
BILL WILSON CENTER
(a California non-profit organization)

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

Nichols, Rick & Company
CERTIFIED PUBLIC ACCOUNTANTS

**BILL WILSON CENTER
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bill Wilson Center
Santa Clara, California

We have audited the accompanying statements of financial position of Bill Wilson Center (a California non-profit organization) as of June 30, 2007 and June 30, 2006, the related statements of cash flows for the years then ended, and the related statements of activities, and functional expenses for the year ended June 30, 2007. These financial statements are the responsibility of Bill Wilson Center's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the organization's June 30, 2006 financial statements and, in our report dated August 31, 2006, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bill Wilson Center as of June 30, 2007 and June 30, 2006, the changes in its cash flows for the fiscal years then ended, and the changes in its net assets for the fiscal year ended June 30, 2007 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 20, 2007 on our consideration of Bill Wilson Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Bill Wilson Center taken as a whole. The accompanying schedule of expenditures of federal awards, Office of Emergency Services ("OES") supplementary information, and California Department of Social Services ("CDSS") supplementary information – Forms SR-3 and SR-4, for the year ended June 30, 2007, are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, OES, and CDSS, and are not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

NICHOLS, RICK & COMPANY, CPA'S

Nichols, Rick & Company, CPA's
San Jose, California
September 20, 2007

BILL WILSON CENTER
Statements of Financial Position
As of June 30, 2007 and June 30, 2006

	2007	2006
<u>ASSETS</u>		
Assets:		
Cash	\$ 385,895	\$ 763,760
Investments	933,382	802,083
Accounts receivable	354	543
Grants receivable, net	1,262,704	811,614
Unconditional promises to give:		
Pledges receivable, net	227,045	173,792
United Way funding for the next fiscal year	50,000	111,304
Prepaid expenses	<u>144,015</u>	<u>125,799</u>
Total current assets	3,003,395	2,788,895
Unconditional promises to give:		
Pledges receivable, net	99,419	99,799
Deposits on leased and other property	21,760	21,760
Fixed assets, net	<u>7,147,268</u>	<u>4,578,867</u>
TOTAL ASSETS	<u><u>\$ 10,271,842</u></u>	<u><u>\$ 7,489,321</u></u>

LIABILITIES & NET ASSETS

Liabilities:		
Accounts payable	\$ 507,525	\$ 465,071
Accrued compensation	411,946	364,521
Grants payable	-	22,834
Deposits held	34,081	34,081
Deferred revenue	12,251	11,500
Notes payable, current portion	<u>-</u>	<u>-</u>
Total current liabilities	965,803	898,007
Net assets:		
Unrestricted	2,258,815	2,129,685
Unrestricted, board designated	100,000	100,000
Temporarily restricted	1,116,459	1,116,427
Permanently restricted	<u>5,830,765</u>	<u>3,245,202</u>
Total net assets	<u>9,306,039</u>	<u>6,591,314</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 10,271,842</u></u>	<u><u>\$ 7,489,321</u></u>

BILL WILSON CENTER
Statement of Activities
For the year ended June 30, 2007
with comparative totals for the year ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>June 30, 2007 Totals</u>	<u>Comparative totals for the year ended June 30, 2006</u>
SUPPORT & REVENUE					
Support received directly					
Contributions	\$ 125,856			\$ 125,856	\$ 175,807
Contributions in-kind	243,025			243,025	252,858
Special events, net	126,596			126,596	154,679
Foundations and corporations	162,796	293,257		456,053	569,240
Support received indirectly					
United Way	30,222	50,000		80,222	149,558
Total Support	<u>688,495</u>	<u>343,257</u>		<u>1,031,752</u>	<u>1,302,142</u>
Revenue					
Government grants & fees	5,428,698		2,585,000	8,013,698	5,073,896
Interest & dividend income	53,238			53,238	47,217
Net realized & unrealized gain on investments	77,135			77,135	33,040
Fees for services	187,907			187,907	167,834
Rental income	75,791			75,791	15,738
Miscellaneous income	18,483			18,483	32,033
Total Revenue	<u>5,841,252</u>		<u>2,585,000</u>	<u>8,426,252</u>	<u>5,369,758</u>
Net assets (released from) added to restrictions	<u>342,662</u>	<u>(343,225)</u>	<u>563</u>		
TOTAL SUPPORT & REVENUE	6,872,409	32	2,585,563	9,458,004	6,671,900
EXPENSES					
Program Services					
Counseling & Outreach Services	472,014			472,014	461,052
Residential Services	2,235,282			2,235,282	1,936,369
Youth Services	653,813			653,813	570,967
Family Services	193,728			193,728	265,365
Transitional Housing	1,242,457			1,242,457	1,366,988
Drop-In Center	544,636			544,636	507,940
Centre for Living with Dying	246,871			246,871	362,036
Total Program Services	<u>5,588,801</u>			<u>5,588,801</u>	<u>5,470,717</u>
Support Services					
Management & General	877,315			877,315	918,921
Fund Development	277,163			277,163	267,141
Total Support Services	<u>1,154,478</u>			<u>1,154,478</u>	<u>1,186,062</u>
TOTAL EXPENSES	6,743,279			6,743,279	6,656,779
Change in net assets from operations	129,130	32	2,585,563	2,714,725	15,121
Net assets at beginning of year	<u>2,229,685</u>	<u>1,116,427</u>	<u>3,245,202</u>	<u>6,591,314</u>	<u>6,576,193</u>
Net assets at end of year	<u>\$ 2,358,815</u>	<u>\$ 1,116,459</u>	<u>\$ 5,830,765</u>	<u>\$ 9,306,039</u>	<u>\$ 6,591,314</u>

