Bill Wilson Center

Consolidated Financial Statements
and Supplementary Information
June 30, 2015 and 2014

Together with
Independent Auditors' Report
and Single Audit Reports

BILL WILSON CENTER

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June 30, 2015

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bill Wilson Center (a California public benefit corporation, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2015, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 5, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Robert Lee + Associates, LLP

San Jose, California
October 5, 2015

BILL WILSON CENTER
Consolidated Statements of Financial Position

	June 30, 2015	June 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,249,975	$ 1,036,933
Investments	1,028,794	1,030,631
Receivables, net, current portion	1,836,964	2,245,623
Prepaid expenses and deposits	194,790	199,763
Total current assets	5,310,523	4,512,950
Receivables, net, non-current portion	81,526	110,484
Property and equipment, net	13,673,388	13,656,410
Restricted cash and cash equivalents	372,559	353,547
Other assets	71,743	72,270
Total assets	$ 19,509,739	$ 18,705,661
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit payable	$ 45,000	$ 75,000
Accounts payable	583,626	238,880
Accrued expenses	1,344,371	1,069,074
Deposits	162,266	165,042
Deferred revenue	89,923	10,493
Notes payable, current	58,734	58,784
Total current liabilities	2,283,920	1,617,273
Long term interest payable	122,564	83,178
Notes payable, non-current	3,839,835	3,817,517
Total liabilities	6,246,319	5,517,968
Commitments and contingencies		
Net assets:		
Unrestricted	4,389,293	4,009,436
Temporarily restricted	8,874,127	9,178,257
Total net assets	13,263,420	13,187,693
Total liabilities and net assets	$ 19,509,739	$ 18,705,661

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

BILL WILSON CENTER

Consolidated Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2015

(With comparative totals for the year ended June 30, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Comparative Totals
Support and revenue:				
Support:				
Contributions	$ 257,294	$ 28,248	$ 285,542	$ 232,950
Contributions in-kind	444,717	-	444,717	412,415
Special events, net	71,815	-	71,815	107,086
Foundations and corporations	160,706	221,334	382,040	556,703
United Way	2,502	-	2,502	6,397
Total support	937,034	249,582	1,186,616	1,315,551
Revenue:				
Federal government awards	4,093,122	-	4,093,122	3,572,948
State and local government awards	10,587,524	-	10,587,524	9,017,015
Investment income	6,369	-	6,369	128,122
Loss on disposal of assets	(12,711)	-	(12,711)	-
Fees for services	325,180	-	325,180	302,098
Rental income	192,143	-	192,143	187,885
Miscellaneous income	16,826	-	16,826	8,536
Total revenue	15,208,453	-	15,208,453	13,216,604
Net assets released from restrictions	553,712	(553,712)	-	-
Total support and revenue	16,699,199	(304,130)	16,395,069	14,532,155
Expenses:				
Program services	14,120,812	-	14,120,812	12,773,654
Supporting services:				
Management and general	1,575,787	-	1,575,787	1,304,123
Fundraising and development	240,667	-	240,667	272,577
Total supporting services	1,816,454	-	1,816,454	1,576,700
Total expenses before depreciation and amortization	15,937,266	-	15,937,266	14,350,354
Change in net assets before depreciation and amortization	761,933	(304,130)	457,803	181,801
Depreciation and amortization expense	382,076	-	382,076	371,563
Change in net assets	379,857	(304,130)	75,727	(189,762)
Net assets, beginning of year	4,009,436	9,178,257	13,187,693	13,377,455
Net assets, end of year	$ 4,389,293	$ 8,874,127	$ 13,263,420	$ 13,187,693

