Bill Wilson Center

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2021)

BILL WILSON CENTER

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bill Wilson Center (a California public benefit corporation, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Bill Wilson Center as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bill Wilson Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bill Wilson Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bill Wilson Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bill Wilson Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Report on Summarized Comparative Information

We have previously audited Bill Wilson Center's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audits were 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 October 25, 2022, on our consideration of Bill Wilson Center'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 the effectiveness of Bill Wilson Center's 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.

Propp Christensen Caniglia LLP

October 25, 2022
Roseville, California

BILL WILSON CENTER

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2022
(With Summarized Comparative Totals for June 30, 2021)

ASSETS

	2022	2021
Current assets:		
Cash and cash equivalents	$ 4,787,032	$ 4,633,722
Investments	1,378,602	1,490,215
Receivables, net, current portion	4,258,011	4,326,493
Prepaid expenses and deposits	299,562	304,136
Total current assets	10,723,207	10,754,566
Receivables, net, non-current portion	90,980	72,214
Restricted cash and cash equivalents	473,091	453,875
Property and equipment, net	13,784,751	14,195,365
Total non-current assets	14,348,822	14,721,454
Total assets	$ 25,072,029	$ 25,476,020

LIABILITIES AND NET ASSETS

	2022	2021
Current liabilities:		
Accounts payable	$ 589,498	$ 887,180
Accrued expenses	1,639,884	1,784,464
Deposits payable	333,420	222,164
Deferred rent obligation	58,951	60,558
Deferred revenue	842,456	844,803
Notes payable, current portion	105,529	100,360
Total current liabilities	3,569,738	3,899,529
Long-term accrued interest	409,870	368,826
Notes payable, net, non-current portion	4,610,457	4,746,345
Total liabilities	8,590,065	9,014,700
Net assets:		
Without donor restrictions	8,616,196	8,134,816
With donor restrictions	7,865,768	8,326,504
Total net assets	16,481,964	16,461,320
Total liabilities and net assets	$ 25,072,029	$ 25,476,020

BILL WILSON CENTER

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2022
(With Summarized Comparative Totals for the Year Ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Comparative Totals
Support and revenues:				
Support:				
Contributions	$ 609,934	$ 160,237	$ 770,171	$ 515,727
Contributions in-kind	598,308	-	598,308	646,606
Special events, net	170,627	-	170,627	-
Foundations and corporations	591,463	380,483	971,946	1,117,635
United Way	10,267	-	10,267	621
Total support	1,980,599	540,720	2,521,319	2,280,589
Revenue:				
Federal government awards	7,127,508	-	7,127,508	9,691,116
State and local government awards	17,786,378	-	17,786,378	16,091,060
Paycheck protection program proceeds	-	-	-	827,846
Investment income (loss), net	(110,982)	-	(110,982)	202,943
Fees for services	130,521	-	130,521	173,515
Rental income	282,417	-	282,417	281,901
Miscellaneous income	30,279	-	30,279	27,048
Total revenue	25,246,121	-	25,246,121	27,295,429
Net assets released from restrictions	1,001,456	(1,001,456)	-	-
Total support and revenue	28,228,176	(460,736)	27,767,440	29,576,018
Expenses:				
Program services	24,117,110	-	24,117,110	25,327,399
Supporting services:				
Management and general	2,870,138	-	2,870,138	2,266,709
Fundraising and development	333,356	-	333,356	352,074
Total supporting services	3,203,494	-	3,203,494	2,618,783
Total expenses before depreciation and amortization	27,320,604	-	27,320,604	27,946,182
Change in net assets before depreciation and amortization	907,572	(460,736)	446,836	1,629,836
Depreciation and amortization expense	426,192	-	426,192	426,378
Change in net assets	481,380	(460,736)	20,644	1,203,458
Net assets, beginning of year	8,134,816	8,326,504	16,461,320	15,257,862
Net assets, end of year	$ 8,616,196	$ 7,865,768	$ 16,481,964	$ 16,461,320

