



**CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION**

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

BILL WILSON CENTER

CONTENTS

Independent Auditors' Report	1-3
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Consolidated Financial Statements

Consolidated Statement of Financial Position	4-5
Consolidated Statement of Activities and Changes in Net Assets	6
Consolidated Statement of Functional Expenses	7-8
Consolidated Statement of Cash Flows	9-10

Notes to Consolidated Financial Statements	11-42
---	-------

Other Independent Auditors' Reports

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 <i>Government Auditing Standards</i>	43-44
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Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	45-47
--	-------

Supplementary Information

Schedule of Expenditures of Federal Awards.....	48-49
Notes to the Schedule of Expenditures of Federal Awards.....	50

Findings and Recommendations

Schedule of Findings and Questioned Costs	51-66
Management's Corrective Action Plan	67-70

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Bill Wilson Center (a nonprofit organization) and Peacock Commons, LLC (a single member LLC) (collectively referred to as the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter – Correction of Errors

As discussed in Note 2 to the consolidated financial statements, the 2023 consolidated financial statements were restated as the result of errors. Our opinion is not modified with respect to this matter.

Other Matter – Prior Period Financial Statements

The consolidated financial statements of the Organization as of June 30, 2023, and for the year then ended, were audited by another auditor whose report dated October 27, 2023, expressed an unmodified opinion on those statements. As part of our audit of the 2024 consolidated financial statements, we also audited adjustments described in Note 2. We were not engaged to audit, review, or apply any procedures to the 2023 consolidated financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express any opinion or any other form of assurance on the 2023 consolidated financial statements as a whole.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary 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 Title 2 U.S., *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 GAAS. In our opinion, the accompanying supplementary 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 14, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

San Francisco, California
October 14, 2025

BILL WILSON CENTER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

Assets

Current Assets

Cash and cash equivalents	\$ 2,846,529
Grant receivables, net of \$154,128 allowance for doubtful accounts	6,503,744
Rent receivables, net of \$37,948 allowance for rent concessions	4,025
Promises to give	125,382
Prepaid expenses and deposits	<u>277,676</u>

Total Current Assets 9,757,356

Non-Current Assets

Investments	1,631,986
Property, buildings and equipment, net	14,245,807
Operating lease right-of-use assets	<u>4,073,176</u>

Total Non-Current Assets 19,950,969

Restricted Cash and Investments

Restricted investments	100,000
Participants deposits in trust (included in the operating bank account)	497,848
Replacement reserve	433,651
Operating reserve - Peacock	177,584
Operating reserve - Shasta	10,000
Other reserves - CalHFA	82,766
Tenant security deposits in trust	<u>24,830</u>

Total Restricted Cash and Investments 1,326,679

Total Assets \$ 31,035,004

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

BILL WILSON CENTER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2024

Liabilities and Net Assets

Liabilities

Current Liabilities

Line of credit in default	\$ 800,000
Accounts payable	790,855
Accrued expenses	1,737,335
Deposits payable	788,782
Advanced grants payable	490,904
Operating lease liabilities, current portion	436,468
Notes payable, net, current portion	329,403
Forgivable notes payable, current portion	<u>48,500</u>

Total Current Liabilities 5,422,247

Non-Current Liabilities

Operating lease liabilities, noncurrent portion	3,707,413
Accrued expenses, noncurrent portion	1,000,000
Accumulated accrued interest for forgivable notes payable	4,375,326
Accumulated accrued interest for notes payable	491,957
Notes payable, net, noncurrent portion	4,179,237
Forgivable notes payable, noncurrent portion	<u>10,095,759</u>

Total Non-Current Liabilities 23,849,692

Total Liabilities 29,271,939

Net Assets (Deficit)

Without donor restrictions	(464,028)
With donor restrictions	<u>2,227,093</u>

Total Net Assets 1,763,065

Total Liabilities and Net Assets \$ 31,035,004

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Support			
Contributions-financial assets	\$ 716,554	\$ 136,900	\$ 853,454
Contributions - non financial assets	524,314	--	524,314
Special events, net of direct costs of \$68,344	191,448	--	191,448
Foundations and corporations	647,899	841,534	1,489,433
United Way	16,423	--	16,423
Total Support	<u>2,096,638</u>	<u>978,434</u>	<u>3,075,072</u>
Revenues			
Federal government awards	6,303,191	775,535	7,078,726
State and local government awards	21,746,267	--	21,746,267
Investment income, net of \$9,673 in fees	264,859	--	264,859
Fees for services	244,639	--	244,639
Rental income	247,080	--	247,080
Miscellaneous income	2,874	--	2,874
Net assets released from restrictions	529,227	(529,227)	--
Total Revenue	<u>29,338,137</u>	<u>246,308</u>	<u>29,584,445</u>
Total Support and Revenues	<u>31,434,775</u>	<u>1,224,742</u>	<u>32,659,517</u>
Expenses			
Program Services	28,577,868	--	28,577,868
Supporting Services			
Management and general	3,923,250	--	3,923,250
Fundraising and development	648,772	--	648,772
Total Expenses	<u>33,149,890</u>	<u>--</u>	<u>33,149,890</u>
Change in Net Assets	<u>(1,715,115)</u>	<u>1,224,742</u>	<u>(490,373)</u>
Net Assets - Beginning, as previously stated	9,027,709	7,572,695	16,600,404
Prior Period Adjustment (Note 2)	<u>(7,776,622)</u>	<u>(6,570,344)</u>	<u>(14,346,966)</u>
Net Assets - Beginning, as restated	<u>1,251,087</u>	<u>1,002,351</u>	<u>2,253,438</u>
Net Assets (Deficit) - Ending	<u>\$ (464,028)</u>	<u>\$ 2,227,093</u>	<u>\$ 1,763,065</u>

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, 2024

	Program Services							Total
	Mental Health Services	Residential Services	Youth & Family Services	Counseling Services	Transitional Housing Services	Drop-In Center	Peacock Commons Apts	Program Services
Staff compensation	\$ 2,526,129	\$ 1,021,876	\$ 3,069,252	\$ 751,664	\$ 3,823,777	\$ 832,444	\$ 136,525	\$ 12,161,667
Rental assistance	--	5,749	2,568,243	--	2,114,294	--	--	4,688,286
Employee benefits	474,465	151,538	611,518	137,387	677,428	152,796	7,460	2,212,592
Specific assistance	8,279	63,131	796,198	5,000	2,183,535	24,258	8,063	3,088,464
Professional fees	619,745	30,935	51,350	419,842	92,333	18,632	94,030	1,326,867
Payroll taxes	202,138	82,980	248,930	58,739	290,385	67,731	14,313	965,216
Occupancy	131,090	6,609	135,976	70,375	698,174	11,704	777	1,054,705
Settlement expense	--	--	--	--	--	--	--	--
Utilities	27,787	70,058	16,629	3,942	159,417	22,867	133,470	434,170
Interest and fees	--	164,302	--	--	113,964	--	82,029	360,295
Food and beverages	364	85,992	24,356	916	37,055	24,524	13,009	186,216
Maintenance and equipment rental	26,300	44,310	20,337	4,758	134,747	19,352	28,057	277,861
Equipment and furniture	26,174	15,257	36,464	6,993	115,064	16,343	13,978	230,273
Communication costs	28,904	20,043	29,360	6,544	103,643	16,562	13,081	218,137
Supplies	12,646	30,875	47,825	8,102	87,997	14,912	16,309	218,666
Recruiting and training costs	29,293	20,951	36,536	17,958	25,573	5,899	914	137,124
Insurance	30,426	29,238	13,929	5,878	50,376	10,408	6,714	146,969
Travel and transportation	18,621	25,072	43,390	2,912	67,940	7,744	2,937	168,616
Printing and publications	23,326	6,683	25,878	6,590	19,605	2,509	5,895	90,486
Payments to sub-recipients	--	--	35,035	--	75,543	--	--	110,578
Membership dues and licenses	6,082	6,331	1,900	1,387	3,938	1,409	4,645	25,692
Service charges	--	119	264	179	240	--	2,841	3,643
Youth stipends	--	--	8,154	--	29,358	--	--	37,512
Conferences and meetings	1,911	825	--	560	9,392	--	--	12,688
Postage and shipping	982	73	1,613	1,152	515	70	--	4,405
Bad debt and change in allowances	--	--	--	--	--	--	68,796	68,796
Total expenses before depreciation and amortization	4,194,662	1,882,947	7,823,137	1,510,878	10,914,293	1,250,164	653,843	28,229,924
Less: Direct fundraising expenses netted against revenue	--	--	--	--	--	--	--	--
Depreciation and amortization	19,457	75,677	--	--	61,633	11,109	180,068	347,944
Total	<u>\$ 4,214,119</u>	<u>\$ 1,958,624</u>	<u>\$ 7,823,137</u>	<u>\$ 1,510,878</u>	<u>\$ 10,975,926</u>	<u>\$ 1,261,273</u>	<u>\$ 833,911</u>	<u>\$ 28,577,868</u>