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

BILL WILSON CENTER

Consolidated Statement of Functional Expenses - Program Services

For the Year Ended June 30, 2015

	2015								
	Program Services								
	Mental Health Services	Residential Services	Foster Family Services	Children & Youth Services	Family Services	Transitional Housing Services	Drop-In Center	Peacock Commons	Total Program Services
Staff compensation	$ 2,754,550	$ 1,211,051	$ 293,472	$ 669,118	$ 375,755	$ 892,190	$ 328,453	$ 121,368	$ 6,645,957
Employee benefits	585,725	248,783	74,190	187,703	74,663	190,619	72,176	26,490	1,460,349
Payroll taxes	242,079	118,392	32,388	50,238	30,381	85,464	31,315	11,513	601,770
Bad debt expense	-	58,521	12,282	-	1,104	3,521	235	-	75,662
Communication costs	40,701	23,113	14,685	14,221	10,930	33,805	6,991	4,204	148,650
Conference, conventions and meetings	1,380	4,360	711	1,150	82	488	-	-	8,171
Equipment and furniture purchases	69,030	24,186	2,500	5,718	1,796	25,458	6,696	22,891	158,275
Food and beverage	29,359	107,021	2,076	1,634	2,616	204,605	84,031	1,771	433,113
Foster family fees	-	1,290	373,654	-	-	-	-	-	374,944
Insurance	32,680	31,733	9,068	5,025	5,054	26,733	5,518	14,444	130,255
Interest expense	-	1,637	29	-	19,304	53,951	-	32,530	107,451
Maintenance and equipment rental	46,461	67,108	2,640	1,931	2,976	62,734	18,028	52,132	254,010
Memberships, dues and licenses	17,255	14,331	5,583	2,490	210	2,603	546	4,356	47,374
Occupancy	198,381	4,648	19,600	57,913	15,449	655,124	6,104	1,710	958,929
Payments to sub-recipients	25,000	194,903	-	22,320	-	42,907	81,306	-	366,436
Postage and shipping	2,718	1,194	721	808	371	1,118	386	99	7,415
Printing and publications	31,891	8,165	3,801	10,960	10,635	7,136	7,097	788	80,473
Professional fees	505,914	50,420	26,398	22,951	278,044	45,286	6,814	94,624	1,030,451
Recruiting and training costs	9,386	29,260	10,871	1,335	2,199	1,575	1,011	482	56,119
Service charges	4,163	1,808	746	1,017	392	1,570	441	2,772	12,909
Specific assistance	2,381	70,517	24,136	78,886	-	417,678	37,373	22,727	653,698
Supplies	52,469	22,748	6,682	14,324	8,393	41,473	16,645	14,407	177,141
Travel and transportation	45,870	39,605	10,295	10,298	413	24,360	3,663	3,386	137,890
Utilities	30,029	62,258	300	-	2,388	63,279	12,313	22,803	193,370
Total expenses before depreciation and amortization	4,727,422	2,397,052	926,828	1,160,040	843,155	2,883,677	727,142	455,497	14,120,812
Depreciation and amortization	19,947	70,596	1,666	-	17,202	50,884	9,100	183,159	352,554
Total expenses	$ 4,747,369	$ 2,467,648	$ 928,494	$ 1,160,040	$ 860,357	$ 2,934,561	$ 736,242	$ 638,656	$ 14,473,366

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

BILL WILSON CENTER

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2015

(With comparative totals for the year ended June 30, 2014)

	2015					2014
	Total Program Services	Support services: Management and General	Support services: Fundraising and Development	Support services: Totals	Total Program and Support Services	Comparative Totals
Staff compensation	$ 6,645,957	$ 1,088,471	$ 147,417	$ 1,235,888	$ 7,881,845	$ 7,067,742
Employee benefits	1,460,349	197,051	32,450	229,501	1,689,850	1,514,112
Payroll taxes	601,770	70,763	11,404	82,167	683,937	618,772
Bad debt expense	75,662	-	-	-	75,662	25,474
Communication costs	148,650	14,673	1,219	15,892	164,542	146,152
Conference, conventions and meetings	8,171	2,839	388	3,227	11,398	10,617
Equipment and furniture purchases	158,275	11,961	1,688	13,649	171,924	157,139
Food and beverage	433,113	424	425	849	433,962	415,110
Foster family fees	374,944	-	-	-	374,944	272,331
Insurance	130,255	27,409	1,384	28,793	159,048	145,620
Interest expense	107,451	3,670	-	3,670	111,121	82,137
Maintenance and equipment rent	254,010	22,747	2,555	25,302	279,312	327,342
Memberships, dues and licenses	47,374	10,475	998	11,473	58,847	58,461
Occupancy	958,929	26,724	74	26,798	985,727	965,917
Payments to sub-recipients	366,436	-	-	-	366,436	399,533
Postage and shipping	7,415	617	575	1,192	8,607	13,102
Printing and publications	80,473	6,980	10,171	17,151	97,624	97,664
Professional fees	1,030,451	39,923	13,375	53,298	1,083,749	892,042
Recruiting and training costs	56,119	14,691	9,953	24,644	80,763	61,104
Service charges	12,909	9,179	1,785	10,964	23,873	26,323
Specific assistance	653,698	-	-	-	653,698	562,966
Supplies	177,141	6,892	2,323	9,215	186,356	144,670
Travel and transportation	137,890	3,171	284	3,455	141,345	144,432
Utilities	193,370	17,127	2,199	19,326	212,696	201,592
Total expenses before depreciation and amortization	14,120,812	1,575,787	240,667	1,816,454	15,937,266	14,350,354
Depreciation and amortization	352,554	21,607	7,915	29,522	382,076	371,563
Total expenses	$ 14,473,366	$ 1,597,394	$ 248,582	$ 1,845,976	$ 16,319,342	$ 14,721,917