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

BILL WILSON CENTER

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Year ended June 30, 2022
(With Summarized Comparative Totals for the Year Ended June 30, 2021)

	2022							
	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	$ 2,034,763	$ 1,273,232	$ 2,575,120	$ 658,364	$ 2,543,043	$ 525,019	$ 140,245	$ 9,749,786
Employee benefits	371,937	218,761	479,099	120,173	456,882	95,661	22,515	1,765,028
Payroll taxes	160,410	103,140	213,317	52,075	205,731	43,931	11,082	789,686
Communication costs	39,767	25,581	43,416	11,081	95,470	10,660	15,777	241,752
Conferences and meetings	3,357	-	-	-	716	-	-	4,073
Equipment and furniture	25,522	12,751	25,474	26,256	122,939	6,709	10,408	230,059
Food and beverages	7,771	105,633	38,209	70	455,507	19,483	12,656	639,329
Host family payments	-	-	-	-	-	-	-	-
Insurance	32,244	25,177	10,079	4,284	35,366	6,469	5,667	119,286
Interest expense	-	63,148	-	10,304	38,144	-	31,714	143,310
Maintenance and equipment rental	29,320	48,382	10,957	4,382	132,550	17,402	50,898	293,891
Membership dues and licenses	6,075	5,558	2,007	1,722	3,373	-	5,754	24,489
Occupancy	133,766	7,527	85,258	90,274	771,540	9,349	833	1,098,547
Payments to sub-recipients	-	-	54,267	-	66,234	-	-	120,501
Postage and shipping	2,810	510	2,988	1,870	1,838	328	64	10,408
Printing and publications	37,850	8,630	25,056	14,051	16,389	4,637	5,750	112,363
Professional fees	494,127	28,703	50,251	461,891	138,270	15,319	55,090	1,243,651
Recruiting and training costs	35,603	19,772	22,082	9,674	31,870	12,099	3,812	134,912
Rental assistance	-	-	3,519,217	-	1,402,257	-	-	4,921,474
Reserve for bad debts	-	-	-	43	-	-	4,856	4,899
Service charges	-	6	-	-	96	-	470	572
Specific assistance	2,463	77,949	604,288	20,000	970,630	28,135	9,040	1,712,505
Supplies	17,305	33,286	54,850	9,901	72,689	16,800	6,199	211,030
Travel and transportation	14,050	15,559	48,227	147	53,088	1,669	887	133,627
Utilities	18,904	79,919	5,776	3,767	164,799	12,168	104,867	390,200
Youth stipends	-	-	4,932	-	16,800	-	-	21,732
Total expenses before depreciation and amortization	3,468,044	2,153,224	7,874,870	1,500,329	7,796,221	825,838	498,584	24,117,110
Depreciation and amortization	17,071	99,126	-	-	73,992	10,718	186,134	387,041
Total expenses	$ 3,485,115	$ 2,252,350	$ 7,874,870	$ 1,500,329	$ 7,870,213	$ 836,556	$ 684,718	$ 24,504,151

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

BILL WILSON CENTER

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the Year ended June 30, 2022
(With Summarized Comparative Totals for the Year Ended June 30, 2021)