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

BILL WILSON CENTER

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

	Support Services			Total Program and Support Services
	Management and General	Fundraising and Development	Total Support Services	
Staff compensation	\$ 1,961,662	\$ 441,622	\$ 2,403,284	\$ 14,564,951
Rental assistance	--	--	--	4,688,286
Employee benefits	268,874	81,858	350,732	2,563,324
Specific assistance	1,820	120	1,940	3,090,404
Professional fees	84,128	7,205	91,333	1,418,200
Payroll taxes	145,126	33,477	178,603	1,143,819
Occupancy	5,816	766	6,582	1,061,287
Settlement expense	1,000,000	--	1,000,000	1,000,000
Utilities	31,325	15,508	46,833	481,003
Interest expense	70,770	--	70,770	431,065
Food and beverages	117,319	36,480	153,799	340,015
Maintenance and equipment rental	50,503	10,835	61,338	339,199
Equipment and furniture	102,621	5,189	107,810	338,083
Communication costs	101,386	3,510	104,896	323,033
Supplies	27,896	3,885	31,781	250,447
Recruiting and training costs	96,135	7,084	103,219	240,343
Insurance	52,255	3,866	56,121	203,090
Travel and transportation	17,829	2,140	19,969	188,585
Printing and publications	11,304	35,212	46,516	137,002
Payments to sub-recipients	--	--	--	110,578
Membership dues and licenses	50,337	4,472	54,809	80,501
Service charges	37,506	7,027	44,533	48,176
Youth stipends	1,155	150	1,305	38,817
Conferences and meetings	4,396	--	4,396	17,084
Postage and shipping	5,607	2,134	7,741	12,146
Change in allowance and bad debt expense	(385,908)	--	(385,908)	(317,112)
Total expenses before depreciation and amortization	3,859,862	702,540	4,562,402	32,792,326
Less: Direct fundraising expenses netted against revenue	--	(68,344)	(68,344)	(68,344)
Depreciation and amortization	63,388	14,576	77,964	425,908
Total	<u>\$ 3,923,250</u>	<u>\$ 648,772</u>	<u>\$ 4,572,022</u>	<u>\$ 33,149,890</u>

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

BILL WILSON CENTER**CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED JUNE 30, 2024**

Cash Flows From Operating Activities:

Change in net assets	\$ (490,373)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized gain on investments	(178,802)
Change in allowance for rent concessions	37,948
Write off of rent receivables	30,848
Change in allowance for grant receivables	(395,169)
Write off of promises to give	9,261
Depreciation and amortization	425,908
Amortization of debt issuance costs	3,179
Amortization of operating lease right-of-use assets	348,825
Changes in operating assets and liabilities:	
Grant receivables	(2,044,806)
Rent receivables	(17,122)
Promises to give	(22,418)
Prepaid expenses and deposits	(107,062)
Accounts payable	19,439
Operating lease liabilities	(352,714)
Accrued expenses	1,068,148
Accrued interest payable for forgivable notes payable	219,969
Accrued interest payable for notes payable	41,044
Deposits payable	369,469
Advanced grants payable	<u>(186,941)</u>

Net Cash Used in Operating Activities (1,221,369)**Cash Flows From Investing Activities:**

Proceeds from sale of investments	529,838
Purchases of investments	(569,367)
Purchases of property and equipment	(124,894)
Payments for construction in progress	<u>(445,534)</u>

Net Cash Used in Investing Activities (609,957)**Cash Flows From Financing Activities:**

Principal payments on notes payable	(110,651)
Grant received restricted for building and improvements	317,993
Payments on line of credit	(700,000)
Borrowings on line of credit	<u>1,000,000</u>

Net Cash Provided by Financing Activities 507,342*The accompanying notes are an integral part of these consolidated financial statements.*

BILL WILSON CENTER**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)****FOR THE YEAR ENDED JUNE 30, 2024**

Decrease in Cash, Cash Equivalents, and Restricted Cash	<u>(1,323,984)</u>
Cash, Cash Equivalents, and Restricted Cash - Beginning	<u>5,397,192</u>
Cash, Cash Equivalents, and Restricted Cash - Ending	<u>\$ 4,073,208</u>
Cash, Cash Equivalents, and Restricted Cash Reconciliation:	
Cash and cash equivalents	\$ 2,846,529
Restricted cash	<u>1,226,679</u>
Total Cash, Cash Equivalents, and Restricted Cash and Investments	<u>\$ 4,073,208</u>
Supplemental Disclosure of Cash Flow Information	
Interest paid	<u>\$ 154,625</u>
Non-Cash Operating and Investing Activities	
Construction in progress included in accounts payable and accrued expenses	<u>\$ 330,000</u>
Non-Cash Operating Activities	
Cash paid for amounts included in the measurement of lease liabilities:	<u>\$ 461,923</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 1,188,161</u>

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

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURPOSE AND ORGANIZATION

Bill Wilson Center was incorporated as a California non-profit organization on March 28, 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.

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 ("BWC") 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 LLC's apartments were certified for occupancy on April 26, 2012.

PROGRAMS

Mental Health Services

Mental Health Services – Mental Health Services are provided to Medi-Cal eligible individuals and include therapy and psychiatric services, including intensive outpatient and school linked services.

Young Adult and Transition Age Youth Mental Health Services – Young Adult and Transition Age Youth Mental Health services provide immediate access to therapy and psychiatric services through a crisis line.

In Home Outreach Services – In Home Outreach services are provided to adults in order to engage them in Mental Health Services.

Residential Services

Residential Programs – The Organization provides short-term housing for homeless and runaway youth at BWC's Residential Programs. Youth receive intensive individual, group, and family counseling in order to reunite youth with their families.

Transitional Housing Placement Program – Transitional Housing Placement Program provides semi-independent living for youth ages 16 to 18, including parenting youth, who are in the foster care system. The youth learn the skills they need to become self-sufficient.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROGRAMS (CONTINUED)

Youth and Family Services

Safe Place – Safe Place provides youth with easy access to services or safety.

Family Advocacy Services – Family Advocacy Services provides support to families who have youth enrolled in the San Jose, Mountain View and Santa Clara Unified School Districts who are struggling due to their family's homelessness.

Rapid Rehousing and Homeless Prevention – Rapid Rehousing and Homeless Prevention provides case management and rental assistance to youth and young parent families.

Independent Living Program – Independent Living Program provides current and former foster youth and young adults, ages 16 to 21, with essential life skills through individual case management, housing and financial assistance, educational classes and workshops, pro-social activities and events, counseling services, and youth leadership development.

Counseling Services

Counseling Services – Contact Cares volunteers provide supportive listening, information and referral through 24-hour crisis lines. Counselors provide low-cost, professional counseling services to families and individuals of all ages.

Parent-Child Interactive Therapy and Training – Parent-Child Interactive Therapy and Training provides therapeutic coaching to parents with young children in an effort to build positive relationships.

School Outreach Counseling – School Outreach Counseling provides on-site counseling services to Santa Clara Unified School District middle and high school students, and several other schools.