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

BILL WILSON CENTER
Consolidated Statements of Cash Flows

	For the Years Ended June 30, 2015	For the Years Ended June 30, 2014
Cash flows from operating activities:		
Change in net assets	$ 75,727	$ (189,762)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	382,076	371,563
Loss on disposal of fixed assets	12,711	-
Net unrealized (gain) loss on investments	24,806	(91,939)
Donated securities included in support	-	(9,684)
Changes in operating assets and liabilities:		
Receivables	437,617	(380)
Prepaid expenses and deposits	4,973	(40,556)
Other assets	(1,584)	(1,000)
Accounts payable	344,746	(148,039)
Accrued expenses	275,297	(12,738)
Deposits	(2,776)	77,178
Deferred revenue	79,430	9,649
Net cash provided (used) by operating activities	1,633,023	(35,708)
Cash flows from investing activities:		
Proceeds from sale of investments	209,903	147,690
Proceeds from sale of equipment	10,867	-
Purchases of investments	(232,872)	(175,807)
Purchases of land, buildings and equipment	(420,521)	(72,719)
Net cash (used) by investing activities	(432,623)	(100,836)
Cash flows from financing activities:		
Payments on notes payable	(57,732)	(41,001)
Proceeds from loans including accrued interest	119,386	131,868
Payments on line of credit	(30,000)	(10,000)
Net cash provided by financing activities	31,654	80,867
Increase (decrease) in cash and cash equivalents	1,232,054	(55,677)
Cash and cash equivalents, beginning of year	1,390,480	1,446,157
Cash and cash equivalents, end of year	$ 2,622,534	$ 1,390,480
Cash and cash equivalent reconciliation:		
Cash and cash equivalents	$ 2,249,975	$ 1,036,933
Restricted cash and cash equivalents	372,559	353,547
Total cash and cash equivalents	$ 2,622,534	$ 1,390,480
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 67,561	$ 45,467
Supplemental disclosure of non-cash transactions		
Land and building acquired with debt	$ -	$ 830,197

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

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

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

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

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

Mental Health Services

- Mental Health Services are provided for Medi-Cal eligible children and youth and include therapy and psychiatric services.
- Transition age youth may gain immediate access to mental health services through a crisis line.
- TAY Inn provides short-term housing for homeless youth dealing with mental health issues

Residential Services

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

Foster Family Services

- Foster Family Program recruits foster families and matches children in the foster care system with families that are trained and supported to care for them. Includes foster to adopt, and intensive therapeutic foster care and Multi-dimensional Treatment Foster Care.
- Volunteer Case Aide Program matches trained volunteers with children in foster care who need services such as tutoring, mentoring, and supervised visits.

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

Youth Services

- Competency Development Services provides youth in the juvenile justice system and first time offenders an alternative to incarceration. Youth participate in 7 Challenges and their parents attend parenting classes.
- Direct Referral Program provides services to first time offenders under the age of 15 who are at risk of re-offending. Youth participate in 7 Challenges and their parents may attend parenting classes.
- Support and Enhancement Services provides intensive case management and cognitive behavioral therapy services for youth on probation.
- Safe Place provides youth with easy access to services or safety.
- Therapeutic counseling for children and youth who have experienced abuse and neglect.
- BWC - NOVA Youth Employment services help youth explore and develop school and career goals, and provides the support, resources, and guidance for youth to achieve those goals.

Drop-in-Center

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

Family Services

- Contact Cares volunteers provide supportive listening, and information and referral on 24-hour crisis lines.
- Family and Individual Counseling provides low-cost, professional counseling services to families and individuals of all ages.
- School Outreach Counseling provides counseling services on-site to Santa Clara Unified School District middle and high school students, and several other schools.
- Family Advocacy Services provides support to families who have children attending Lincoln or Mt. Pleasant High Schools who are struggling due to their family's homelessness.
- 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 supports children and youth who have experienced the loss of a loved one.
- Critical Incident Stress Management provides training and support for first responders.

Transitional Housing

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

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

Peacock Commons

- Permanent Housing Apartment Complex provides affordable rent and support services for youth and families residing at Peacock Commons.

Note 2 - Summary of significant accounting policies:

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

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

- *Unrestricted net assets* - include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund plus any net assets designated by the Board for specific purposes. The Organization has elected to report as an increase in unrestricted net assets any restricted revenue received in the current year for which the restrictions have been met in the current year.
- *Temporarily restricted net assets* - include those assets which are subject to a donor restriction and for which the applicable restriction was not met as of the end of the current reporting year.
- *Permanently restricted net assets* - include those assets which are subject to a non-expiring donor restriction, such as endowments. The Organization did not have any permanently restricted net assets at June 30, 2015 and 2014.

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

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

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

Contributions are recognized when the donor makes a pledge that is, in substance, an unconditional promise to give. Unconditional promises to give are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature of donor restrictions and depending on whether the restrictions are met in the current period. 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, 2015 and 2014.

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

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

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

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.

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

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

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

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

Property and equipment - 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 plant and equipment at June 30, 2015 and 2014.

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. Amortization of loan fees is computed using the straight-line method over the life of the related loans.

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

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

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

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

Other assets - Other assets consist of loan fees associated with issuance of debt which are amortized over the life of the related debt.

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

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

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

Federal awards are subject to review and audit by the grantor agencies in accordance with the Single Audit Act and Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* ("A-133 audit"). 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, 2015 and 2014.