	2022					2021
		Support services				
	Total Program Services	Management and General	Fundraising and Development	Total Support Services	Total Program and Support Services	Comparative Totals
Staff compensation	$ 9,749,786	$ 1,770,230	$ 225,400	$ 1,995,630	$ 11,745,416	$ 11,061,427
Employee benefits	1,765,028	342,102	38,383	380,485	2,145,513	2,327,281
Payroll taxes	789,686	124,273	16,075	140,348	930,034	892,543
Communication costs	241,752	52,628	2,229	54,857	296,609	280,433
Conferences and meetings	4,073	2,125	-	2,125	6,198	991
Equipment and furniture	230,059	34,813	3,633	38,446	268,505	307,535
Food and beverages	639,329	3,557	-	3,557	642,886	625,821
Host family payments	-	-	-	-	-	9,138
Insurance	119,286	48,334	1,988	50,322	169,608	186,404
Interest expense	143,310	-	-	-	143,310	148,292
Maintenance and equipment rental	293,891	51,995	7,466	59,461	353,352	322,457
Membership dues and licenses	24,489	25,454	2,719	28,173	52,662	59,669
Occupancy	1,098,547	4,124	129	4,253	1,102,800	1,091,648
Payments to sub-recipients	120,501	-	-	-	120,501	166,981
Postage and shipping	10,408	1,576	1,928	3,504	13,912	10,728
Printing and publications	112,363	11,479	10,765	22,244	134,607	134,907
Professional fees	1,243,651	174,788	5,610	180,398	1,424,049	1,607,033
Recruiting and training costs	134,912	126,110	2,491	128,601	263,513	288,188
Rental assistance	4,921,474	-	-	-	4,921,474	6,024,416
Reserve for bad debts	4,899	-	-	-	4,899	-
Service charges	572	25,612	7,794	33,406	33,978	28,222
Specific assistance	1,712,505	715	-	715	1,713,220	1,588,772
Supplies	211,030	14,788	441	15,229	226,259	275,020
Travel and transportation	133,627	11,431	661	12,092	145,719	112,469
Utilities	390,200	44,004	5,644	49,648	439,848	377,575
Youth stipends	21,732	-	-	-	21,732	18,232
Total expenses before depreciation and amortization	24,117,110	2,870,138	333,356	3,203,494	27,320,604	27,946,182
Depreciation and amortization	387,041	22,624	16,527	39,151	426,192	426,378
Total expenses	$ 24,504,151	$ 2,892,762	$ 349,883	$ 3,242,645	$ 27,746,796	$ 28,372,560

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

BILL WILSON CENTER

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2022
(With Summarized Comparative Totals for the Year Ended June 30, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 20,644	$ 1,203,458
Adjustments to reconcile change in net assets to		
net cash provided by (used in) operating activities:		
Depreciation and amortization	426,192	426,378
Net realized and unrealized (gain) loss on investments	156,593	(167,540)
Deferred rent obligation	(1,607)	30,974
Long-term accrued interest	41,044	41,044
Change in operating assets and liabilities:		
Receivables	49,716	(1,802,875)
Prepaid expenses and deposits	4,574	(22,590)
Accounts payable	(297,682)	(74,348)
Accrued expenses	(144,580)	(13,947)
Deposits payable	111,256	62,545
Deferred revenue	(2,347)	(138,435)
Net cash provided by (used in) operating activities	363,803	(455,336)
Cash flows from investing activities:		
Proceeds from sale of investments	195,325	107,320
Purchases of investments	(240,305)	(141,349)
Purchases of property and equipment	(12,399)	(82,092)
Net cash used in investing activities	(57,379)	(116,121)
Cash flows from financing activities:		
Payments on notes payable	(133,898)	(93,927)
Net cash used in financing activities	(133,898)	(93,927)
Increase (decrease) in cash and cash equivalents	172,526	(665,384)
Cash and cash equivalents, beginning of year	5,087,597	5,752,981
Cash and cash equivalents, end of year	$ 5,260,123	$ 5,087,597
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 4,787,032	$ 4,633,722
Restricted cash and cash equivalents	473,091	453,875
Total cash and cash equivalents	$ 5,260,123	$ 5,087,597
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 102,266	$ 107,247

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

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, Mountain View 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.

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.

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 follows the provisions of FASB ASC 606 as revised by Accounting Standards Update 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers.*

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue (Continued)
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, 2022 and 2021.

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.