BILL WILSON CENTER
Statement of Functional Expenses
For the year ended June 30, 2007
with comparative totals for the year ended June 30, 2006

	PROGRAM SERVICES							June 30, 2007 Totals	Comparative totals for the year ended June 30, 2006
	Counseling & Outreach Services	Residential Services	Youth Services	Family Services	Transitional Housing	Drop-In Center	Centre for Living With Dying		
Salaries	\$ 153,488	\$ 1,401,731	\$ 329,823	\$ 122,981	\$ 445,508	\$ 283,762	\$ 96,147	\$ 2,833,440	\$ 2,791,117
Payroll taxes	12,280	112,138	27,794	9,839	35,641	24,109	7,692	229,493	237,244
Employee benefits	24,558	226,359	52,772	19,677	71,281	45,402	15,384	455,433	533,103
Total salaries & related expenses:	190,326	1,740,228	410,389	152,497	552,430	353,273	119,223	3,518,366	3,561,464
Professional fees	192,432	38,684	27,147	4,263	9,430	9,154	22,854	303,964	326,982
Supplies	15,007	23,759	35,807	7,487	21,691	22,799	7,710	134,260	119,754
Equipment purchases	3,217	2,811	817	817	8,303	53	15,201	12,569	12,569
Telephone	8,195	24,370	12,755	6,559	10,625	5,533	4,782	72,819	70,306
Postage & shipping	432	2,555	778	481	1,225	746	1,277	7,494	8,764
Occupancy	10,177	6,124	5,451	2,483	277,366	7,137	68,795	377,533	335,965
Utilities	6,046	47,197	8,089	3,433	33,055	10,430	108,250	105,474	105,474
Equipment rent & maintenance	14,040	57,753	12,785	4,742	33,074	20,166	134	142,694	147,835
Printing & publications	2,761	7,073	3,218	1,437	3,481	5,936	7,992	31,898	34,911
Travel & transportation	989	19,375	3,913	274	8,995	8,766	1,954	44,266	30,776
Conference, conventions & meetings	538	721	2,018	204	204	1,135	4,616	4,133	4,133
Food & beverage	90,581	246	24,982	16,947	132,756	109,360	228,271	109,360	109,360
Specific assistance	77,530	121,353	114,351	38,626	2,000	353,860	228,271	228,271	228,271
Memberships, dues, & licenses	2,520	5,203	58	20	7,801	7,414	7,414	7,414	7,414
Payments to subrecipients	101,296	22,159	123,455	143,723	143,723	143,723	143,723	143,723	143,723
Insurance	4,717	36,026	6,811	2,002	19,511	8,220	2,547	79,834	76,035
Recruiting & training costs	3,778	10,790	2,059	1,356	2,769	6,342	1,092	28,186	19,271
Service charges	3,063	436	106	82	413	107	59	4,266	4,824
Bad debt expense	345	345	28,213	28,213	28,213	28,213	28,213	28,213	28,213
Total expenses before depreciation	458,238	2,191,561	650,907	189,989	1,223,201	536,394	241,574	5,491,864	5,376,044
Depreciation	13,776	43,721	2,906	3,739	19,256	8,242	5,297	96,937	94,673
TOTAL EXPENSES	\$ 472,014	\$ 2,235,282	\$ 653,813	\$ 193,728	\$ 1,242,457	\$ 544,636	\$ 246,871	\$ 5,588,801	\$ 5,470,717

BILL WILSON CENTER
Statement of Functional Expenses
For the year ended June 30, 2007
with comparative totals for the year ended June 30, 2006

	TOTAL PROGRAM SERVICES	SUPPORT SERVICES			June 30, 2007	Comparative totals for the year ended June 30, 2006
		Management & General	Fund Development	Totals	PROGRAM & SUPPORT SERVICES TOTALS	
Salaries	\$ 2,833,440	\$ 578,129	\$ 199,771	\$ 777,900	\$ 3,611,340	\$ 3,590,817
Payroll taxes	229,493	46,300	15,982	62,282	291,775	304,455
Employee benefits	455,433	104,063	35,959	140,022	595,455	684,740
Total salaries & related expenses	3,518,366	728,492	251,712	980,204	4,498,570	4,580,012
Professional fees	303,964	18,648	6,641	25,289	329,253	354,859
Supplies	134,260	6,216	1,585	7,801	142,061	128,252
Equipment purchases	15,201	1,221		1,221	16,422	15,764
Telephone	72,819	6,045	1,797	7,842	80,661	77,045
Postage & shipping	7,494	3,692	2,685	6,377	13,871	12,086
Occupancy	377,533	235	7	242	377,775	338,248
Utilities	108,250	7,752	723	8,475	116,725	116,473
Equipment rent & maintenance	142,694	17,837	1,598	19,435	162,129	166,583
Printing & publications	31,898	11,669	7,104	18,773	50,671	47,370
Travel & transportation	44,266	3,928	102	4,030	48,296	33,530
Conferences, conventions & meetings	4,616	1,853	664	2,517	7,133	5,738
Food & beverage	132,756	238		238	132,994	110,790
Specific assistance	353,860				353,860	228,271
Memberships, dues, & licenses	7,801	5,318	610	5,928	13,729	11,955
Payments to subrecipients	123,455				123,455	143,723
Insurance	79,834	12,429	456	12,885	92,719	93,296
Recruiting & training costs	28,186	10,695	1,304	11,999	40,185	30,232
Service charges	4,266	11,753	67	11,820	16,086	16,001
Bad debt expense	345				345	28,213
Total expenses before depreciation	5,491,864	848,021	277,055	1,125,076	6,616,940	6,538,441
Depreciation	96,937	29,294	108	29,402	126,339	118,338
TOTAL EXPENSES	\$ 5,588,801	\$ 877,315	\$ 277,163	\$ 1,154,478	\$ 6,743,279	\$ 6,656,779