Fair value of financial instruments - Financial instruments included in the Organization's consolidated statement of financial position as of June 30, 2015 and 2014 include cash and cash equivalents, receivables, investments, accounts payable, accrued expenses and notes payable. The balances of these instruments represent a reasonable estimate of the corresponding fair values. Investments are reflected in the accompanying consolidated statement of financial position at their estimated fair values using methodologies described above.

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

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

Concentration of revenue sources - For the years ending June 30, 2015 and 2014, approximately 90% and 87%, respectively, of the Organization's support and revenue is derived from grants from Federal, State and local government agencies.

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, 2015 management did not identify any uncertain tax positions.

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California. The tax years that remain subject to potential examination for the U.S. federal jurisdiction is June 30, 2012 and forward. The State of California tax jurisdiction is subject to potential examination for fiscal tax years June 30, 2011 and forward.

Advertising - The Organization's policy is to expense advertising costs to operations as incurred. The Organization incurred approximately $4,000 and $8,000 in advertising expenses for the years ended June 30, 2015 and 2014, respectively.

Comparative information - The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2014, from which the summarized information was obtained.

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

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

Subsequent events - Subsequent events are evaluated through the date of the independent auditors' report, which is the date the consolidated financial statements were available to be issued and determined that no material subsequent events require an estimate to be recorded or disclosed as of June 30, 2015.

Note 3 - Receivables:

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

	2015	2014
Grants receivable	$ 2,362,924	$ 2,561,546
Contracts receivable	60,088	91,195
Pledges receivable	250,748	320,244
Accounts receivable	11,548	20,598
Total receivables	2,685,308	2,993,583
Less: allowance for doubtful accounts	(766,818)	(637,476)
Total receivables, net	1,918,490	2,356,107
Less: current portion	(1,836,964)	(2,245,623)
Non-current portion	$ 81,526	$ 110,484

Pledges receivable are recorded at fair value which includes a discount rate of 5% at June 30, 2015:

Year Ending June 30,	
2016	$ 95,974
2017	66,463
2018	45,089
2019	28,536
2020	8,686
Thereafter	6,000
Total	250,748
Less: allowance for doubtful accounts and fair value adjustment	(73,248)
Less: current portion	(95,974)
Non-current portion	$ 81,526

Note 4 - Investments:

The Organization follows the provisions of the Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

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

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

	2015	2014
Cash held-for-investments	$ 119,416	$ 150,809
Fixed income	544,307	383,346
Equity securities	365,071	496,476
Net investments	$ 1,028,794	$ 1,030,631

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

	2015	2014
Interest and dividends	$ 30,427	$ 29,735
Realized gain (loss) on investments, net	34,348	6,448
Unrealized gain (loss) on investments, net	(58,406)	91,939
Total investment income	6,369	128,122
Management fees	(7,708)	(7,176)
Net investment (loss) income	$ (1,339)	$ 120,946

Note 5 - Property and equipment:

Property and equipment consists of the following at June 30:

	2015	2014
Land	$ 3,934,417	$ 3,934,417
Buildings and improvements	12,438,719	12,129,484
Furniture and equipment	428,262	416,330
Vehicles	61,717	81,957
Construction in progress	69,883	-
Total property and equipment	16,932,998	16,562,188
Less accumulated depreciation and amortization	(3,259,610)	(2,905,778)
Property and equipment, net	$ 13,673,388	$ 13,656,410

Depreciation and amortization expense was approximately $382,000 and $372,000 for the years ended June 30, 2015 and 2014, respectively.

Note 6 - Line of credit:

The Organization is obligated under a line of credit, maturing January 15, 2016 and secured by the personal property of the Organization. The line is available up to $300,000 and bears interest at the bank's prime rate (3.25% at June 30, 2015). This agreement and all of the other Wells Fargo Bank agreements require the Organization to comply with certain covenants. Management is not aware of any violations of these covenants.

Note 7 - Notes payable:

The Organization had the following notes payable at June 30:

		2015		2014
San Jose Enclave - Wells Fargo Bank	$	612,952	$	642,482
Summerdale - Wells Fargo Bank		581,683		609,885
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 - CAFHA		757,120		757,120
Jackson Street - City of Sunnyvale		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
Total notes payable		3,898,569		3,876,301
Current portion		(58,734)		(58,784)
Non-current portion	$	3,839,835	$	3,817,517

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 from two loans from the Housing Trust for $35,000 and the City of Sunnyvale for $45,000. The Housing Trust loan bears simple interest, deferred at 2% and becomes due in December 2044. The City of Sunnyvale loan bears simple interest, deferred at 3.00% and is due in October 2044.