Contributed Nonfinancial Assets
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. The majority of contributed nonfinancial assets were used in various program activities. Unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included the following:

	2022	2021
Services	$ 467,828	$ 533,644
Rent	60,520	69,958
Food	69,960	43,004
	$ 598,308	$ 646,606

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

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 in advertising expenses for each of the years ended June 30, 2022 and 2021.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 adopted the new guidance as of June 30, 2021.

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 adopted the new guidance as of June 30, 2021.

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, 2022 and 2021 was approximately $820,000 and $904,000, respectively. At June 30, 2022 and 2021, approximately $612,000 and $670,000, respectively, of the accounts receivable balance was 90 days or more past due.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 $3,200 and $3,100 for the years ended June 30, 2022 and 2021, 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, 2022.

Fair Value of Financial Instruments
Financial instruments in the Organization's consolidated statements of financial position as of June 30, 2022 and 2021 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 each of the years ended June 30, 2022 and 2021, approximately 90% of the Organization's support and revenue is derived from grants from federal, state and local government agencies.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021, 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, 2021, 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.

Reclassifications
Certain fiscal year 2021 balances have been reclassified to conform to the fiscal year 2022 financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

Subsequent Events
Management has evaluated events and transactions for potential recognition and disclosure through October 25, 2022, 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:

	2022	2021
Cash and cash equivalents	$ 4,787,032	$ 4,633,722
Investments	1,378,602	1,490,215
Receivables, net, current portion	4,258,011	4,326,493
Total financial assets	10,423,645	10,450,430
Less those unavailable for general expenditures within one year, due to purpose restrictions stipulated by donors	(802,007)	(971,031)
Financial assets available to meet cash need for expenditures within one year	$ 9,621,638	$ 9,479,399

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 also has a $1,500,000 line of credit available at June 30, 2022 to meet cash flow needs.

NOTE 4: RECEIVABLES

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

	2022	2021
Grants receivable	$ 4,915,960	$ 5,114,146
Pledges receivable	210,170	166,737
Accounts receivable	43,786	21,358
Total receivables	5,169,916	5,302,241
Less allowance for doubtful accounts and fair value adjustment	(820,925)	(903,534)
Total receivables, net	4,348,991	4,398,707
Less current portion	(4,258,011)	(4,326,493)
Non-current portion	$ 90,980	$ 72,214

Receivables are recorded at fair value using a discount rate of 5% at June 30, 2022.

NOTE 4: RECEIVABLES (CONTINUED)

Maturities for receivables are as follows:

Year ending June 30:	
2023	$ 4,258,011
2024	43,403
2025	27,270
2026	12,491
2027	7,583
Thereafter	233
Total	$ 4,348,991

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 within the fair value hierarchy as of June 30, 2022 and 2021.

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 80,170	$ -	$ -	$ 80,170
Fixed income securities	282,864	174,971	-	457,835
Equity securities	840,597	-	-	840,597
Total investments	$ 1,203,631	$ 174,971	$ -	$ 1,378,602

	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

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2022	2021
Buildings and improvements	$14,087,377	$14,079,257
Furniture and equipment	458,870	458,870
Vehicles	95,186	95,186
Total depreciable assets	14,641,433	14,633,313
Less accumulated depreciation	(6,180,656)	(5,757,643)
Land	5,240,556	5,240,556
Construction in progress	83,418	79,139
Net property and equipment	$13,784,751	$14,195,365

Construction-in-progress represents costs incurred on the construction of assets that have not been completed or placed in service as of June 30, 2022. Depreciation and amortization expense was approximately $426,000 for each of the years ended June 30, 2022 and 2021.

NOTE 7: DEFERRED REVENUE

The activity in deferred revenue consists of revenue from contracts with customers 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"), provided loans to qualifying businesses based on average monthly payroll expenses of the qualifying business. The loans and accrued interest were forgivable as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and met certain criteria established by the Small Business Administration ("SBA") and the lender.