Child Abuse Treatment Program – Child Abuse Treatment Program provides counseling for children and youth who have experienced abuse and neglect.

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 the loss of a loved one.

Healing Heart Program – Healing Heart Program provides emotional support to children and youth who have experienced the loss of a loved one.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROGRAMS (CONTINUED)

Counseling Services (continued)

Critical Incident Stress Management – Critical Incident Stress Management provides training and support for first responders, Valley Transportation Authority staff families, and trauma survivors.

Transitional Housing Services

Transitional Housing Program – Transitional Housing Program (“THP”) provides housing and support services for homeless young adults ages 18 - 24, including parenting young adults and their infants/toddlers. THP+ provides rental subsidies and supportive services for young adults who have aged out of foster care. THP-Non-Minor Dependents provides housing and support services for young adults who have elected to stay in foster care after turning 18.

LGBTQ Transitional Living Program – LGBTQ Transitional Living Program is a supportive housing program for homeless young adults, ages 18 to 21, who identify as LGBTQ.

Young Adult Shelter – Young Adult Shelter provides emergency shelter and supportive services to homeless victimized young adults between the ages of 18 and 24.

Emergency Housing Services – Emergency Housing Services provides a Transitional Housing to Rapid Re-Housing (“TH-RRH”) option for homeless young adults who have the highest need for support.

Young Adult Family Shelter – Young Adult Family Shelter provides emergency shelter and supportive services to families.

North County Family Shelter (“NCFS”) – NCFS provides temporary shelter for unhoused families with children, including services to address basic needs and supportive services to exit homelessness.

Drop-In-Center

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

Peacock Commons Apartments

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

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING

The Organization prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which involves the application of the accrual method of accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred regardless of the timing of cash flows.

PRINCIPLES OF CONSOLIDATION

In accordance with the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 958, Subtopic 810, *Not-for-Profit Entities – Consolidation*, these consolidated financial states include the accounts of BWC and the LLC. All significant intercompany accounts have been eliminated in the accompanying consolidated financial statements.

CLASSIFICATION OF NET ASSETS

U.S. GAAP requires that the Organization report information regarding its consolidated financial position and activities according to two classes of net assets: without donor-imposed restrictions and with donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Without Donor Restrictions

Those net assets not subject to donor-imposed restrictions and available to support general operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

With Donor Restrictions

Donor restricted net assets represent net assets which are donor restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; (d) acquisition of long-lived assets, (e) assets donated with stipulations by the donor that they be used for a specified purpose, be preserved, not be sold; or (f) be invested to provide a permanent source of income.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of cash, receivables, and accounts payable approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables and payables approximate fair value as these receivables and payables earn, or are charged, interest based on the prevailing rates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits in banks and money market funds maintained at banking institutions. The Organization considers highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

RESTRICTED CASH

Replacement Reserve

The LLC is required to maintain and make annual deposits into a replacement reserve held by the LLC to replace major structural elements or equipment in accordance with the CalHFA regulatory agreement.

Operating Reserve

The LLC is required to maintain and make annual deposits into an operating reserve held by CalHFA to cover the payment of operating expenses in accordance with the CalHFA regulatory agreement.

Other Reserves

The LLC is required to maintain a supplemental operating reserve held by the LLC in addition to the operating reserve to cover operating expenses in excess of those covered by the operating reserve in accordance with the CalHFA regulatory agreement.

Tenant Deposits Held in Trust

Tenant deposits held in trust are held by the LLC in a separate account and are owed back to the tenants upon termination of their lease or will be used to offset outstanding receivables or expenses.

Participants Deposits Held in Trust

Program participants deposits held in trust are held by the LLC and are owed back to the tenants upon completion of the program or at other times according to the program terms.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANT RECEIVABLES

Grant receivables consist primarily of contributions awarded by governmental agencies for various purposes. The grant receivable is recognized when the condition is substantially met. Unconditional grant receivables are recognized when the grant is awarded. Payments of receivables are allocated to specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The Organization uses the allowance method to account for uncollectible grant receivables. The allowance for doubtful accounts reflects management's best estimate of the amounts that will not be collected based on historical experience and an evaluation of the outstanding account balances at the end of the year. Management has reviewed and evaluated the outstanding receivables and estimated allowance for uncollectible receivables as of June 30, 2024, is \$154,128.

RENT RECEIVABLE

Rent receivables are comprised of unpaid rental charges that are due and payable by the first of each month under the specific terms of executed leases. Unless, otherwise negotiated, the amounts generally become delinquent and subject to the imposition of late fees if not paid by the fifth day of the month; the late fees are recognized when received and are included in tenant charges on the statements of activities and changes in net assets. The Organization does not accrue interest on the rent receivable balances. Management has reviewed and evaluated the outstanding receivables and estimated an allowance for uncollectible receivables as of June 30, 2024, of \$37,948.

PROMISES TO GIVE

Unconditional promises to give are recognized as revenue in the period when such promises are made by the donor. Conditional promises to give are recognized only when the conditions they depend on are substantially met and the promises become unconditional. Unconditional promises to give that are expected to be collected after one year are discounted at rates commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. The Organization uses the allowance method to account for uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2024, management has determined that all unconditional promises to give are collectible and an allowance has not been recorded.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

The Organization investments are carried at fair value in the accompanying consolidated statement of financial position. 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 fair value basis and the sale or maturity settlement of the investment. Dividend and interest income are recognized when earned.

PROPERTY, BUILDINGS AND EQUIPMENT

The Organization capitalizes acquisitions of property and equipment with a cost or value in excess of \$2,500 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of acquisition. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities and changes in net assets. Depreciation and amortization are calculated using the straight-line method, ranging from 3 to 40 years.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. No impairment loss was incurred during the year ended June 30, 2024.

ACCRUED ANNUAL LEAVE

Full-time staff may accrue a maximum of 320 hours of paid time off depending on the years of service.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEBT ISSUANCE COSTS

Debt issuance costs consist of advisory fees, attorneys' fees, and other miscellaneous costs incurred in connection with issuing debt. The debt issuance costs are amortized using the straight-line basis, which approximated the effective interest method, over the life of the related debt and are included as a direct reduction from the related debt balance on the statement of financial position, and included in interest expense on the statement of functional expenses. Amortization expense for the year ended June 30, 2024, was \$3,179 and is included in interest expense on the statement of functional expenses.

LEASES

The Organization leases commercial space and equipment under various arrangements and determines if each arrangement is a lease at inception. The operating leases are included in operating lease right-of-use ("ROU") asset and lease liabilities on the consolidated statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the leases. Operating lease ROU assets and liabilities are recognized on the commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization uses the risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has elected to apply the short-term lease exemption to office equipment and other commercial space. For the year ended June 30, 2024, the Organization has a small number of leases within these classes of underlying assets that qualify for the exemption.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Grant Revenue

The Organization receives cost-reimbursable grants contracts from federal, state, county, and city agencies. These contracts are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization has elected a simultaneous release option to account for these grants and contracts and thus are recorded as grants and contracts without donor restriction upon satisfaction of the barriers. Amounts received prior to incurring qualifying expenditures or performing the required services are reported as advanced grants payable. The Organization received grants of approximately \$490,904 that have not been recognized as revenue at June 30, 2024, because qualifying expenditures have not yet been incurred. The Organization also received a grant for building and improvements. Such revenue will be recognized when the building and improvements are complete and asset is placed in service.

Contributions – Financial Assets

The Organization recognizes all unconditional contributions when they are received or unconditionally promised, regardless of compliance with restrictions. Contributions are recognized based on the existence or absence of donor-imposed restrictions. Contributions with donor-imposed restrictions may be expendable or are required to be held permanently.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statement of activities and changes in net assets. Such transactions are recorded as net assets released from restrictions and are reported separately from other transactions.