During the year ended June 30, 2014, the Organization purchased real property at 1141 Summerdale Dr, San Jose, California. To finance the purchase of this property the Organization refinanced the San Jose Enclave property and borrowed an additional $302,465 and entered into a new loan in the amount of $618,217. The refinanced loan bears interest at 5.25%, is due February 15, 2029 and requires monthly principal and interest payments of $5,252. Interest paid during the years ended June 30, 2015 and 2014 was approximately $32,000 in both years. The new loan with Wells Fargo Bank bears interest at 5.25%, is due February 15, 2029 and requires monthly principal and interest payments of $4,999. Interest paid during the years ended June 30, 2015 and 2014 was approximately $33,000 and $11,000, respectively.

Note 7 - Notes payable (continued):

During the year ended June 30, 2011, the Organization renovated a building located at 3661 Peacock Court in Santa Clara, California. To partially finance the renovation, the Organization borrowed $100,000 of HOME Investment Partnerships funds form the City of Sunnyvale, secured by Peacock Court. The loan bears simple interest, deferred at 3.00% and is due January 2066. In addition, the Organization secured two $370,400 loans and a $500,000 loan from Opportunity Fund Northern California. During fiscal year 2012, a total of $912,766 was drawn on these loans. The Organization refinanced these loans in fiscal year 2013 with two loans through the Housing Trust for $500,000 and the California Housing Finance Agency for $757,120. The Housing Trust loan bears no interest and becomes due fifty-five years after completion of the rehabilitation assuming no acceleration due to an event of default has occurred. The California Housing Finance Agency (“CHFA”)bears simple interest, deferred at 3.00% and is due in fifty-five years. In connection with this refinancing, Mental Health Services Act (“MHSA”) funds in the amount of $815,500 have been set aside by CFHA in a Capitalized Operating Subsidy Reserve account. These funds are an asset of CFHA, and will become revenue to the Organization when and if disbursed. These funds may be disbursed to the Organization for the purpose of supplementing Peacock Commons, LLC rental shortfalls for the payment of approved Operating Expenses associated with seven MHSA eligible apartments.

The Organization obtained Community Development Block Grant (CDBG) loans from the City of Mountain View and the City of Sunnyvale to purchase real property located at 509 View Street, Mountain View, California. The City of Mountain View loan, in the amount of $404,814, is structured as an equity sharing arrangement whereby the City of Mountain View will receive 80% of the market value of the property upon a transfer of the property. The amount recorded is the estimated equity share of the property. The loan bears no interest and has no due date. The City of Sunnyvale loan, in the amount of $72,000 is due and payable on June 30, 2026. There is no interest on $26,000 of the $72,000, while the remaining $46,000 bears simple interest of 3% per annum, deferred. Upon acquisition of the property, $13,800 of accrued interest on the $46,000 was assumed by the Organization. For the years ended June 30, 2015 and 2014, $1,380 of interest was accrued for each year.

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

Year Ending June 30,		
2016	$	58,734
2017		64,896
2018		68,385
2019		72,061
2020		75,936
Thereafter		3,558,557
Total	$	3,898,569

Note 8 - Buildings - Grant liens and restrictions:

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

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

A Community Development Block Grant (CDBG) of $48,500 from the City of Sunnyvale. This amount is secured by a Trust Deed on the subject property, bears three percent 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, 2015 and 2014, accrued interest on this obligation amounted to $33,369 and $31,914, respectively, with an annual accrual of $1,455.

A grant of $980,000 from the Redevelopment Agency of the City of Santa Clara. This amount is secured by a Trust Deed on the subject property, bears three percent 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, 2015 and 2014, accrued interest on this obligation amounted to $649,250 and $619,850, respectively, with an annual accrual of $29,400.

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

A grant of $200,000 from the Department of Housing and Urban Development and a grant of $200,000 from the Redevelopment Agency of Santa Clara both passed through the City of Santa Clara. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing three percent simple interest, and neither the principal nor the accrued interest will become due if the Organization continues to use the facility as a teenaged parent family shelter. As of June 30, 2015 and 2014, accrued interest on this obligation amounted to $223,500 and $211,500, respectively, with an annual accrual of $12,000. The terms of the grants require the Organization to maintain a $50,000 reserve account for the maintenance and repair of the subject property. This amount is shown as part of temporarily restricted net assets in the statement of financial position.

Note 8 - Buildings - Grant liens and restrictions (continued):

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

A grant of $77,743 from the Department of Housing and Urban Development and a grant of $297,257 from the Redevelopment Agency of Santa Clara, both passed through the City of Santa Clara. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing three percent 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, 2015 and 2014, accrued interest on this obligation amounted to $186,563 and $175,313, respectively, with an annual accrual of $11,250. The terms of the grants require the Organization to maintain a $50,000 reserve account for the maintenance and repair of subject property. This amount is shown as part of temporarily restricted net assets in the statement of financial position.

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

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

A grant of $405,100 from the Department of Housing and Urban Development and a grant of $204,583 from the Redevelopment Agency of Santa Clara, both passed through the City of Santa Clara for the acquisition of 3551 Shafer Drive, Santa Clara, California. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing three percent simple interest, and will be considered paid in full if the Organization continues to use the facility as a youth transitional housing project for a period of thirty years (until approximately June 2032). As of June 30, 2015 and 2014, accrued interest on this obligation amounted to $237,775 and $219,484, respectively, with an annual accrual of $18,290. The terms of the grants require the Organization to maintain a $10,000 reserve for the maintenance and repair of the subject property. This amount is shown as part of temporarily restricted net assets in the statement of financial position.