The Organization used the proceeds for purposes consistent with the PPP. Therefore, management determined the funds were a conditional grant and recognized revenues as the funds were expended within the specified conditions. The unforgiven portion of the PPP loan was 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 believed that its use of the loan proceeds met the conditions for forgiveness of the loan. During 2021, the Organization 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 fully forgiven.

The activity and balances for deferred revenue are shown in the following table:

Balance at beginning of year	$ 844,803
Payments received for future obligations	776,011
Refund of payments received for future obligatio	(10,000)
Amounts recognized as revenue	(768,358)
Balance at end of year	$ 842,456

NOTE 8: LINE OF CREDIT

The Organization is obligated under a line of credit, which matures on November 5, 2022 and is secured by the personal property of the Organization. The line is available up to $1,500,000 and bears interest at the greater of the bank's prime rate (3.25% at November 8, 2021) or 5%. This agreement and all of the other Wells Fargo Bank agreements requires 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, 2022.

NOTE 9: NOTES PAYABLE

The Organization had the following notes payable at June 30:

	2022	2021
San Jose Enclave - Wells Fargo Bank	$ 356,079	$ 398,893
Summerdale - Wells Fargo Bank	336,347	377,240
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
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	1,439,797	1,454,989
Total notes payable	4,801,157	4,935,056
Less unamortized debt issuance costs	(85,171)	(88,351)
Less current portion	(105,529)	(100,360)
Total long-term obligation	$ 4,610,457	$ 4,746,345

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. The $35,000 Housing Trust loan was forgiven and recorded in revenue during the year ended June 30, 2022.

NOTE 9: NOTES PAYABLE (CONTINUED)

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, 2022 and 2021 was approximately $39,000 and $44,000, 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.

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 $837,394 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 of the years ended June 30, 2022 and 2021.

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.

NOTE 9: NOTES PAYABLE (CONTINUED)

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, 2022 and 2021, was approximately $63,000 and $64,000, respectively.

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

Year ending June 30:	
2023	$ 105,529
2024	110,976
2025	116,771
2026	122,871
2027	129,290
Thereafter	4,215,720
Total	$ 4,801,157

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 restrictions and not as loans requiring mandatory principal and interest payback. However, disposition, change in use, or cessation of operations requires a mandatory repayment of principal and accrued interest.

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

A 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, 2022 and 2021, accrued interest on this obligation amounted to approximately $43,000 and $41,000, respectively, with an annual accrual of approximately $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, 2022 and 2021, accrued interest on this obligation amounted to approximately $855,000 and $825,000, respectively, with an annual accrual of approximately $29,000.

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

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

> A grant of $200,000 from the Department of Housing and Urban Development passed through the City of Santa Clara, and a grant of $200,000 from the City of Santa Clara. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing 3% simple interest, and neither the principal nor the accrued interest will become due if the Organization continues to use the facility as a teenaged parent family shelter. As of June 30, 2022 and 2021, accrued interest on this obligation amounted to approximately $308,000 and $296,000, with an annual accrual of approximately $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, 2022 and 2021, accrued interest on this obligation amounted to approximately $265,000 and $254,000, 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 $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, 2022 and 2021, accrued interest on this obligation amounted to approximately $365,000 and $347,000, respectively, with an annual accrual of approximately $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.

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

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

> An on-going grant of $4,767,000 from the City of Santa Clara, with $4,767,000 advanced as of June 30, 2022 and 2021. 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, 2022 and 2021, accrued interest on this obligation amounted to approximately $1,893,000 and $1,751,000, respectively, with an annual accrual of approximately $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, 2022 and 2021, 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. As of June 30, 2022 and 2021, accrued interest on this obligation amounted to approximately $7,500 and $6,000, respectively, with an annual accrual of approximately $1,500.