BILL WILSON CENTER
Statements of Cash Flows
For the years ended June 30, 2007 and June 30, 2006

	2007	2006
Cash flows from operating activities:		
Increase in net assets from operations	\$ 2,714,725	\$ 15,121
Adjustments to reconcile increase in net assets from operations to net cash (used) provided by operating activities:		
Depreciation	126,339	118,338
Net realized & unrealized gain on investments	(77,135)	(33,040)
Non-cash grant included in operating activities	(2,585,000)	-
Changes in assets & liabilities:		
Decrease in accounts receivable	189	29,462
(Increase) decrease in grants receivable	(451,090)	64,768
Decrease (increase) in unconditional promises to give	8,431	(174,576)
(Increase) decrease in prepaid expenses	(18,216)	8,120
Increase in deposits on property	-	(150)
Increase in accounts payable and accrued expenses	89,879	43,520
Decrease in grants payable	(22,834)	-
Increase in deposits held	-	12,725
Increase in deferred revenue	751	-
	(213,961)	84,288
Net cash (used) provided by operating activities		
Cash flows from investing activities:		
Proceeds from sale of investments	237,732	169,095
Acquisition of investments	(291,896)	(214,749)
Acquisition of building, land, & equipment	(109,740)	(22,490)
	(163,904)	(68,144)
Net cash used by investing activities		
Cash flows from financing activities:		
Paydown of notes payable	-	(1,664)
	-	(1,664)
Net cash used by financing activities		
Net (decrease) increase in cash	(377,865)	14,480
Cash, beginning of year	763,760	749,280
Cash, end of year	\$ 385,895	\$ 763,760

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Net cost basis of assets disposed of	\$ 10,592	\$ -
Building and land acquired with grant funds	\$ 2,585,000	\$ -

**BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 1. Summary of Significant Accounting Policies:

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

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

Counseling and Outreach Services

Family and Individual Counseling Center provides low-cost, professional counseling services to individuals and families in the Santa Clara Valley.

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

Residential Services

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

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

Youth Services

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

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

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

Peer Education Training recruits, trains, and supervises peer educators who provide prevention services, mentoring, and tutoring.

Family Services

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

Para Las Familias Visitation Center provides supervised visitation designed to lessen impact of separation when a child is removed from the parent’s custody. This program ended January 2007.

Transitional Housing

Transitional Housing Program provides housing and support services for older, homeless youth ages 16 – 22, including parenting youth and their infants/ toddlers.

Transitional Housing Placement Program provides similar services for youth, ages 16 – 18, who are still in the foster care system.

Drop-In Center

Drop-In Center for homeless youth provides basic necessities as well as counseling, job readiness, housing assistance, HIV prevention, parenting skills, and links to other community services.

Centre for Living with Dying

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

BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

Funding for the Center during the fiscal years ended June 30, 2007 and June 30, 2006 was provided by client fees, contributions, grants from federal, state and local government agencies, and allocations from the United Way of Silicon Valley.

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

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

The carrying amounts for pledges receivable reported in the statements of financial position approximate fair values as all amounts are due in less than one year.

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

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

Income Taxes: The Center is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3), from California income taxes under Section 23701(d) of the California Bank and Corporation Tax Law, and has been determined to be an organization that is not a private foundation.

Donations: All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair market value at date of notification. Donated services, valued at \$243,025 and \$252,858, for the years ended June 30, 2007 and June 30, 2006, were contributed by specially trained interns involved in the adult and family services and children and youth development programs.

Special Events: Special events are reported net of expenses of \$35,467 and \$20,973, for the years ended June 30, 2007 and June 30, 2006, respectively.

Depreciation: Fixed assets are reported at cost, or donated value, and are depreciated using the straight-line method over the estimated useful life of the asset, ranging from five to forty years. The Center's policy is to capitalize expenditures of this nature equal to or in excess of \$500. Additions to fixed assets for the years ended June 30, 2007 and June 30, 2006 totaled \$2,694,740 and \$22,490, respectively. In addition, for the years ended June 30, 2007 and June 30, 2006, \$16,422 and \$15,765, respectively, of equipment and renovation costs purchased with grant funds, normally capitalized, has been expensed due to the grantor retaining a reversionary interest in title. At June 30, 2007 and June 30, 2006, the cost and related accumulated depreciation for such assets is as follows:

**BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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

	2007	2006
Land	\$ 2,366,549	\$ 1,718,658
Buildings & improvements	5,822,973	3,877,579
Vehicles	142,079	126,772
Furniture & equipment	237,661	223,450
Construction in progress	61,345	0
	8,630,607	5,946,459
Less:		
Accumulated Depreciation	1,483,339	1,367,592
TOTAL	\$ 7,147,268	\$ 4,578,867

Depreciation expense charged for the years ended June 30, 2007 and June 30, 2006 was \$126,339 and \$118,338, respectively.

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

Comparative Information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2006, from which the summarized information was obtained.

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

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

Advertising: The Center's policy is to expense advertising costs to operations as incurred. The Center incurred \$12,499 and \$11,862 in advertising costs for the years ended June 30, 2007 and June 30, 2006, respectively.