Note 8 - 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 $4,767,565 from the Redevelopment Agency of the City of Santa Clara, with $4,725,605 advanced as of June 30, 2015 and 2014. The Redevelopment Agency of the City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing three percent simple interest, and neither the principal nor the accrued interest will become due if the Organization continues to use the facilities as housing for low income persons and families at risk of homelessness. As of June 30, 2015 and 2014, accrued interest on this obligation amounted to $899,787 and $758,019, respectively. The terms of the grant requires the Organization to maintain a reserve account for the maintenance and repair of the subject property equal or greater than 3% of gross rents received.

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

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

A grant of $1,917,445 in HOME funding passed through the City of San Jose for rehabilitation of 3661 Peacock Court, Santa Clara, California. This amount is secured by a Trust Deed on the subject property, bearing no interest, and the principal will be forgiven if the Organization continues to use the facility for fifty-five years as housing for low income persons and families at risk of homelessness. As of June 30, 2015 and 2014, the City of San Jose has advanced.

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

BILL WILSON CENTER
Notes to Consolidated Financial Statements
June 30, 2015

Note 9 - Temporarily restricted net assets:

The temporarily restricted net assets activities for the year ended June 30, 2015 were as follows:

	June 30, 2014	Additions	Releases	June 30, 2015
Pledges receivable	$ 206,769	$ -	$ (51,995)	$ 154,774
Residential services	8,064	5,100	(12,364)	800
Quetzal house	-	3,115	(3,115)	-
Contact cares	-	3,050	(3,050)	-
Safe place	-	3,000	(3,000)	-
Springtide - private pay	-	2,100	(2,100)	-
Transitional housing	3,361	-	-	3,361
THP- Maternity group home	16,000	-	(16,000)	-
NOVA - Youth program	-	10,000	(10,000)	-
Bettancourt fund and other - Drop-in-center	53,484	500	(4,336)	49,648
Adobe and Sharks Foundation	75,000	97,334	(69,990)	102,344
Centre for Living with Dying	-	33,694	(33,694)	-
Healing Heart (Valle Monte League)	-	44,589	(44,589)	-
Centre For Living - Aids Retreat	5,456	33	(461)	5,028
Child abuse prevention (San Disk Foundation)	-	25,000	(25,000)	-
Adopt-a-family	-	22,067	(22,067)	-
Reserve fund for facility operating cost at Shafer Drive	10,000	-	-	10,000
Time restricted contributions	28,889	-	-	28,889
Reserve fund for facility operating costs	100,000	-	-	100,000
Property restricted by liens and restrictions:				
Shafer Drive	423,289	-	(8,500)	414,789
The Alameda	1,914,214	-	(52,666)	1,861,548
Jackson Street	504,293	-	(7,880)	496,413
Main Street	343,109	-	(6,537)	336,572
Peacock Commons	5,486,329	-	(176,368)	5,309,961
Total temporarily restricted net assets	$ 9,178,257	$ 249,582	$ (553,712)	$ 8,874,127

Note 9 - Temporarily restricted net assets (continued):

The temporarily restricted net assets activities for the year ended June 30, 2014 were as follows:

	July 1, 2013	Additions	Releases	June 30, 2014
Pledges receivable	$ 216,646	$ -	$ (9,877)	$ 206,769
Residential services	27,505	19,000	(39,241)	7,264
RES - TANF	800	-	-	800
Quetzal house	5,594	22,607	(28,201)	-
Counseling services	211	-	(211)	-
Contact cares	-	3,550	(3,550)	-
Safe place	-	5,148	(5,148)	-
THPP	-	7,500	(7,500)	-
Springtide - private pay	-	12,503	(12,503)	-
Transitional housing	3,562	-	(201)	3,361
THP- Maternity group home	-	16,000	-	16,000
NOVA - Youth program	-	5,000	(5,000)	-
Drop-in center remodel (Stanley Family Foundation)	25,000	-	(25,000)	-
Bettancourt fund and other - Drop-in-center	-	133,362	(79,878)	53,484
Adobe Foundation	50,000	75,000	(50,000)	75,000
Centre for Living with Dying	-	4,214	(4,214)	-
Healing Heart (Valle Monte League)	-	90,521	(90,521)	-
Centre For Living - Aids Retreat	100	5,600	(244)	5,456
Child abuse prevention (San Disk Foundation)	10,172	-	(10,172)	-
Adopt-a-family	-	59,432	(59,432)	-
Reserve fund for facility operating cost at Shafer Drive	10,000	-	-	10,000
Contributed use of facility	5,970	-	(5,970)	-
Time restricted contributions	28,889	-	-	28,889
Reserve fund for facility operating costs	100,000	-	-	100,000
Property restricted by liens and restrictions:				
Shafer Drive	431,789	-	(8,500)	423,289
The Alameda	1,995,461	9	(81,256)	1,914,214
Jackson Steet	523,922	-	(19,629)	504,293
Main Steet	349,646	-	(6,537)	343,109
Peacock Commons	5,661,033	1,575	(176,279)	5,486,329
Total temporarily restricted net assets	$ 9,446,300	$ 461,021	$ (729,064)	$ 9,178,257