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions activities for the year ended June 30, 2022 were as follows:

	June 30, 2021	Additions	Releases	June 30, 2022
Pledges receivable	$ 72,214	$ 90,980	$ (72,214)	$ 90,980
Employee Wellness program	47,480	-	(27,811)	19,669
Basic center - RHY South County	-	8,904	(8,904)	-
Basic center - RHY North County	1,121	-	(1,121)	-
Transitional Housing	9,938	2,500	(12,438)	-
VITA Program	-	16,550	(11,106)	5,444
Independent Living program	9,444	10,600	(20,044)	-
Youth Summit	-	2,200	(2,200)	-
San Jose Best DIC	5,500	524	(754)	5,270
THP+FC program	3,677	-	-	3,677
Transitional Housing Plus program	1,500	-	-	1,500
Transitional Living program - MGH	-	10,000	(10,000)	-
Transitional Living program - LGBTQ	-	30,572	(23,329)	7,243
Support for Transitional Foster Youth (Tru	520,339	-	-	520,339
Listen for Good	17,030	10,000	(27,030)	-
Destination Home - Motel Voucher COVIE	905	-	(905)	-
City of Mountain View - FAS	-	5,000	(2,424)	2,576
FAS - Central program	-	4,000	(4,000)	-
FAS - East program	-	30,500	(30,500)	-
FAS - City of Santa Clara	-	500	(500)	-
COVID19 expenditures	105,508	71,000	(176,508)	-
Rapid Rehousing programs	-	25,000	(25,000)	-
Adobe and 100 Women Foundation - Drop-in-Center	11,514	4,500	(16,014)	-
Center for Living with Dying	17,746	12,639	(30,385)	-
Healing Heart (Valle Monte League)	-	104,537	(104,537)	-
Center for Living - Aids Retreat	1,885	-	(1,885)	-
Homeless Prevention Services Program	-	10,000	(10,000)	-
CHAT program	-	25,000	(25,000)	-
Adopt-a-family	-	26,890	(26,890)	-
Peacock Commons	6,340	3,324	(3,244)	6,420
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	455,677	-	(13,377)	442,300
The Alameda	1,896,660	-	(101,809)	1,794,851
Jackson Street	364,757	35,000	(24,893)	374,864
Main Street	302,724	-	(6,328)	296,396
Peacock Commons	4,285,656	-	(180,306)	4,105,350
Total net assets with donor restrictions	$ 8,326,504	$ 540,720	$ (1,001,456)	$ 7,865,768

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The net assets with donor restrictions 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 (Tru	525,337	-	(4,998)	520,339
Listen for Good	-	20,000	(2,970)	17,030
Destination Home - Motel Voucher COVIE	-	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

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, 2022 and 2021, the Board of Directors approved a total contribution of approximately $521,000 and $635,000, 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:

	2022	2021
Special event income		
Revenues	$ 16,491	$ -
Contributions	192,612	-
Special event direct expenses	(38,476)	-
Special events, net	$ 170,627	$ -

Total fundraising expenses for the years ended June 30, 2022 and 2021 were approximately $389,000 and $369,000, respectively.

NOTE 14: RELATED-PARTY TRANSACTIONS

For the years ended June 30, 2022 and 2021, the Organization received contributions of approximately $34,000 and $35,000, 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 $50,000 and $54,000 for the years ended June 30, 2022 and 2021, respectively, and the total rental expense incurred under leases was approximately $562,000 and $617,000, 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, 2022 and 2021, deferred rent on the leases total approximately $59,000 and $61,000, respectively, which is considered current and is reported accordingly on the accompanying consolidated statements of financial position.

NOTE 15: COMMITMENTS AND CONTINGENCIES (CONTINUED)

The future minimum commitments under these leases are as follows:

Year ending June 30:	
2023	$ 385,147
2024	266,124
2025	88,708
Total	$ 739,979

The Organization's total occupancy expense was approximately $1,103,000 and $1,092,000 for the years ended June 30, 2022 and 2021, 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 for each of the years ended June 30, 2022 and 2021, and total payments made pursuant to these leases were approximately $159,000 and $104,000, respectively. The future minimum commitments under these leases are as follows:

Year ending June 30:	
2023	$ 124,796
2024	90,391
2025	84,342
2026	14,836
Total	$ 314,365

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.