Contributions – Non-Financial Assets

Donated materials and equipment are recorded as unconditional contributions at their estimated fair value on the date of receipt. Such donations are reported as support without donor-imposed restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as support with donor-imposed restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies support with donor-imposed restrictions to support without donor-imposed restrictions when the donor-imposed restriction is met.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Contributions – Non-Financial Assets (continued)

The Organization records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated. During the year ended June 30, 2024, the Organization received \$524,314 of services, food, and rent. The value of the contributed services is based on volunteer hours worked, and the value of food and rent is based on the estimate of wholesale values that would be received for selling similar products or renting similar space in the United States. There were no associated donor-imposed restrictions on contributed nonfinancial assets received during the year ended June 30, 2024.

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the consolidated statements of activities and changes in net assets.

The Organization had the following revenue and expenses from special events for the year ended June 30, 2024:

Special event revenue	
Revenues	\$ 32,007
Contributions	227,785
Special event direct expenses	<u>(68,344)</u>
Special events, net	<u>\$ 191,448</u>

Investment Income

Dividends are recorded on the ex-dividend date. Interest income is recognized on the accrual basis. Realized and unrealized investment gains and investment income derived from investment transactions are included in income in the year earned.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Rental Income and Other Revenue

The Organization owns properties that are rented to individuals at reduced rental rates as part of the services of the Organization. Rental income is recorded in the same month that the payment is earned. Other revenue is measured based on consideration specified in a contract with client. The Organization recognizes revenue at the point in time it satisfies the performance obligations by providing services.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs, management and general services, and fundraising have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Expenses have been allocated based on direct identification when possible or allocated if a single expense benefits more than one program or function. Salaries and related expenses are allocated based on the estimated time and efforts of involvement in different activities. Other expenses that require allocation are allocated to the respective function based on the policy of the Organization.

CONCENTRATIONS OF RISK

Financial Instruments

Deposit concentration risk is managed by placing cash, cash equivalents and restricted cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed the \$250,000 FDIC insured limit. Additionally, amounts are held in certain accounts, which are not federally insured but are covered through the broker's membership in Securities Investor Protection Corporation. To date, the Organization has not experienced losses in any of these accounts.

Investment decisions are made by investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Credit risk associated with grant receivables and promises to give is considered to be limited due to high historical collection rates and because all of the outstanding amounts are due from individuals and organizations supportive of the Organization's mission.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATIONS OF RISK (CONTINUED)

Support and Revenue

The Organization is dependent on grants from the U.S. Departments of Housing and Urban Development, Health & Human Services, Homeland Security, Justice, Substance Abuse, and Mental Health Services Administration. If the level of these grants and support varies, there may be an adverse effect upon the level or types of activities and program services offered by the Organization. For the year ended June 30, 2024, 26% of government grants revenue was from either direct or indirect awards received from these agencies. For the year ended June 30, 2024, the Organization received, either directly or indirectly, 65% of its total government grant awards from the County of Santa Clara.

INCOME TAX STATUS

The Organization is a qualified organization exempt from federal income taxes and state franchise taxes under §501(c)(3) of the Internal Revenue Code ("IRC") and §23701d of the California Revenue and Taxation Code, respectively.

U.S. GAAP requires management to evaluate the tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more-likely-than-not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a tax liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress.

NOTE 2 - PRIOR PERIOD ADJUSTMENT

Errors were identified in the prior year's consolidated financial statements related to the understatement of forgivable notes payable, accrued interest expense, and right-of-use assets and lease liabilities. Forgivable notes payable were treated as contributions instead of debt until extinguished by lender. Right-of-use assets and lease liabilities did not include all leases or extensions expected to be exercised. As a result, beginning net assets as of July 1, 2024, have been adjusted to correct these errors. This correction had no impact on the change in net assets for the year ended June 30, 2024. However, the cumulative effect of the correction resulted in a decrease in beginning net assets for the year ended June 30, 2024, of \$14,346,966.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 - PRIOR PERIOD ADJUSTMENT (CONTINUED)

The effect of the restatements is summarized in the table below:

	June 30, 2023		
	As Previously Stated	Increase (Decrease)	As Restated
Operating lease right-of-use assets	<u>\$ 512,990</u>	<u>\$ 2,985,789</u>	<u>\$ 3,498,779</u>
Accumulated accrued interest for forgivable notes payable	<u>--</u>	<u>\$ 4,155,357</u>	<u>\$ 4,155,357</u>
Operating lease liabilities, current portion	<u>\$ 363,977</u>	<u>--</u>	<u>\$ 363,977</u>
Operating lease liabilities, noncurrent portion	<u>\$ 176,257</u>	<u>\$ 3,033,139</u>	<u>\$ 3,209,396</u>
Forgivable notes payable, noncurrent portion	<u>--</u>	<u>\$ 10,144,259</u>	<u>\$ 10,144,259</u>
Net Assets:			
Without Donor Restrictions	\$ 9,027,709	\$ (7,776,622)	\$ 1,251,087
With Donor Restrictions	<u>7,572,695</u>	<u>(6,570,344)</u>	<u>1,002,351</u>
Total Net Assets	<u>\$ 16,600,404</u>	<u>\$ (14,346,966)</u>	<u>\$ 2,253,438</u>
Interest Expense	<u>--</u>	<u>\$ 4,155,357</u>	<u>\$ 4,155,357</u>
Occupancy	<u>\$ 1,049,177</u>	<u>\$ 47,350</u>	<u>\$ 1,096,527</u>

NOTE 3 - RISKS AND UNCERTAINTIES

Due to the federal government's review and potential restructuring of federal funding priorities, there is uncertainty regarding the continuation and amount of future funding from federal sources. The Organization is monitoring policy developments and may need to explore alternative funding sources to mitigate potential impacts.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4 - SUPPLEMENTAL CAPITAL OPERATING SUBSIDY RESERVE

Pursuant to the regulatory agreement with CalHFA, \$815,500 was originally set aside by CalHFA for the use of the LLC. The purpose of these funds is to subsidize the operation of seven units set aside for MHSA eligible tenants. Each year, if expenses exceed revenue for these seven units, the LLC can request a drawdown to cover the difference. At June 30, 2023, the amount set-aside at CalHFA including interest earned for the LLC was \$884,157. During the year ended June 30, 2024, \$15,106 was disbursed from the reserve.

NOTE 5 - GRANT RECEIVABLES

The Organization's grant receivable at June 30, 2024, consist of the following:

	Due in Less than 1 Year	Due in 1 to 5 Years	Total
Grant Receivable			
With Donor Restriction	\$ 454,316	\$ --	\$ 454,316
Grant Receivable			
Without Donor Restriction	6,203,556	--	6,203,556
Allowance for Doubtful Accounts	(154,128)	--	(154,128)
	<u>\$ 6,503,744</u>	<u>\$ --</u>	<u>\$ 6,503,744</u>

NOTE 6 - PROMISES TO GIVE

The Organization's unconditional promises to give at June 30, 2024, consist of the following:

	Due in Less than 1 Year	Due in 1 to 5 Years	Total
Total Promises to Give			
Without Donor Restriction	<u>\$ 125,382</u>	<u>\$ --</u>	<u>\$ 125,382</u>

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 7 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. The levels of the fair value hierarchy are as follows:

Level 1

Inputs are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2

Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2024.

Money Market Funds

The money market mutual funds are valued at the closing price reported by the fund sponsor from an actively traded exchange. They are generally categorized in Level 1 of the fair value hierarchy.

Mutual Funds

Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. They are generally categorized in Level 1 of the fair value hierarchy.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 7 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

U.S. Treasuries, Government Bonds, and Municipal Bonds

The fair value of U.S. Treasuries, government bonds, and municipal bonds are valued using pricing models maximizing the use of observable inputs for similar securities. U.S. Treasuries, government bonds, and municipal bonds are categorized in Level 2 of the fair hierarchy.

Exchange Traded Funds (ETFs)

ETFs are valued at the closing price reported on the active market on which the individual securities are traded. The ETFs held by the Organization are registered investment companies that are traded throughout the day on national exchanges at market-determined prices. These ETFs are generally categorized in Level 1 of the fair value hierarchy.

Equities and Foreign Equities

Equities and foreign equities are valued at the closing price reported on the active market on which the individual securities are traded. These securities are traded on recognized stock exchanges and are categorized in Level 1 of the fair value hierarchy.