Note 2. Compensated Absences and Vacations:

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

Note 3. Grants and Pledges Receivable:

The carrying amounts for grants receivable reported in the statements of financial position approximate fair values as all amounts are due within ninety days. The following amounts are reported as receivables as of June 30, 2007 and June 30, 2006:

BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Note 3. Grants and Pledges Receivable: (continued)

	<u>2007</u>	<u>2006</u>
AFDC – FC	\$ 253,838	\$ 237,496
Federal government	513,464	137,601
State of California	86,302	164,218
County of Santa Clara	432,041	270,325
City governments, other	<u>25,802</u>	<u>50,372</u>
Sub-total	1,311,447	860,012
Less: allowance	<u>48,743</u>	<u>48,398</u>
Grants receivable, net	<u>\$ 1,262,704</u>	<u>\$ 811,614</u>

For June 30, 2007, pledges receivable are reported net of an allowance of \$53,821 and unamortized discount of \$30,290, based on a risk-free interest rate of 5%. For June 30, 2006, pledges receivable are reported net of an allowance of \$55,110 and unamortized discount of \$8,398, based on a risk-free interest rate of 5%. Estimated annual collections on pledges receivable, net of discount, are as follows:

	<u>2007</u>	<u>2006</u>
Less than one year	\$ 227,045	\$ 173,792
One to five years	86,129	95,319
More than five years	<u>13,290</u>	<u>4,480</u>
Total	<u>\$ 326,464</u>	<u>\$ 273,591</u>

Note 4. Investments:

Investments are carried at fair market value, as based on quoted market prices for these or similar instruments. Donated investments are recorded at the estimated fair market value at the donation date. Marketable securities consist of the following at June 30, 2007 and June 30, 2006:

	<u>2007</u>		<u>2006</u>	
	Cost	Fair Market Value	Cost	Fair Market Value
<i>Unrestricted</i>				
Enterprise Funds – Fixed Income Securities	\$ 256,800	\$ 256,258	\$ 165,880	\$ 162,029
Enterprise Funds – Equity Securities	<u>417,448</u>	<u>577,124</u>	<u>433,378</u>	<u>540,054</u>
Sub-total – unrestricted	674,248	833,382	599,258	702,083
<i>Permanently restricted</i>				
Enterprise Funds – Fixed Income Securities	<u>100,211</u>	<u>100,000</u>	<u>102,376</u>	<u>100,000</u>
Total investments	<u>\$ 774,459</u>	<u>\$ 933,382</u>	<u>\$ 701,634</u>	<u>\$ 802,083</u>

Investment returns are reported gross of \$6,832 and \$5,531 of investment management fees for the years ended June 30, 2007 and June 30, 2006.

**BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 5. Deferred Revenue:

Deferred revenue represents grant fundings received prior to year-end for a subsequent fiscal year. At June 30, 2007 and June 30, 2006, deferred revenue consists of:

	2007	2006
City of San Jose, Youth Home Services	<u>\$ 12,251</u>	<u>\$ 11,500</u>

Note 6. Notes Payable:

Notes payable at June 30, 2007 and June 30, 2006 consisted of an unsecured \$100,000 credit line from Comerica, which bears interest at the bank's prime rate, and includes certain covenants the Center must maintain. As of June 30, 2007 and June 30, 2006, the Center was in compliance with these covenants.

During the years ended June 30, 2007 and June 30, 2006, the Center did not access this credit line.

Note 7. Rental Income:

The Center is the lessor of real property located in the County of Santa Clara, California. Rental income received under these leases for the years ended June 30, 2007 and June 30, 2006, totaled \$72,791 and \$15,738, respectively.

Note 8. Building - Grant Liens and Restrictions:

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

A Community Development Block Grant (CDBG) of \$48,500 from the City of Sunnyvale. This amount is secured by a Trust Deed on the subject property, bears three percent simple interest, and neither the principal nor the accrued interest will become due if the Center continues to use the facility as a runaway and homeless youth shelter. As of June 30, 2007 and June 30, 2006, accrued interest on this obligation amounted to \$21,721 and \$20,266, with an annual accrual of \$1,455.

A grant of \$980,000 from the Redevelopment Agency of the City of Santa Clara. This amount is secured by a Trust Deed on the subject property, bears three percent simple interest, and neither the principal nor the accrued interest will become due if the Center continues to use the facility as a runaway and homeless youth shelter. As of June 30, 2007 and June 30, 2006, accrued interest on this obligation amounted to \$399,350 and \$369,950, with an annual accrual of \$29,400.

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

BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Note 8. Building - Grant Liens and Restrictions: (continued)

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

A grant of \$200,000 from the Department of Housing and Urban Development and a grant of \$200,000 from the Redevelopment Agency of Santa Clara, both passed through the City of Santa Clara. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing three percent simple interest, and neither the principal nor the accrued interest will become due if the Center continues to use the facility as a teenaged parent family shelter. As of June 30, 2007 and June 30, 2006, accrued interest on this obligation amounted to \$127,500 and \$115,500, with an annual accrual of \$12,000. The terms of the grants require the Center to maintain a \$50,000 reserve account for the maintenance and repair of the subject property.

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

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

A grant of \$77,743 from the Department of Housing and Urban Development and a grant of \$297,257 from the Redevelopment Agency of Santa Clara, both passed through the City of Santa Clara. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing three percent simple interest, and neither the principal nor the accrued interest will become due if the Center continues to use the facility as transitional housing for homeless teens. As of June 30, 2007 and June 30, 2006, accrued interest on this obligation amounted to \$96,563 and \$85,313, with an annual accrual of \$11,250. The terms of the grants require the Center to maintain a \$50,000 reserve account for the maintenance and repair of the subject property.