NOTE 16: RISK AND UNCERTAINTIES

The Organization is an essential business in Santa Clara County and has been open for business for the full duration of the coronavirus disease ("COVID-19") pandemic. At the date of the independent auditor's 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, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing 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	CA0032L9T001912	$ 91,259	$ -
Transitional housing - North County	14.267	CA0032L9T002013	199,225	-
Transitional housing - South County	14.267	CA0031L9T002013	385,945	-
Transitional housing - South County	14.267	CA0031L9T002114	135,553	-
Transitional housing - Rapid Rehousing for Youth	14.267	CA1639L9T001902	56,681	-
Transitional housing - Rapid Rehousing for Youth	14.267	CA1639L9T002003	81,123	-
Peacock Commons - Permanent Housing	14.267	CA1032L9T001909	78,871	-
Peacock Commons - Permanent Housing	14.267	CA1032L9T002010	108,060	-
Rapid Rehousing for Youth	14.267	CA1379L9T001904	89,118	-
Rapid Rehousing for Youth	14.267	CA1379L9T002005	166,914	-
Rapid Rehousing for Homeless Youth	14.267	CA1385L9T002005	544,510	-
Total Continuum of Care Program			1,937,259	-
Youth Homelessness Demonstration Program				
Santa Cruz Shared Housing Program	14.276	CA1724Y9T081901	32,956	-
Santa Cruz Shared Housing Program	14.276	CA1724Y9T082002	53,352	
Total Youth Homelessness Demonstration Program			86,308	-
Community Development Block Grants				
Passed through the City of Santa Clara				
Family Therapy/School Outreach	14.218	B-21-MC-06-0022	35,000	-
Family Advocacy Services	14.218	B-21-MC-06-0022	35,000	-
COVID-19 Emergency Rental Assistance	14.218	B-20-MW-06-0022	156,084	-
COVID-19 Emergency Rental Assistance	14.218	B-20-MC-06-0022	600,000	
Passed through the City of Sunnyvale				
Family & Individual Counseling Services	14.218	B-21-MC-06-0023	30,500	-
Passed through the City of Mountainview				
Family Advocacy Services	14.218	851-08-10-21AG	20,583	-
Passed through the City of San Jose				
Enclave Renovation Project	14.218	B-22-MC-06-0021	4,279	
COVID-19 Tenant Based Rental Assistance	14.218	Home-19-004A	23,501	-
Total Community Development Block Grants			904,947	-
Home Investment Partnerships Program - COVID				
Passed through the City of San Jose				
COVID-19 Tenant Based Rental Assistance	14.251	Home-19-004A	141,932	-
Home Investment Partnerships Program*				
Passed through the City of Santa Clara				
Tenant Based Rental Assistance	14.239	M-21-MC-06-0217	468,637	-
Emergency Solutions Grant Program				
Passed through the City of San Jose				
Homeless Prevention	14.231	E21-MC-06-0021	130,000	-
COVID-19 Rapid Rehousing	14.231	E20-MC-06-0021	402,390	-
Total Emergency Solutions Grant Program			532,390	-
Total U.S. Department of Housing and Urban Development			4,071,473	-
Subtotal			$ 4,071,473	$ -