The following tables provide information as of June 30, 2024, about the Organization's financial assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 291,995	\$ --	\$ --	\$ 291,995
U.S. Treasuries	--	118,169	--	118,169
Municipal bonds	--	91,531	--	91,531
Government bonds	--	59,985	--	59,985
Mutual Funds:				
Equities:	104,626	--	--	104,626
International	125,355	--	--	125,355
Fixed income	257,348	--	--	257,348
Exchange traded funds	127,874	--	--	127,874
Foreign equities	13,186	--	--	13,186
Common stocks	541,917	--	--	541,917
Total Investment	<u>\$ 1,462,301</u>	<u>\$ 269,685</u>	<u>\$ --</u>	<u>\$ 1,731,986</u>

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 8 - PROPERTY, BUILDINGS AND EQUIPMENT

Property and equipment at June 30, 2024, consisted of the following:

Building and improvements	\$ 1,754,052
Restricted building and improvements	12,517,396
Land	5,240,556
Furniture and fixtures	553,942
Vehicles	<u>60,122</u>
	20,126,068
Less: accumulated depreciation and amortization	(6,954,587)
Construction in progress	<u>1,074,326</u>
Total	<u>\$ 14,245,807</u>

Depreciation and amortization expense for the year ended June 30, 2024, was \$425,908.

Certain building and improvements are restricted and pledged as collateral for forgivable notes payable. These assets will remain restricted beyond the maturity date of the related notes until all forgiveness conditions are met, and the lenders' claim is formally released (see Note 11).

NOTE 9 - LINE OF CREDIT IN DEFAULT

The Organization was obligated under a line of credit and was secured by the personal property of the Organization. The line of credit matured on March 5, 2025, and was subsequently extended to August 2, 2025, and was not subsequently renewed. The line was available up to \$1,500,000 and bore interest at the greater of the bank's prime rate (8.5% at June 30, 2024) or 5%. This agreement and all of the other Wells Fargo Bank agreements requires the Organization to comply with certain covenants. Management was not aware of any violations of these covenants. The Organization is subject to financial reporting requirements, which the Organization is not in compliance with. The Organization had new borrowings of \$1,000,000, and payments of \$700,000 during the year ended June 30, 2024. The Organization had outstanding borrowings of \$800,000 as of June 30, 2024. For the year ended June 30, 2024, total interest incurred and expensed from the line of credit amounted to \$70,770.

There was no subsequent drawdown from the line of credit after year end, and the line of credit was paid off in full on June 20, 2025.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 10 - NOTES PAYABLE

City of Sunnyvale - 509 View Street and City of Mountain View - 509 View Street

On December 5, 2008, the Organization entered into two notes payable agreements with the City of Mountain View (\$405,088) and the City of Sunnyvale (\$72,000) for acquisition and transfer costs and the continued occupancy, operation, management, and ownership of the property for its use as a youth shelter of real property located at 509 View Street, Mountain View, California. The City of Mountain View note 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 note bears no interest and has no due date. The City of Sunnyvale note bears no interest on \$26,000 of the \$72,000, and the remaining \$46,000 bears interest at a fixed rate of 3% per annum and is deferred. Repayment is required only if the property is sold, at which time all proceeds would belong to the City of Mountain View and the City of Sunnyvale. The principal balance at year ended June 30, 2024, are \$405,088 for City of Mountain View note, and \$72,000 for City of Sunnyvale note. This loan agreements require the Organization to comply with certain covenants. Management was not aware of any violations of these covenants. Interest expense was \$2,160 for the year ended June 30, 2024. Interest payable was \$38,663 at June 30, 2024, which is included in accrued expenses on the statement of financial position.

City of Sunnyvale - Socorro

On January 15, 2008, Senior Housing Solutions entered into a note payable agreement with the City of Sunnyvale to acquire a real property at 1353 Socorro Avenue, Sunnyvale, California. The note in the amount of \$710,400, bears interest at a fixed rate of 1% per annum and matures on April 12, 2043. On March 29, 2013, the Organization assumed title of property and the original note was reduced to \$590,000. This note is secured by a trust deed on the Socorro property. Principal and interest are due at maturity. The principal balance at June 30, 2024, is \$590,000. Interest expense was \$5,900 for the year ended June 30, 2024. Interest payable was \$66,452 at June 30, 2024, which is included in accrued expenses on the statement of financial position.

Wells Fargo Mortgage - Fremont Street, in Default

On February 10, 2014, the Organization entered into a note payable agreement with Wells Fargo Bank in the amount of \$650,000 for long-term financing including the purchase or refinance of multi-family properties. This note is secured by a trust deed on the real properties located at 691 S 2nd Street, 693 S 2nd Street, and 10 Margaret Street, San Jose, California. The note required debt coverage ratio to be above 1.25, and audited financial statements to be submitted to lender no later than 120 days after the year ended June 30, 2024. The Organization is not in compliance with the financial reporting requirement. The note bears a fixed interest rate of 5.25% per annum and matures on February 15, 2029. Monthly payments of \$5,252 are due and payable from March 15, 2014 through February 15, 2029, at which time all unpaid principal, accrued interest, and any other unpaid amounts shall be due and payable in full. The principal balance at June 30, 2024, is \$263,094. Interest expense was \$15,184 for the year ended June 30, 2024. Interest payable was \$576 at June 30, 2024, which is included in accrued expenses on the statement of financial position. The note was subsequently paid off in full on July 2025.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 10 - NOTES PAYABLE (CONTINUED)

City of Sunnyvale - Jackson Street

On October 31, 2014, the Organization entered into a note payable agreement with the City of Sunnyvale of Supportive Housing under the Community Development Block Grant (“CDBG Jackson Note”) in the amount of \$45,000, for renovations of real property located at 1284 and 1294 Jackson Street in Santa Clara, California. The note bears interest at a fixed rate of 3% per annum and matures on October 11, 2044. All principal and accrued interest are due in full on the maturity date. The Organization is required to comply with CDBG regulations, maintain the property, adhere to affordability restrictions, and maintain a separate bank account that holds the security deposit. This note is secured by a trust deed on the Jackson Street property. The principal balance at June 30, 2024, is \$45,000. Interest expense was \$1,350 for the year ended June 30, 2024. Interest payable was \$13,056 at June 30, 2024, which is included in accrued expenses on the statement of financial position.

Housing Trust- Blossom Hill

On September 25, 2019, the Organization entered into a note payable agreement with Housing Trust Silicon Valley in the amount of \$1,480,000. The note bears interest at a fixed rate of 4.30% per annum and matures on September 25, 2039. This note is secured by a trust deed on the Blossom Hill property. The note is being repaid through equal monthly principal and interest amortizing payments of \$6,528. The principal balance at June 30, 2024, is \$1,407,609. Interest expense was \$60,935 for the year ended June 30, 2024. Interest payable was \$5,048 at June 30, 2024, which is included in accrued expenses on the statement of financial position.

Wells Fargo Mortgage - Summerdale

On January 31, 2014, the Organization entered into a note payable agreement with Wells Fargo Bank to acquire a real property at 1141 Summerdale Dr., San Jose, California in the amount of \$618,750. The note bears a fixed interest rate of 5.25% per annum and matures on February 15, 2029. Monthly payments of \$4,999 are due and payable beginning March 15, 2024 through February 15, 2029, at which time all unpaid principal, accrued interest, and any other unpaid amounts shall be due and payable in full. This note is secured by a trust deed on the Summerdale property. The principal balance at June 30, 2024, is \$247,542. Interest expense was \$14,305 for the year ended June 30, 2024. Interest payable was \$541 at June 30, 2024, which is included in accrued expenses on the statement of financial position.