Note 10 - Retirement plans:

401(k) plan - The Organization maintains a 401(k) defined contribution plan (the "Plan") in which employees who have met certain service and eligibility requirements may participate. Under the Plan, eligible employees may make contributions through a salary reduction agreement. Each year, the Organization may contribute to the Plan an amount determined at the Organization's discretion. For the years ended June 30, 2015 and 2014, the Board of Directors approved a total contribution of approximately $422,000 and $324,000, respectively, to the Plan.

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

Note 11 - Fundraising events:

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

	2015	2014
Special event income		
Revenues	$ 9,680	$ 3,000
Contributions	107,313	170,691
Special event income, net	116,993	173,691
Special event direct expenses	45,178	66,493
Special events, net	$ 71,815	$ 107,198

Total fundraising expenses for the year ended June 30, 2015 and 2014 were approximately $294,000 and $347,000, respectively.

Note 12 - Related-party transactions:

For the years ending June 30, 2015 and 2014, the Organization received approximately $26,000 and $41,000, respectively, from Board members, management and their affiliated organizations.

Note 13 - Commitments and contingencies:

Lease commitments - The Organization is obligated under various facility leases, expiring at various dates through October 2019 and containing renewal clauses, for the rental of residential units. Monthly payments under these leases total approximately $41,000 and $34,000 for the years ended June 30, 2015 and 2014, respectively, and the total rental expense incurred under leases was approximately $492,000 and $391,000, respectively.

The future minimum commitments under these leases are as follows:

Year Ending June 30,		
2016	$	378,245
2017		272,695
2018		214,990
2019		189,875
2020		63,790
Total	$	1,119,595

The Organization's total occupancy expense was approximately $986,000 and $966,000 for the years ended June 30, 2015 and 2014, respectively. Total rent expense included lease payments as described above, month-to-month leases and client lease assistance.

The Organization is also committed under various operating lease agreements for office equipment, with termination dates through February 2020. Monthly payments under these leases total approximately $5,500 and $5,900 for the years ended June 30, 2015 and 2014, respectively, and total payments made pursuant to these leases were approximately $66,000 and $59,000, respectively. The future annual minimum commitments under these leases are as follows:

Year Ending June 30,		
2016	$	66,535
2017		64,415
2018		56,167
2019		25,986
2020		5,020
Total	$	218,123

Note 12 - Commitments and contingencies (continued):

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

SUPPLEMENTARY INFORMATION

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

To the Board of Directors of
Bill Wilson Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Bill Wilson Center (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2015, and the related statements of activities, and changes in net assets 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 5, 2015.

Internal Control over Financial Reporting

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

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

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

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

To the Board of Directors of
Bill Wilson Center

Compliance and Other Matters

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

Purpose of this Report

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

Robert Lee + Associates, LLP

San Jose, California
October 5, 2015

Robert Lee & Associates, LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Bill Wilson Center

Report on Compliance for Each Major Federal Program

We have audited Bill Wilson Center's (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2015. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.
We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 (CONTINUED)

To the Board of Directors of
Bill Wilson Center

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be significant deficiencies.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 (CONTINUED)

To the Board of Directors of
Bill Wilson Center

Organizations' Response to Findings

The Organization's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Association's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robert Lee + Associates, LLP

San Jose, California
October 5, 2015

BILL WILSON CENTER
Single Audit Reports
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA number	Grant identifying number	Federal program expenditures
U.S. Department of Housing and Urban Development			
Continuum of Care			
Direct Award:			
Transitional housing - North County	14.267	CA0032L9T001306	$ 179,410
Transitional housing - North County	14.267	CA0032B9T001205	108,330
Transitional housing - South County	14.267	CA0031L9T001407	285,386
Transitional housing - South County	14.267	CA0031L9T001306	278,624
Peacock Commons	14.267	CA1032L9T001303	93,631
Peacock Commons	14.267	CA1032L9T001202	118,981
Total Continuum of Care Program*			1,064,362
Community Development Block Grants			
Passed through the City of San Jose			
Homeless Families & Youth Program	14.218	CPS-13-010A	147,283
Passed through the City of Santa Clara			
Family Therapy/School Outreach	14.218	-	50,194
Passed through the City of Sunnyvale			
Crisis Counseling	14.218	1415-827550	17,180
Total Community Development Block Grants			214,657
Passed through the City of San Jose			
Emergency Shelter Grant	14.231	ESG-12-001A	233,741
Emergency Shelter Grant	14.231	ESG-12-002A	134,175
Total Emergency Shelter Grant			367,916
Total U.S. Department of Housing and Urban Development			**1,646,935**
U.S. Department of Labor			
Passed through City of Sunnyvale - NOVA			
WIA Title 1 NOVA Youth Program	17.259	001-301-15	274,642
WIA Title 1 NOVA Youth Program	17.259	001-301-14	245,587
Total U.S. Department of Labor			**520,229**
U.S. Department of Homeland Security			
Passed through Santa Clara County Board of Federal Emergency Management Agency			
Federal Emergency Management Agency-Phases 32	97.024	LRO ID 088000-021	24,342
Total U.S. Department of Homeland Security			**24,342**
Subtotal			**$ 2,191,506**