A grant of \$20,000 from the Department of Housing and Urban Development, passed through the County of Santa Clara. This amount is unsecured, bears no interest and will be considered paid in full if the Center continues to use the facility as transitional housing for homeless teens for a period of ten years (until approximately June 2009).

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

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

BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Note 8. Building - Grant Liens and Restrictions (continued):

A grant of \$405,100 from the Department of Housing and Urban Development and a grant of \$244,900 from the Redevelopment Agency of Santa Clara, both passed through the City of Santa Clara for the acquisition of 3551 Shafer Drive, Santa Clara, CA. The City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing three percent simple interest, and will be considered paid in full if the Center continues to use the facility as a youth transitional housing project for a period of thirty years (until approximately June 2032). As of June 30, 2007 and June 30, 2006, accrued interest on this obligation amounted to \$107,250 and \$87,750, with an annual accrual of \$19,500. The terms of the grants require the Center to maintain a \$10,000 reserve account for the maintenance and repair of the subject property.

During the fiscal year ended June 30, 2007, the Center received the following grant for the acquisition of real property located at 3661 Peacock Court in Santa Clara, CA:

A grant of \$2,611,982 from the Redevelopment Agency of the City of Santa Clara. The Redevelopment Agency of the City of Santa Clara has secured this amount by a Trust Deed on the subject property, bearing three percent simple interest, and neither the principal nor the accrued interest will become due if the Center continues to use the facility as housing for low income youths at risk of homelessness. As of June 30, 2007, accrued interest on this obligation amounted to \$12,925, with an annual accrual of \$77,550. The terms of the grant requires the Center to maintain a reserve account for the maintenance and repair of the subject property equal or greater than 3% of gross rent received.

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

Note 9. Lease Commitments:

The Center is obligated under various facility leases, expiring through March 31, 2010 and containing renewal clauses, for the rental of residential units, and an eight year lease, expiring June 30, 2007, for the rental of parking spaces adjoining one of its facilities. The total rental expense incurred under these leases for the years ending June 30, 2007 and June 30, 2006 was \$393,247 and \$333,249, respectively. The terms of the parking space lease call for annual payments of \$12,213 and include 6 five-year renewal options. The future minimum commitments under these leases are as follows:

<u>Year ending</u>	<u>Amount</u>
June 30, 2008	\$ 75,564
June 30, 2009	\$ 75,564
June 30, 2010	\$ 56,673

The Center is also committed to operating lease agreements for copiers in their administrative facilities, with termination dates of December 2007 and June 2008. Monthly payments under these leases total \$600. For the years ended June 30, 2007 and June 30, 2006, total payments made pursuant to these leases were \$7,238 and \$7,238, respectively. The future annual minimum commitment under these leases is \$4,566 for the year ending June 30, 2008.

BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Note 10. Profit Sharing Plan:

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

Each year, the Center may contribute to the Plan an amount determined at the Center's discretion. For the years ended June 30, 2007 and June 30, 2006, the Board of Directors approved a total contribution of \$167,518 and \$236,917, respectively, to this plan.

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

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

The plan was amended, with an effective date of July 1, 2004, to add an employee salary deferral provision and to change the vesting schedule to 50 percent after one year of service and 100 percent after two years of service.

Note 11. Concentration of Risk and Contingencies:

At times during the fiscal years ended June 30, 2007 and June 30, 2006, the Center maintained cash balances in excess of insured levels at financial institutions. In addition, approximately 35% to 40% of the Center's total revenue and support is derived from programs administered by the County of Santa Clara.

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

Note 12. Subsequent Event:

In July 2007, the Center entered into an agreement to acquire the assets and assume the known and specified liabilities of Future Families, Inc., a non-profit organization headquartered in San Jose.

Note 13. Board Designated Funds:

The Board of Directors has designated a reserve of \$100,000 to fund major repairs of its wholly owned facilities.

BILL WILSON CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Note 14. Restricted Net Assets:

As of June 30, 2007 and June 30, 2006, the Center's restricted net assets consisted of the following:

	2007	2006
<u>Temporary restrictions</u>		
<i>Time restriction-</i>		
United Way – 2007/08 & 2006/07 fundings	\$ 50,000	\$ 111,304
<i>Use restriction-</i>		
Youth Housing Initiative	102,126	185,408
Supportive Housing	4,602	25,000
Youth Works	28,857	20,631
Job counselor	14,034	11,063
Centre for Living with Dying	49,658	
Contact Cares	38,372	41,803
Accounting & bookkeeping salary augmentation	150,000	
Reserve fund for facility operating costs at Shafer Dr	10,000	10,000
At-Risk Youth		14,447
Independent Living Skills	41,158	43,458
Miscellaneous use restrictions	43,326	10,773
Pregnancy and HIV prevention	21,879	70,586
Drop-in center	31,138	32,055
Fire repairs	48,610	48,610
Fixed assets secured by building liens (see note 8)	482,789	491,289
Total temporary restrictions	<u>\$ 1,116,459</u>	<u>\$ 1,116,427</u>
<u>Permanent restrictions</u>		
<i>Time restriction-endowment fund</i>		
	\$ 17,000	\$ 17,000
<i>Use restriction-</i>		
Reserve fund for facility operating costs	100,452	100,000
Fixed assets secured by building liens (see note 8)	5,713,313	3,128,202
Total permanent restrictions	<u>\$ 5,830,765</u>	<u>\$ 3,245,202</u>