* 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, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing number	Grant identifying number	Federal program expenditures	Passed through to subrecipients
EXPENDITURES OF FEDERAL AWARDS (CONTINUED):				
Subtotal from previous page			$ 4,071,473	$ -
U.S. Department of Justice				
Crime Victim Assistance*				
Passed through California Office of Emergency Services				
Homeless Youth and Exploitation Program	16.575	HX21201430	25,261	-
Marginalized Victims Program	16.575	KI20031430	159,121	-
Marginalized Victims Program	16.575	KI21041430	58,010	-
Specialized Emergency Housing Program	16.575	KE20031430	73,368	-
Specialized Emergency Housing Program	16.575	KE21041430	129,979	-
Transitional Housing Program	16.575	XH20031430	115,936	-
Transitional Housing Program	16.575	XH21041430	75,038	-
Child Abuse Treatment Program	16.575	AT20011430	92,836	-
Child Abuse Treatment Program	16.575	AT21021430	32,130	-
Total Crime Victim Assistance			761,679	-
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	672,517	-
Transitional Living for Homeless Youth Programs				
Direct Award				
Transitional living - LGBTQ Youth and Young Adults	93.550	90CX7151-04	48,710	-
Transitional living - LGBTQ Youth and Young Adults	93.550	90CX7151-05	97,238	-
Transitional living - Maternity Group Home	93.550	90CX7212-03	68,920	-
Transitional living - Maternity Group Home	93.550	90YZ0027-01	66,260	-
Total Transitional Living for Homeless Youth Programs			281,128	-
Street Outreach Program				
Direct Award:				
Street Outreach Program	93.557	90Y02338-02	30,373	-
Street Outreach Program	93.557	90Y02338-03	59,753	-
Total Street Outreach Programs			90,126	-
Runaway and Homeless Youth Programs				
Direct Award				
Basic Center - South County	93.623	90CY7208-01	16,258	-
Basic Center - South County	93.623	90CY7208-02	161,470	-
Basic Center - North County	93.623	90CY7207-01	72,899	-
Basic Center - North County	93.623	90CY7207-02	130,608	-
Total Runaway and Homeless Youth Programs			381,235	-
Subtotal U.S. Department of Health and Human Services			$ 1,425,006	$ -

* Denotes a major program

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing number	Grant identifying number	Federal program expenditures	Passed through to subrecipients
EXPENDITURES OF FEDERAL AWARDS (CONTINUED):				
U.S. Department of Health and Human Services (Continued)				
Subtotal U.S. Department of Health and Human Services from previous page			$ 1,425,006	$ -
Community Mental Health Services Block Grant				
Passed-through Sierra Health Foundation				
MAT Program	93.958	CA20MAT027	31,382	-
Other Programs				
Passed-through County of Santa Clara:				
Chafee Foster Care Independent Living Program	93.674	4300013916	721,636	-
Total U.S. Department of Health and Human Services			2,178,024	-
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	49,224	-
COVID-19 FEMA Homeless Prevention	97.024		67,108	-
Total U.S. Department of Homeland Security/FEMA			116,332	-
Total Expenditures of Federal Awards			$ 7,127,508	$ -

* Denotes a major program

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

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 did not elect 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, 2022. 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.

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INDEPENDENT AUDITOR'S 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, 2022, 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 October 25, 2022.

Report on 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 were not identified.

Report on 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 Christensen Caniglia LLP

October 25, 2022
Roseville, California

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INDEPENDENT AUDITOR'S 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

Opinion on Each Major Federal Program

We have audited Bill Wilson Center's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bill Wilson Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bill Wilson Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts and grant agreements applicable to Bill Wilson Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bill Wilson Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bill Wilson Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bill Wilson Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Bill Wilson Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Bill Wilson Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

October 25, 2022
Roseville, California

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

I. SUMMARY OF AUDITOR'S 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:

Assistance Listing Number	Name of Federal Program
14.239	Home Investment Partnerships Program
16.575	Crime Victim Assistance
93.658	Foster Care Programs

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

Bill Wilson Center was determined to be a low-risk auditee pursuant to the Uniform Guidance.

II. FINDINGS – CONSOLIDATED FINANCIAL STATEMENT AUDIT

No current year consolidated financial statement findings.

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

No current year major federal program findings.

IV. OTHER

No summary schedule of prior audit findings has been included in these consolidated financial statements since there were no findings in prior year.