Peacock - CDBG Note

On July 1, 2010, the Organization entered into a note payable agreement with the County of Santa Clara Office of Supportive Housing under the Community Development Block Grant (“CDBG Note”) in the amount of \$200,000, for the purpose of the development of the Project. The CDBG Note bears a fixed interest rate of 3% per annum, and matures on January 31, 2068. There are no principal or interest payments due until maturity, and there are no penalties for early payment. The LLC is subject to certain monitoring and reporting requirements by the CDBG Note agreement. The principal balance at June 30, 2024, is \$200,000.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 10 - NOTES PAYABLE (CONTINUED)

Peacock - CDBG Note (continued)

Interest expense was \$6,000 for the year ended June 30, 2024. Interest payable was \$68,466 at June 30, 2024, which is included in accrued expenses on the statement of financial position.

Peacock - Housing Trust Note

On January 6, 2011, the Organization entered into a note payable agreement with the Housing Trust of Santa Clara County ("Housing Trust Note") in the amount of \$500,000 to finance the pay-off of construction debt associated with the development of the Project. The Housing Trust Note is a non-interest-bearing note that matures on January 31, 2068. There are no payments due until maturity, and there are no penalties for early payment. The principal balance at June 30, 2024, is \$500,000. The LLC is subject to certain reporting and monitoring requirements by the Housing Trust Note agreement.

Peacock - Sunnyvale Note

On January 11, 2011, the Organization entered into a note payable agreement with the City of Sunnyvale ("Sunnyvale Note") in the amount of \$100,000 to finance certain construction costs in connection with rehabilitation of the LLC's property. The Sunnyvale Note bears a fixed interest rate of 3% per annum, and matures on January 10, 2066. There are no principal or interest payments due until maturity, and there are no penalties for early payment. The Sunnyvale Note requires that security deposits be kept in a separate account apart from other funds. The LLC is subject to certain reporting requirements by the Sunnyvale Note agreement. The principal balance at June 30, 2024, is \$100,000. Interest expense was \$3,000 for the year ended June 30, 2024. Interest payable was \$40,397 at June 30, 2024, which is included in accrued expenses on the statement of financial position.

MHSA Note

On January 30, 2013, the Organization entered into a note payable agreement with the County of Santa Clara through the Santa Clara Mental Health Department ("MHSA Note") in the amount of \$757,120, for the acquisition and rehabilitation of the LLC's property. The MHSA Note bears a fixed interest rate of 3% per annum, and matures on January 1, 2068. There are no principal or interest payments due until maturity, and there are no penalties for early payment. The LLC is subject to certain reporting requirements by the MHSA Note agreement. The MHSA Note also includes a capitalized operating subsidy reserve and is required to fund at least 3% of the gross rent received annually. The principal balance at June 30, 2024, is \$757,120. Interest expense was \$22,714 for the year ended June 30, 2024. Interest payable was \$259,184 at June 30, 2024, which is included in accrued expenses on the statement of financial position.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 10 - NOTES PAYABLE (CONTINUED)

MHSA Note (continued)

The Organization has outstanding notes payable with financial institutions, which are subject to certain financial and non-financial covenants, as defined in the respective note agreements. As of June 30, 2024, management believes the Organization was in compliance with all covenant requirements. Certain notes for LLC were not in compliance with certain debt reporting, document retention, and tenant eligibility monitoring requirements according to certain debt agreements, as of and during the year ended June 30, 2024.

Notes payable as of June 30, 2024, are detailed as follows:

City of Mountain View - 509 View St	\$ 405,088
City of Sunnyvale - 509 View St.	72,000
City of Sunnyvale - Socorro	590,000
Wells Fargo Mortgage - Fremont St	263,094
City of Sunnyvale - Jackson St.	45,000
Housing Trust- Blossom Hill	1,407,609
Wells Fargo Mortgage - Summerdale	247,542
Peacock - CDBG Note	200,000
Peacock - Housing Trust Note	500,000
Peacock - Sunnyvale Note	100,000
Peacock - MHSA Note	<u>757,120</u>
	4,587,453
Unamortized loan fees	<u>(78,813)</u>
Total Notes Payable, Net of Loan Fees	<u>\$ 4,508,640</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 10 - NOTES PAYABLE (CONTINUED)

MHSA Note (continued)

The future maturities of the notes payable are as follows:

For the Years Ending June 30,	Amount
2025	\$ 329,404
2026	69,694
2027	73,256
2028	76,999
2029	60,238
Thereafter	<u>3,977,862</u>
Total	<u>\$ 4,587,453</u>

For the year ended June 30, 2024, interest expense was \$134,727 includes \$3,179 in amortization of debt issuance costs.

NOTE 11 - FORGIVABLE NOTES PAYABLE

The Organization has entered into various notes payable agreements with governmental entities to finance the acquisition and use of real property for program related purposes. Some of the notes are structured to be forgiven in full at maturity, contingent on the Organization's continued compliance with specified use and ownership conditions. Others may involve different forgiveness terms. These forgivable loans are reflected as debt until the lender has released the Organization from the obligation to pay in accordance with note payable agreements. Management monitors compliance and believes the Organization was in compliance with all applicable terms as of the reporting date.

City of Santa Clara Alameda

On November 30, 1993, the Organization entered into a note payable agreement with the City of Santa Clara in the amount of \$980,000. This note is secured by a Trust Deed on the real property located at 3490 The Alameda, Santa Clara, California. The note bears interest at a fixed rate of 3.00% per annum and principal and accumulated interest are due on the 30th anniversary of the date of the note. The principal or accumulated interest payment is not required to be repaid as long as the property or any proceeds received from sale of property is used as a low, very low, or moderate housing facility. Prepayment is allowed at any time without penalty. Interest expense was \$29,400 for the year ended June 30, 2024. Interest payable was \$882,000 at June 30, 2024, which is included in accumulated accrued interest payable for forgivable notes payable in the statement of financial position.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 11 - FORGIVABLE NOTES PAYABLE (CONTINUED)

HUD SCC Jackson Street

On November 12, 1996, the Organization entered into a note payable agreement with the City of Santa Clara in the amount of \$400,000 to acquire and rehabilitate real property located at 1284 and 1294 Jackson Street, Santa Clara, California. This note is secured by a trust deed on the subject property. The note bears interest at a fixed rate of 3% per annum and principal and accumulated interest are due on the 30th anniversary of the date of the note. No principal or accumulated interest payment is required as long as the property continues to provide housing for very low-income homeless youth parents. Interest expense was \$12,000 for the year ended June 30, 2024. Interest payable was \$332,000 at June 30, 2024, which is included in accumulated accrued interest payable for forgivable notes payable in the statement of financial position.

City of Santa Clara – SCC Main Street

On November 17, 1998, the Organization entered into a note payable agreement with the City of Santa Clara in the amount of \$375,000 to provide transitional housing for homeless youth for up to twelve months. This note is secured by a trust deed on real property located at 2120 Main Street, Santa Clara, California. The note bears interest at a fixed rate of 3.00% per annum, and principal and accumulated interest are due on the 30th anniversary of the date of the note. No principal or interest payment is required as long as the property is used for its intended purpose. Interest expense was \$11,250 for the year ended June 30, 2024. Interest payable was \$287,813 at June 30, 2024, which is included in accumulated accrued interest payable for forgivable notes payable in the statement of financial position.

City of Santa Clara Peacock – 2009

On June 23, 2009, the Organization entered into a note payable agreement with the City of Santa Clara in the amount of \$251,004 for rehabilitating real property located at 3661 Peacock Court, Santa Clara, California. This amount is secured by a trust deed on the subject property. The note is non-interest bearing and matures on the 20th anniversary of the date of the note. No principal or interest payment is required as long as the property continues to be used for its intended purpose. There was no interest expense for the year ended June 30, 2024 and no interest payable at June 30, 2024.