Note 15. Net Assets Released from Restrictions:

Restricted net assets were decreased (increased) as a result of the following restriction releases and transfers during the years ended June 30, 2007 and June 30, 2006:

	2007	2006
<u>Temporary restrictions</u>		
<i>Time restriction-</i>		
United Way – 2006/07 & 2005/06 fundings	\$ 111,304	\$ 139,130
<i>Use restriction-</i>		
Fixed asset additions subject to restrictions		(3,320)
Depreciation on buildings and improvements	8,500	8,460
Donor imposed uses satisfied	223,421	165,430
Total temporary restrictions released	<u>\$ 343,225</u>	<u>\$ 309,700</u>
<u>Permanent restrictions</u>		
<i>Use restriction-</i>		
Fixed asset additions subject to restrictions	\$ (86,905)	\$ (9,600)
Depreciation on buildings and improvements	86,342	75,792
Total permanent restrictions (added) released	<u>\$ (563)</u>	<u>\$ 66,192</u>

BILL WILSON CENTER
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2007

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Receipts/ Revenue Recognized	Disbursements/ Expenditures Incurred
<u>Major Programs</u>				
Department of Housing and Urban Development:				
Emergency Shelter Grant, passed through City of San Jose, ESG-06-002	14.235	\$ 20,691	\$ 20,691	\$ 20,691
Emergency Shelter Grant, passed through City of San Jose, ESG-06-003	14.235	7,000	7,000	7,000
Supportive Housing, CA01B500014	14.235	298,645	159,577	159,577
Supportive Housing, CA01B400024	14.235	298,645	132,804	132,804
Transitional Housing, CA01B600015	14.235	548,476	314,670	314,670
Transitional Housing, CA01B500017	14.235	548,476	264,341	264,341
sub-total		1,721,933	899,083	899,083
Department of Health & Human Services:				
Passed through County of Santa Clara, AFDC and FC	93.658	307,818	307,818	307,818
Total major federal financial assistance		2,029,751	1,206,901	1,206,901
<u>Non-major Programs</u>				
Federal Emergency Management Agency, passed through Santa Clara County local board, Emergency Food & Shelter, #088000-021	83.523	20,000	20,000	20,000
Department of Housing and Urban Development, Community Development Block Grants:				
Passed through City of Santa Clara, Family Therapy/School Outreach	14.218	64,202	64,202	64,202
Passed through City of San Jose, Runaway & Homeless Youth Shelter Services, #GPR A28	14.218	34,712	34,712	34,712
Passed through City of Santa Clara, Grief Support Services	14.218	4,518	4,320	4,320
Passed through City of Sunnyvale, Outside Group Funding, # Gen0607-825920	14.218	20,390	20,390	20,390
Department of Health & Human Services:				
Runaway & Homeless Youth, # 09CY5110/06	93.623	160,000	37,201	37,201
Runaway & Homeless Youth, # 09CY5110/07	93.623	160,000	124,231	124,231
Promoting Responsible Fatherhood, # 90FR0096/01	93.086	207,469	98,176	98,176
Street Outreach, # 09CY02057/06	93.557	100,000	14,385	14,385
Street Outreach, # 09CY02057/07	93.557	100,000	76,513	76,513
Passed through County of Santa Clara, Job Keeper 24/7 Hotline, #MCABWC06	93.558	2,500	2,500	2,500
Passed through County of Santa Clara, Independent Living Skills, #4300002745	93.674	202,000	202,000	202,000
Transitional Living Program, Award # 09CX5021/06	93.550	200,000	53,606	53,606
Transitional Living Program, Award # 09CX5021/07	93.550	200,000	161,929	161,929
Total non-major federal financial assistance		1,475,791	914,165	914,165
Total federal financial assistance		3,505,542	2,121,066	2,121,066
<u>State & local government assistance</u>				
Aid to Families with Dependent Children and Foster Children, State portion		365,597	365,597	365,597
City of San Jose, Critical Incident Stress Management, #72796 (2.28e) EH076		25,000	25,000	25,000
City of San Jose, Project Safe Place, # GPR # EH022		46,992	46,992	46,992
City of San Jose, Best Cycle XIII/IV, Youth Home Services, Best Cycle XIV & XV		69,000	69,000	69,000
Redevelopment Agency of the City of Santa Clara, Peacock Purchase		2,585,000	2,585,000	2,585,000
County of Santa Clara, Child Abuse Prevention & Intervention, # 4300002743		59,890	59,890	59,890
County of Santa Clara, Contact Cares 24/7 Hotline, # 4300002721		25,751	25,751	25,751
County of Santa Clara, Counseling, Mental Health Services		300,000	31,948	31,948
County of Santa Clara, Status Offender Services, # 4300002742		666,988	666,988	666,988
County of Santa Clara, Group Home Subsidy, # GHSBWC07		60,000	44,310	44,310
County of Santa Clara, HIV Prevention & Education, #BWC 063-074		69,000	67,717	67,717
County of Santa Clara, Street Smart Program, # 4400002823		12,000	12,000	12,000
County of Santa Clara, Drop-In Center Youth Works, # 4300002722		73,131	73,131	73,131
County of Santa Clara, HIV/AIDS counseling, # 4300002719		30,901	30,901	30,901
County of Santa Clara, Restorative Justice, #4300002893		360,500	360,500	360,500
County of Santa Clara, Supervised Visitation Services, #4300002312		93,333	83,499	83,499
County of Santa Clara, Transitional Housing Placement - Plus Program		280,800	124,400	124,400
County of Santa Clara, Transitional Housing Placement Program, # 0268.07.43		450,372	450,372	450,372
County of Santa Clara, Transitional Housing Placement, Babies Subsidy Program		24,440	24,440	24,440
County of Santa Clara, Transitional Housing For Youth, # 4300002720		12,360	12,360	12,360
County of Santa Clara, Youth Safe Place		1,000	1,000	1,000
State of California, passed through County of Santa Clara, Group Home Facility		488,914	488,914	488,914
State of California, Proud Parenting, #506-05		62,547	62,547	62,547
State of California, Office of Emergency Services, Youth Sexual Exploitation, # HX06051430		180,375	180,375	180,375
Total state & local government assistance		6,343,891	5,892,632	5,892,632
GRAND TOTALS		\$ 9,849,433	\$ 8,013,698	\$ 8,013,698

