leases is being amortized over the lease terms on a straight-line method. The difference between the lease payments required and the recognition of lease expense on the straight-line method is recorded as deferred rent. At June 30, 2021 and 2020, deferred rent on the leases total approximately \$61,000 and \$30,000, respectively, which is considered current and is reported accordingly on the accompanying consolidated statements of financial position.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 15: COMMITMENTS AND CONTINGENCIES (CONTINUED)

The future minimum commitments under these leases are as follows:

<u>Year ending June 30:</u>	
2022	\$ 491,197
2023	356,027
2024	266,124
2025	<u>88,708</u>
Total	<u>\$ 1,202,056</u>

The Organization's total occupancy expense was approximately \$1,092,000 and \$1,114,000 for the years ended June 30, 2021 and 2020, 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 April 2026. Monthly payments under these leases total approximately \$14,000 and \$7,000 for the years ended June 30, 2021 and 2020, respectively, and total payments made pursuant to these leases were approximately \$104,000 and \$82,000, respectively. The future minimum commitments under these leases are as follows:

<u>Year ending June 30:</u>	
2022	\$ 159,575
2023	124,796
2024	90,391
2025	84,342
2026	<u>14,836</u>
Total	<u>\$ 473,940</u>

Contingency: Legal Matters

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.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 16: RISK AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared that the spread of the coronavirus disease ("COVID-19") has become a pandemic. On March 13, 2020, the President of the United States announced a national emergency in response to the COVID-19 outbreak. In response to these two announcements, many businesses have closed their doors in order to assist in the containment of the virus for the next several months. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on their customers, employees and vendors, all of which are uncertain and cannot be predicted. The Organization is an essential business in Santa Clara County and has been open for business for the full duration of the pandemic. At the date of the independent accountants' audit report, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain, however management is confident the Organization will continue as a going concern.

SUPPLEMENTARY INFORMATION

BILL WILSON CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2021

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	CA0032L9T001811	\$ 118,171	\$ -
Transitional housing - North County	14.267	CA0032L9T001912	218,089	-
Transitional housing - South County	14.267	CA0031L9T001912	306,023	-
Transitional housing - South County	14.267	CA0031L9T002013	172,978	-
Transitional housing - Rapid Rehousing for Youth	14.267	CA1639L9T001801	167,673	-
Transitional housing - Rapid Rehousing for Youth	14.267	CA1639L9T001902	161,448	-
Peacock Commons - Permanent Housing	14.267	CA1032L9T001808	92,238	-
Peacock Commons - Permanent Housing	14.267	CA1032L9T001909	130,045	-
Rapid Rehousing for Youth	14.267	CA1379L9T001803	185,340	-
Rapid Rehousing for Youth	14.267	CA1379L9T001904	152,771	-
Rapid Rehousing for Homeless Youth	14.267	CA1385L9T001802	762,951	-
Total Continuum of Care Program			<u>2,467,727</u>	<u>-</u>
Youth Homeless Demonstration Project				
Santa Cruz Shared Housing Program	14.276	CA1724Y9T081600	<u>80,254</u>	<u>-</u>
Community Development Block Grants*				
Passed through the City of Santa Clara				
Family Therapy/School Outreach	14.218	B-20 MC-06-0022	35,000	-
Passed through the City of Santa Clara				
Family Advocacy Services	14.218	B-20 MC-06-0022	28,776	-
Passed through the City of Sunnyvale				
Family & Individual Counseling Services	14.218	2021-827550	45,181	-
Passed through the City of Santa Clara				
COVID-19 Emergency Rental Assistance	14.218	B-20-MW-06-0022	1,273,620	-
Passed through the City of San Jose				
COVID-19 Tenant Based Rental Assistance	14.218	Home-19-004A	24,499	-
Passed through the City of San Jose				
COVID-19 San Jose Coronavirus Relief	14.218	1742421	<u>54,660</u>	<u>-</u>
Total Community Development Block Grants			<u>1,461,736</u>	<u>-</u>
Home Investments Partnership Program*				
Passed through the City of San Jose				
COVID-19 Tenant Based Rental Assistance	14.251	MC060215	1,221,186	-
Passed through the City of Santa Clara				
Tenant Based Rental Assistance	14.251	TBRA-19-002	500,370	-
Passed through the City of San Jose				
Homeless Rehabilitation	14.251	B-14-MC-06-0021	<u>35,918</u>	<u>-</u>
Total Home Investments Partnership Program			<u>1,757,474</u>	<u>-</u>
Emergency Shelter Grant				
Passed through the City of San Jose				
Homeless Prevention	14.231	ESG-18-002	173,197	-
Passed through the City of San Jose				
COVID-19 Rapid Rehousing	14.231	E20-MC-06-0021	<u>97,232</u>	<u>-</u>
Total Emergency Shelter Grant			<u>270,429</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>6,037,620</u>	<u>-</u>
Subtotal			<u>\$ 6,037,620</u>	<u>\$ -</u>