City of Santa Clara Peacock – 2010

On March 30, 2010, the Organization entered into a note payable agreement with the City of Santa Clara in the amount of \$4,767,565 for rehabilitating and operating real property located at 3661 Peacock Court, Santa Clara, California. This note is secured by a trust deed on the subject property. The note bears interest at a fixed rate of 3.00% per annum and principal and accumulated interest are due on the 55th anniversary of the date of the note. No principal or interest payments are required as long as the property is used to provide housing for very low income youth. Interest expense was \$143,027 for the year ended June 30, 2024. Interest payable was \$2,414,905 at June 30, 2024, which is included in accumulated accrued interest payable for forgivable notes payable in the statement of financial position.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 11 - FORGIVABLE NOTES PAYABLE (CONTINUED)

City of Sunnyvale - 3940 Alameda PLHA

On July 14, 1992, the Organization entered into a note payable agreement with City of Sunnyvale in the amount of \$48,500 for the purpose of operating a shelter for homeless youth residing within the City of Sunnyvale. This note is secured by a trust deed on the real property located at 3490 The Alameda, Santa Clara, California. The note bears interest at a fixed rate of 3.00% per annum and matured on July 14, 2022. The note was subsequently paid off for \$48,500 in August 2024. Principal and interest, if any, are due at maturity; however, no accumulated interest is required to be paid if the property was used for its intended purpose. The City of Sunnyvale did not accrue or charge interest related to this note. The Organization entered into a new non-interest-bearing note with the City of Sunnyvale for the same amount, maturing in August 2034. The principal is deferred and will be forgiven at maturity if the Organization complies with all terms of the agreement (see Note 19).

City of San Jose – HOME SCC

On January 3, 2011, the Organization entered into a note payable agreement with the City of San Jose in the amount of \$1,917,445 to provide construction, rehabilitation, and permanent financing for real property located at 3661 Peacock Court, Santa Clara, California. This note is secured by a trust deed on the subject property, bearing no interest. The principal will be forgiven if the Organization continues to use the facility for 55 years as housing for low-income persons and families at risk of homelessness. There was no interest expense for the year ended June 30, 2024, and no interest payable at June 30, 2024.

Housing Trust Safety Net Shelter Alameda

On March 11, 2016, the Organization entered into a note payable agreement with Housing Trust Silicon Valley in the amount of \$595,000 for the Youth Shelter Capital Facilities Program. This note is secured by a trust deed on the real property located at 3490 The Alameda, Santa Clara, California. The note bears no interest and matures on March 10, 2026. The principal will be forgiven at maturity date if the Organization continues to use the property to operate as a youth shelter and covenant requirements are met. There was no interest expense for the year ended June 30, 2024, and no interest payable at June 30, 2024.

City of Mountain View – CDBG 509 View Street

On December 1, 2016, the Organization entered into a note payable agreement with the City of Mountain View in the amount of \$50,000 to rehabilitate real property located at 509 View Street, Mountain View, California. This note is secured by a trust deed on the subject property. The note bears interest at a fixed rate of 3% per annum and matures on November 30, 2031. The principal and interest are deferred and will be forgiven at maturity date if the Organization complies with all of the terms of the agreement. Interest expense was \$1,500 for the year ended June 30, 2024. Interest payable was \$11,375 at June 30, 2024.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 11 - FORGIVABLE NOTES PAYABLE (CONTINUED)

HUD SCC Shafer Drive

On November 27, 2001, the Organization entered into a note payable agreement with the City of Santa Clara in the amount of \$650,000 to acquire a real property at 3551 Shafer Drive, Santa Clara, California, and provide housing for up to six homeless youths. This note is secured by a trust deed on the subject property. The note bears interest at a fixed rate of 3.00% per annum and matures on November 26, 2031. The principal and interest are deferred and will be forgiven at maturity date if the Organization complies with all of the terms of the agreement. Interest expense was \$19,500 for the year ended June 30, 2024. Interest payable was \$440,375 at June 30, 2024.

County of Santa Clara - Enclave Fence

On May 24, 2022, the Organization entered into a note payable agreement with the County of Santa Clara in the amount of \$109,745 for the replacement of an existing fence to improve security. This note is secured by a trust deed on the real property located at 693 S. 2nd street, 691 S. 2nd street, and 10 Margaret Street, San Jose, California. The note bears interest at a fixed rate of 3.00% per annum and matures on May 23, 2032. The principal and interest are deferred and will be forgiven at maturity date if the Organization complies with all of the terms of the agreement. Interest expense was \$3,292 for the year ended June 30, 2024. Interest payable was \$6,859 at June 30, 2024.

Forgivable notes payable as of June 30, 2024, are detailed as follows:

City of Santa Clara Alameda	\$ 980,000
HUD SCC Jackson St	400,000
City of Santa Clara - SCC Main St	375,000
City of Santa Clara Peacock - 2009	251,004
City of Santa Clara Peacock - 2010	4,767,565
City of Sunnyvale - 3940 Alameda PLHA	48,500
City of San Jose - HOME SCC	1,917,445
Housing Trust Safety Net Shelter Alameda	595,000
City of Mountain View - CDBG 509 View St	50,000
HUD SCC Shafer Dr	650,000
County of Santa Clara - Enclave fence	<u>109,745</u>
Total Forgivable Notes Payable	<u>\$ 10,144,259</u>

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 11 - FORGIVABLE NOTES PAYABLE (CONTINUED)

The future maturities of the notes payable are as follows:

For the Years Ending June 30,	Amount
2025	\$ 48,500
2026	595,000
2027	--
2028	--
2029	251,004
Thereafter	<u>9,249,755</u>
Total	<u>\$ 10,144,259</u>

For the year ended June 30, 2024, interest expense was \$219,969 on forgivable notes payable.

NOTE 12 - BOARD DESIGNATED NET ASSETS

For the year ended June 30, 2024, the Board approved the transfer of all board-designated net assets totaling \$760,000 to undesignated net assets. As a result, there were no board-designated net assets as of June 30, 2024.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2024, consisted of the following:

Purpose Restrictions:

VITA Program	\$ 18,733
Youth Summit	1,780
Transitional Living program - LGBTQ	257,364
Support for Transitional Foster Youth (Trust)	513,789
City of Mountain View - FAS	1,504
FAS - East program	50,233
FAS - City of Santa Clara	17,466
CHAT program	15,345
Health Trust	151,171
Building and improvements - Enclave	<u>620,010</u>
	1,647,395

Inherent Time and Purpose Restrictions:

Building and improvements - Enclave	454,316
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Inherent Time Restrictions:

Pledges and contributions	<u>125,382</u>
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Total Net Assets With Donor Restrictions	<u>\$ 2,227,093</u>
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BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 14 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions released from restriction during the year ended June 30, 2024, were as follows:

Purpose Restrictions:

Basic Center - RHY South County	\$ 16,058
VITA Program	36,203
Youth Summit	720
John Burton Foundation - EFA	9,000
San Jose BEST DIC	10,270
THP-NMD program	3,677
Transitional Housing Plus program	1,500
Transitional Living program - LGBTQ	71,093
Support for Transitional Foster Youth (Trust)	43,281
City of Mountain View - FAS	1,072
FAS - East program	13,418
FAS - City of Santa Clara	4,633
Rapid Rehousing Programs	2,250
Drop-in-Center	20,223
Center for Living with Dying	35,000
Healing Heart (Valle Monte League)	160,000
CHAT program	9,655
Adopt-A-Family	19,895
Health Trust	1,329
Sunlight Giving Westminster	50,000
Peacock Commons Operating Reserve	<u>2,252</u>
	511,529

Inherent Time Restrictions

Promises to give	<u>17,698</u>
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Total Net Assets With Donor Restrictions	<u>\$ 529,227</u>
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BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 15 - LEASES

The Organization has various operating leases for facilities space, expiring at various dates through March 2032 and containing renewal options. The average monthly lease payments range from \$18,000 to \$22,000. The total operating lease cost was approximately \$356,000 for the year ended June 30, 2024.

The Organization has certain leases that are for a period of 12 months or less or contain renewals for a period of 12 months or less. The Organization does not include short-term leases within the statement of financial position since it has elected the practical expedient to exclude these leases within the operating ROU asset and lease liabilities. The short term leases cost was approximately \$547,396 for the year ended June 30, 2024.