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

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

We have audited the financial statements of Bill Wilson Center (a California non-profit organization) as of and for the year ended June 30, 2007 and have issued our report thereon dated September 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Bill Wilson Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bill Wilson Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bill Wilson Center's internal control over financial reporting. A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control. Our consideration of internal control over financial reporting was for the limited purposed described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

NICHOLS, RICK & COMPANY, CPA'S

Nichols, Rick & Company, CPA's
San Jose, California
September 20, 2007

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

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

Compliance

We have audited the compliance of Bill Wilson Center (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major programs for the year ended June 30, 2007. Bill Wilson Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of Bill Wilson Center's management. Our responsibility is to express an opinion Bill Wilson Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bill Wilson Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Bill Wilson Center's compliance with those requirements. In our opinion, Bill Wilson Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control over Compliance

The management of Bill Wilson Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Bill Wilson Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the effectiveness of Bill Wilson Center's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Bill Wilson Center's responses to the findings identified in our audit, if any, are described in the accompanying schedule of findings and questioned costs. We did not audit Bill Wilson Center's responses and, accordingly, we do not express an opinion on them.

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

NICHOLS, RICK & COMPANY, CPA'S

Nichols, Rick & Company, CPA's
San Jose, California
September 20, 2007

**BILL WILSON CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007**

A. Summary of Auditor's Results

I. Financial Statements

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

II. Federal Awards

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

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.235	Supportive Housing
93.658	Aid to Families with Dependent Children

B. Findings and Questioned Costs from Prior Audit

None

**BILL WILSON CENTER
 SUPPLEMENTARY INFORMATION REQUIRED BY THE
 OFFICE OF EMERGENCY SERVICES
 JUNE 30, 2007**

1. Summary:

Included in the audited financial statements of Bill Wilson Center for the year ended June 30, 2007, dated September 20, 2007, is the following grant funded in part by the State of California, Office of Emergency Services ("OES"):

Grant Number	Grant Period	Grant Award	Expenditures Claimed
HX-06051430	07/01/06 to 06/30/07	\$180,375	\$180,375

An entrance conference was held on June 13, 2007 to inform Bill Wilson Center personnel as to the scope of the single audit. At the completion of the audit on September 20, 2007, an exit conference was held to inform those in attendance of the audit results. In attendance at the exit conference were Sparky Harlan, Executive Director; Ken Koach, Director of Administration; and John S. Rick, Certified Public Accountant.

In the course of the audit of the OES funded expenditures, no costs were encountered that we believed to be of a questionable or disallowable nature per the OES grantee handbook.

2. Background:

OES awarded a grant to Bill Wilson Center for the following program area:

HX-06051430 – Homeless and Exploited Youth I-V Project

3. Status of Prior Operating Reports:

There were no prior findings related to the OES funded grants and related activities.

4. Administrative Findings:

There are no current administrative findings related to the OES funded grants and related activities.

5. Approved Budget and Cumulative Expenditures:

	Budget	Expenditures Claimed	Variance
Grant HX-06051430			
<u>07/01/06 - 06/30/07</u>			
Personal services	\$ 162,735	\$ 162,735	\$ 0
Operating expenses	17,640	17,640	0
	\$ 180,375	\$ 180,375	\$ 0

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STATE OF CALIFORNIA

GOVERNOR'S OFFICE OF EMERGENCY SERVICES

REPORT OF EXPENDITURES AND REQUEST FOR FUNDS

FORM 201 (REV. 7/06)