* Denotes a major program

BILL WILSON CENTER
Single Audit Reports
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA number	Grant identifying number	Federal program expenditures
EXPENDITURES OF FEDERAL AWARDS (CONTINUED):			
Subtotal from previous page			**$ 2,191,506**
U.S. Department of Health and Human Services:			
Foster Care Programs:			
Passed-through County of Santa Clara:			
Foster Care	93.658	-	183,508
Foster Care Intensive Treatment	93.658	-	17,604
AFDC-FC - Quetzal House	93.658	-	313,304
AFDC-FC - Crisis Residential	93.658	-	530,524
THP Plus Foster Care	93.658	-	248,602
Total Foster Care Programs			1,293,542
Transitional Living Programs:			
Direct award			
Transitional living - maternity group home	93.550	90CX6994-03	39,719
Transitional living - maternity group home	93.550	90CX6994-02	165,971
Total Transitional Living Programs			205,690
Runaway and Homeless Youth Programs:			
Direct Award			
Runaway and homeless youth	93.623	90CY6670/01	148,569
Runaway and homeless youth	93.623	90CY2567/03	35,135
Runaway and homeless youth	93.623	90CY6669/01	138,762
Runaway and homeless youth	93.623	90CY2572/03	79,918
Total Runaway and Homeless Youth Programs*			402,384
Total U.S. Department of Health and Human Services:			**1,901,616**
Total Expenditures of Federal Awards			**$ 4,093,122**

* Denotes a major program

BILL WILSON CENTER

Single Audit Reports
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

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

The information in the accompanying Schedule of Expenditures of Federal Awards ("SEFA") include federal grant and loan activities of the Organization and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

Note 3 - Subrecipients:

Of the federal expenditures presented in the Schedule, the Organization provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
14.231	Emergency Shelter Grant	$195,691
14.218	Community Development Block Grant	$80,518

BILL WILSON CENTER

Single Audit Reports

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

A. SUMMARY OF AUDITORS' RESULTS

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

Major program	CFDA #	Expenditures
Continuum of care programs	14.267	$ 1,064,362
Runaway and Homeless youth	93.623	402,384
Total major programs		$ 1,466,746
Total Federal Awards		$ 4,093,122
Percentage of total federal award expenditures tested		36%

8. The threshold for distinguishing Types A and B programs was $300,000.

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

B. FINDINGS - CONSOLIDATED FINANCIAL STATEMENTS AUDIT

Current Year Findings

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

Prior Year Findings

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

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

Current Year Findings

No findings or questioned costs were noted on the Organization's major programs in the current year.

Prior Year Findings

2014 - [001] Compliance with HUD eligibility requirements

Condition: The Organization received funding from the U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program to provide permanent housing to homeless and disabled individuals for the property known as Peacock Commons. Certain individuals allowed to live in the Peacock Commons permanent housing units ("Peacock Commons") were determined to be ineligible to receive these benefits. The condition was self identified and self reported by the Organization during the fiscal year and steps were already underway to correct the condition before the fiscal year end.

Criteria: The Continuum of Care program has specific guidelines for determining who qualifies as an eligible individual. Under the Continuum of Care Program the definition of an eligible person is defined in 24 CFR 582.5 as *"a homeless person with disabilities (Primary persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both; or have AIDS and related diseases) and if also homeless, the family of such a person. To be eligible for assistance, persons must be very low income except that low income individuals may be assisted under the SRO component in accordance with 24 CFR 813.105(b)."*

Effect: The organization allowed ineligible clients at Peacock Commons to receive HUD Continuum of Care funds. The estimated costs are currently undetermined.

Cause: The management company for the Peacock Commons used the incorrect guidelines to verify the participants' eligibility for the HUD Continuum of Care Program.

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

Recommendation: We recommend that the Organization ensure they understand the eligibility requirements for all federal programs specifically as related to the HUD Continuum of Care Program.

Corrective Action Plan: Under the control of the newly created position, Division Director of Compliance, management has undertaken the review of its entire RFP process, which includes the review and sign-off of all compliance requirements, pre and post award. The Compliance Director provides oversight throughout the implementation process as well as monthly and quarterly reviews. This will prevent any future compliance issues.