* Denotes a major program

See accompanying notes to the schedule of expenditures of federal awards.

BILL WILSON CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the year ended June 30, 2021

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			<u>\$ 6,037,620</u>	<u>\$ -</u>
U.S. Department of Justice				
Crime Victim Assistance				
Passed through California Office of Emergency Services				
Homeless Youth and Exploitation Program	16.575	HX20191430	91,621	-
Marginalized Victims Program	16.575	KI19021430	160,187	-
Marginalized Victims Program	16.575	K120031430	153,168	-
Specialized Emergency Housing Program	16.575	KE19021430	67,430	-
Specialized Emergency Housing Program	16.575	KE20031430	224,329	-
Transitional Housing Program	16.575	XH19021430	93,957	-
Transitional Housing Program	16.575	XH20031430	122,919	-
Child Abuse Treatment Program	16.575	AT19051430	111,651	-
Child Abuse Treatment Program	16.575	AT20011430	138,176	-
Total Crime Victim Assistance			<u>1,163,438</u>	<u>-</u>
U.S. Department of Health and Human Services				
Foster Care Programs				
Passed-through County of Santa Clara				
THP Non Minor Dependent	93.658	4700-15-061	<u>630,011</u>	<u>-</u>
Transitional Living Programs				
Direct Award				
Transitional living - LGBTQ Youth and Young Adults	93.550	90CX7151-03	31,698	-
Transitional living - LGBTQ Youth and Young Adults	93.550	90CX7151-04	102,179	-
Transitional living - LGBTQ Youth and Young Adults	93.550	90CX7151-03-C3	50,629	-
Transitional living - Maternity Group Home	93.550	90CX7212-02	68,762	-
Transitional living - Maternity Group Home	93.550	90CX7212-03	92,957	-
Transitional living - Maternity Group Home	93.550	90CX7212-02-C3	40,632	-
Total Transitional Living Programs			<u>386,857</u>	<u>-</u>
Street Outreach Program				
Direct Award:				
Street Outreach Program	93.557	90Y02338-01	33,068	-
Street Outreach Program	93.557	90Y02338-02	80,737	-
Street Outreach Program	93.557	90Y02338-01-C3	11,916	-
Total Street Outreach Programs			<u>125,721</u>	<u>-</u>
Runaway and Homeless Youth Programs				
Direct Award				
Basic Center - South County	93.623	90CY6989-03	31,247	-
Basic Center - South County	93.623	90CY7208-01	183,742	-
Basic Center - South County	93.623	90CY6989-03-C3	40,000	-
Basic Center - North County	93.623	90CY6982-03	45,171	-
Basic Center - North County	93.623	90CY7207-01	100,714	-
Basic Center - North County	93.623	90CY6982-03-CS	23,526	-
Total Runaway and Homeless Youth Programs			<u>424,400</u>	<u>-</u>
Subtotal U.S. Department of Health and Human Services			<u>\$ 1,566,989</u>	<u>\$ -</u>

* Denotes a major program

See accompanying notes to the schedule of expenditures of federal awards.