MAIL TO: OES ACCOUNTING
3650 SCHRIEVER AVENUE
MATHER, CA 95655

(1) RECIPIENT BILL WILSON CENTER

(1) IMPLEMENTING AGENCY BILL WILSON CENTER

(2) PROJECT TITLE
HOMELESS AND EXPLOITED YOUTH

(3) ADDRESS
P. O. BOX 210A, SANTA CLARA, CA 95052

(4) GRANT AWARD NUMBER
HX06051430

(5) FEDERAL EMPLOYER IDENTIFICATION NUMBER
94-2221849

(6) BILLING PERIOD
Jun 1, 2007 to Jun 30, 2007 FINAL

(7) CONTACT PERSON
SPARKY HARLAN

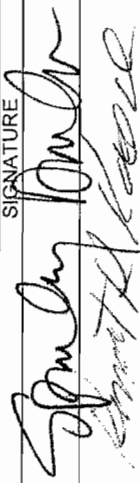

(8) PHONE NUMBER
408-243-0222

(9) E-MAIL ADDRESS
sharlan@billwilsoncenter.org

(10) FAX NUMBER
408-246-5752

(11) FEDERAL/STATE ACRONYM:	FEDERAL GRANT	FEDERAL GRANT	FEDERAL GRANT	STATE GRANT	STATE GRANT	(12) TOTAL AMOUNT (This Request)
	Select from List	Select from List	Select from List	Select From List	HY	
CATEGORY - REQUEST						
(A) PERSONAL SERVICES (+)						\$14,640
(B) OPERATING EXPENSES (+)						\$3,755
(C) EQUIPMENT (+)						\$0
CATEGORY - MATCH						
Enter Match as a negative number, i.e. -1000						
(A) PERSONAL SERVICES (-)						\$0
(B) OPERATING EXPENSES (-)						\$0
(C) EQUIPMENT (-)						\$0
ADVANCE - RECOUPED						
Enter Advance as a negative number, i.e. -1000						
(A) PERSONAL SERVICES (-)						\$0
(B) OPERATING EXPENSES (-)						\$0
(C) EQUIPMENT (-)						\$0
TOTAL TO BE PAID	\$0	\$0	\$0	\$0	\$18,395	\$18,395

Under penalty of perjury, I certify I am the duly authorized officer of the claimant herein; this claim is in all respects true, correct, and all expenditures were made in accordance with all applicable laws, rules, regulations including, but not limited to Government Code Sections 1090 - 1096, and grant conditions; and, this claim is for all approved costs incurred within the Grant Performance Period and/or an advance of funds as provided for in the applicable year Budget Act authority.

(13) PROJECT DIRECTOR	TYPED NAME	SIGNATURE	DATE
SPARKY HARLAN			Jul 16, 2007
FINANCIAL OFFICER	KENNETH H. KOACH		Jul 16, 2007

GROUP HOME PROGRAM COSTS REPORT (SR 3)

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

Number of months in cost reporting period 12

CORPORATE NAME:	PROGRAM NAME (IF DIFFERENT)	CORPORATE NUMBER		PROGRAM NUMBER	PROVIDER FISCAL YEAR		
		A	B		C	D	E
BILL WILSON CENTER		N/A		D0711524	0268.00.01	07/06 - 06/07	
COST GROUPS		TOTAL PROGRAM COSTS	OFFSETS	REASONABLENESS ADJUSTMENTS	FINAL COSTS (COL. A MINUS COLS. B & C)	PERCENTAGE OF TOTAL COSTS	CDSS USE ONLY
1	Child Care & Supervision	\$728,994	\$397,393		\$331,601	32.0%	
2	Social Work Activities	\$613,633	\$358,924		\$254,709	24.6%	
3	Food	\$95,780	\$59,423		\$36,357	3.5%	
4a	Shelter Costs - Building Rent & Leases	\$5,400	\$0		\$5,400	0.5%	
4b	Shelter Costs - Approved by Attorney General Self-Dealing Transactions Affiliated Leases	\$0	\$0		\$0	0.0%	
4c	Shelter Costs - Acquisition Mortgage: Principal & Interest	\$35,247	\$4,446		\$30,801	3.0%	
5	Building & Equipment	\$71,258	\$23,925		\$47,333	4.6%	
6	Utilities	\$37,544	\$21,710		\$15,834	1.5%	
7	Vehicles & Travel	\$20,582	\$8,248		\$12,334	1.2%	
8	Child-Related	\$31,946	\$14,191		\$17,755	1.7%	
9a	Executive Director Salary	\$59,448	\$48,618		\$10,830	1.0%	
9b	Assistance Director Salary	\$44,589	\$29,981		\$14,608	1.4%	
9c	Administrator Salary	\$37,651	\$17,694		\$19,957	1.9%	
9d	All Other Admin. Salaries	\$272,637	\$81,467		\$191,170	18.5%	
9e	Financial Audit Costs	\$4,424	\$2,095		\$2,329	0.2%	
9f	Administration (Minus Admin. Salaries and Financial Audit Costs)	\$77,592	\$32,974		\$44,618	4.3%	
	TOTAL	\$2,136,725	\$1,101,089	\$0	\$1,035,636	100.0%	
CDSS USE ONLY							KDE DATE

GROUP HOME PROGRAM

PAYROLL & FRINGE BENEFIT REPORT (SR 4)

Number of months in cost reporting period: 12

CORPORATE/LICENSEE NAME:	CORPORATE NUMBER:	PROGRAM NUMBER	PROVIDER FISCAL YR (MO/ YR - MO /YR)
BILL WILSON CENTER	D0711524	0268 00 01	7/06 - 6/07

	(1) Child Care & Supervision	(2) Social Work Activities	(3) CDSS USE ONLY
I. PAYROLL (DO NOT INCLUDE BENEFITS)	\$599,305	\$508,586	
II. FRINGE BENEFIT EXPENSE			
1. FICA Employer Tax (include MEDICARE)	\$38,356	\$31,067	
2. Unemployment Coverage (State & Federal)	\$2,397	\$1,942	
3. Workers' Compensation Insurance	\$13,424	\$10,874	
4. Medical Insurance Expense	\$47,345	\$38,349	
5. Retirement	\$24,571	\$19,903	
6. <i>Benefit Plan Fees</i> Other (Specify on back of form)	\$3,596	\$2,912	
TOTAL FRINGE BENEFITS (Add Lines 1 through 6)	\$129,689	\$105,047	
III. TOTAL PAYROLL & FRINGE BENEFITS	\$728,994	\$613,633	
IV. CONTRACTOR COSTS	\$0	\$0	
V. TOTAL (Add Line III and Line IV) Transfer to Column A, Lines 1 and 2, Cost Report (SR 3)	\$728,994	\$613,633	

CDSS USE ONLY