BILL WILSON CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA number	Grant identifying number	Federal program expenditures	Passed through to subrecipients
<u>EXPENDITURES OF FEDERAL AWARDS (CONTINUED):</u>				
U.S. Department of Health and Human Services (Continued)				
Subtotal U.S. Department of Health and Human Services from previous page			\$ 1,566,989	\$ -
Community Mental Health Services Block Grant				
Passed-through Sierra Health Foundation				
MAT Program	93.958	CA20MAT027	68,618	-
MAT Infrastructure Program	93.958	CA20MAT171	100,000	-
Total Community Mental Health Services Block Grant			168,618	-
Other Programs				
Passed-through County of Santa Clara:				
Chafee Foster Care Independent Living Program*	93.674	4300013916	718,538	-
Total U.S. Department of Health and Human Services			2,454,145	-
U.S. Department of Homeland Security				
U.S. Department of Homeland Security/FEMA				
Direct Award:				
Emergency Food and Shelter National Board Program	97.024	088000-021	25,000	-
COVID-19 FEMA Homeless Prevention	97.024		10,913	-
Total U.S. Department of Homeland Security/FEMA			35,913	-
Total Expenditures of Federal Awards			\$ 9,691,116	\$ -

* Denotes a major program

See accompanying notes to the schedule of expenditures of federal awards.

BILL WILSON CENTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

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% 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, 2021. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. Although the Organization is required to match certain grants, as defined by the contracts, no such matching has been included as expenditures in the SEFA.

INDEPENDENT AUDITORS' 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, 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 (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, 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, and have issued our report thereon dated November 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Bill Wilson Center's internal control over financial reporting (internal control) as a basis for designing 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 Bill Wilson Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Bill Wilson Center's internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bill Wilson Center'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 consolidated financial statements. 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*.

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.

Propp Christenson Caniglia LLP

November 1, 2021
Roseville, California

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 compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bill Wilson Center's major federal programs for the year ended June 30, 2021. Bill Wilson Center'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 Bill Wilson Center'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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Bill Wilson Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Bill Wilson Center 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, 2021.

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Report on Internal Control over Compliance

Management of Bill Wilson Center 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 Bill Wilson Center'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 the 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Propp Christensen Caniglia LLP

November 1, 2021
Roseville, California

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

I. SUMMARY OF AUDITORS' RESULTS

Consolidated Financial Statements

Type of auditors' report issued on basic consolidated financial statements Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness? No

Noncompliance material to consolidated financial statements noted? No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? No

Identification of Major Programs:

<u>CDFA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants
14.251	Home Investment Partnership Program
93.674	Chafee Foster Care Independent Living Program

The dollar threshold used to distinguish between type A and type B program was:\$750,000

Bill Wilson Center does qualify as a low-risk auditee.

II. FINDINGS – CONSOLIDATED FINANCIAL STATEMENT AUDIT

No current year consolidated financial statement findings.

BILL WILSON CENTER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2021

III. PRIOR AUDIT FINDINGS

Finding: 2020-001
Finding Type: Significant deficiency

Compliance Requirements: I – Procurement and Suspension and Debarment
Federal Award Program: U.S. Department of Housing and Urban Development (CFDA 14.267 and 14.231)

Criteria

Non-Federal entities are prohibited from hiring or contracting with suspended or debarred parties in covered transactions. As defined in 2 CFR section 180.995 and agency adopting regulations, prior to entering into transactions with an entity or individual, the non-federal entity must verify that the entity or individual is not suspended or debarred or otherwise excluded from participating in the transaction.

Condition

Inquiries with management regarding their policy relating to suspended or debarred vendors or individuals and identified that the Organization has a policy in place relating to verifying that employees of a specific program type are not suspended or debarred on a monthly basis. The Organization also has a current procedure for searching the OIG website to verify all employees are not suspended or debarred on a monthly basis. The Organization does not have a policy or procedure to verify that vendors are not suspended or debarred or otherwise excluded from participating in the transaction prior to entering into a covered transaction.

Cause

The policies and procedures relating to setting up new vendors does not include verification that the vendors are not suspended or debarred.

Effect or Potential Effect

The Organization may have used funds to hire or purchase services or supplies from suspended or debarred individuals or entities.

Recommendation

The Organization should develop, adopt and implement policies and procedures related to verification that new vendors are not suspended or debarred. The procedures should include the maintenance of supporting documentation related to the conclusion that vendors are not suspended or debarred. The procedures should also include a periodic check for existing vendors to verify that vendors have not been subsequently suspended or debarred.

Current Status:

Resolved on October 1, 2020.