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2024:

Weighted Average Remaining Lease Term – Operating Leases 14 years

Weighted Average Discount Rate – Operating Leases 3.62%

Future maturities of operating lease liabilities as of June 30, 2024, are as follows:

For the Years Ending June 30,	Amount
2025	\$ 436,468
2026	441,026
2027	455,663
2028	470,420
2029	485,291
Thereafter	<u>3,052,557</u>
Total future minimum lease payments	5,341,425
Less imputed interest	<u>(1,197,544)</u>
Total	<u>\$ 4,143,881</u>

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 16 - 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 year ended June 30, 2024, the Board of Directors approved a total contribution of approximately \$577,382 to the Plan.

403(b) Plan

The Organization also 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. The 403(b) Plan is only made available to the executive staff.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

RESTRICTIONS ON REAL PROPERTIES

Certain notes and grant agreements with governmental agencies impose restrictions on the operations of the properties owned by the Organization, including maximum tenant income limitations, maximum rents chargeable and the tenants’ history of homelessness. Such tenant qualifications are monitored by the Organization on an ongoing basis. If such agreements and qualifications are not met, related loans and revenue received could become payable to the agencies.

The Organization’s real properties are subject to liens by lenders or grantors who provided funding for the acquisition or development of the properties. None of these properties may be sold or hypothecated without the consent of the secured parties.

GRANTS AND CONTRACTS

Grants and contracts awarded to the Organization are subject to the funding agencies’ criteria, contract terms, and regulations under which expenditures may be charged and are subject to audit under such terms, regulations, and criteria. Occasionally such audits may determine that certain costs incurred against the grants do not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding organization for the costs or be subject to the reductions of future funding in the amount of the ineligible costs.

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 17 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

LITIGATION

In the general course of operations, the Organization is involved in litigation and claims. Based on a particular case and management's assessment and consultation with legal counsel, management has determined that a loss is probable and has estimated the amount of the loss to be \$1,000,000. Accordingly, the Organization has recorded a liability of \$1,000,000 included accrued expense, noncurrent portion on the statement of financial position and settlement expenses in statement of functional expenses. The final settlement amount may differ from management's estimate.

NOTE 18 - LIQUIDITY AND FUNDS AVAILABLE

The Organization's liquidity management is structured to have its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets in excess of daily cash requirements are invested in cash equivalents or other investments. The Organization strives to hold in its investment account a balance of securities equal to at least the balance of net assets with donor restrictions that can be readily liquidated to fulfill grantors obligations.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2024, to fund general expenditures and other obligations as they become due:

Financial Assets

Cash and cash equivalents	\$ 2,846,529
Grant receivables	6,503,744
Rent receivables	4,025
Promises to give	125,382
Investments	<u>1,631,986</u>

Total Financial Assets	<u>11,111,666</u>
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Less: those unavailable for general expenditures
within one year, due to purpose restrictions
stipulated by donors

(2,227,093)

**Financial Assets Available to Meet Cash Need
for Expenditures Within One Year**

\$ 8,884,573

BILL WILSON CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 19 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 14, 2025, the date the consolidated financial statements were available to be issued. No events or transactions requiring adjustments to the financial statements or disclosure in the accompanying notes to the consolidated financial statements except for the following:

In August 2024, the Organization repaid a \$48,500 forgivable note payable to the City of Sunnyvale, originally issued in 1992 to support a homeless youth shelter. At that time, the Organization entered into a new non-interest-bearing forgivable note with the city for the same amount, maturing in August 2034. The principal is deferred and will be forgiven at maturity if the Organization complies with all terms of the agreement (see Note 11).

On July 2, 2024, the Organization executed a lease extension for its facility at 1128 South 8th Street, San Jose, California, converting a month-to-month arrangement into a formal lease term from August 1, 2024 through July 31, 2031. Monthly lease payments range from \$9,166 to \$12,216 over the lease term.

On December 3, 2024, the Organization entered into a new lease agreement for Suite 205 at 1671 The Alameda, San Jose, California, effective January 1, 2025 through December 31, 2026. Monthly lease payments range from \$4,702 to \$4,843. The lease includes an option to renew for an additional two-year term.

The line of credit expired on August 2, 2025, and it was not renewed. There was no subsequent drawdown from the line of credit after year end, and it was paid in full on June 20, 2025 (see Note 8).

The \$263,094 Wells Fargo Mortgage Fremont Street was paid in full on July 14, 2025 (see Note 10).

The Organization is in the midst of settling a lawsuit for an estimated \$1,000,000. The settlement final settlement amount might differ from management's estimate (see Note 17).

**Independent Auditors' Report On Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the consolidated financial statements of Bill Wilson Center (the "Organization") which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 14, 2025.

Report on 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) as a basis for designing 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questions costs as items 2024-001 through 2024-006 that we consider to be material weaknesses.

Report on 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-003, 2024-004, and 2024-006.

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

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.

CBIZ CPAs P.C.

San Francisco, California
October 14, 2025

**Independent Auditors' Report On Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Bill Wilson Center's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on ALN 16.575 Crime Victim Assistance and ASL 21.027 Coronavirus State and Local Fiscal Recovery

In our opinion, except for the possible effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, The Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on ASL 16.575 Crime Victim Assistance and ASL 21.027 Coronavirus State and Local Fiscal Recovery for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on 16.575 Crime Victim Assistance and 21.027 Coronavirus State and Local Fiscal Recovery

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the Organization with ASL 16.575 Crime Victim Assistance as described in finding 2024-07 for missing documents and allowable costs and ASL 21.027 Coronavirus State and Local Fiscal Recovery as described in finding number 2024-08 for eligibility, consequently we were unable to determine whether the Organization complied with those requirements applicable to these programs.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-009. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-003, 2024-004, and 2024-006 through 2024-08 to be material weaknesses.

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

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

CBIZ CPAs P.C.

San Francisco, California
October 14, 2025

BILL WILSON CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Agency Grant Number	Total Federal Expenditures
U.S. Department of Housing & Urban Development - Continuum of Care Program Cluster:			
Continuum of Care Program Cluster			
Transitional Housing for YYF North County (ends 11/30/2023)	14.267	CA0032L9T002114	\$ 81,691
Transitional Housing for YYF South County (ends 3/31/2025)	14.267	CA0031L9T002316	156,541
Transitional Housing for YYF South County (ends 3/31/2024)	14.267	CA0031L9T002215	405,471
Transitional Housing to Rapid Rehousing for Youth (ends 11/30/2024)	14.267	CA1639L9T002205	209,797
Transitional Housing to Rapid Rehousing for Youth (ends 11/30/2023)	14.267	CA1639L9T002104	79,619
Rapid ReHousing for Youth (ends 11/30/2023)	14.267	CA1379L9T002106	315,043
Rapid ReHousing for Homeless Youth, passed through County of Santa Clara Office of Supportive Housing	14.267	4300022762	518,250
Peacock Commons - Permanent Housing (ends 11/30/24)	14.267	CA1032L9T002212	122,479
Peacock Commons - Permanent Housing (ends 11/30/23)	14.267	CA1032L9T002111	103,080
Total Continuum of Care Program Cluster			<u>1,991,971</u>
Youth Homeless Demonstration Project			
Rapid Rehousing Program (12/31/2024)	14.276	CA2075Y9T002000	667,898
Santa Cruz Shared Housing Program (12/31/2024)	14.276	CA1992Y9T082201	69,608
Santa Cruz Shared Housing Program (12/31/2023)	14.276	CA1992Y9T082100	61,660
Total Youth Homeless Demonstration Project			<u>799,166</u>
Total Continuum of Care Program Cluster			<u>2,791,137</u>
Community Development Block Grants			
CDBG Family Therapy and School Outreach Program, passed through the City of Santa Clara	14.218	B-23-MC-06-0022	30,000
CDBG Family and Individual Counseling Services Program, passed through the City of Sunnyvale	14.218	B-23-MC-06-0023	25,000
CDBG Enclave Renovation Project (6/30/24), passed through the City of San Jose	14.218	CDI-14-017A AND B	773,014
CDBG Family Advocacy Services Program (to 12/31/2023), passed through the City of Mountain View	14.218	851-05-30-23MVF00-04	3,535
Total Community Development Block Grants Cluster			<u>831,549</u>
Coronavirus State and Local Fiscal Recovery Funds			
Coronavirus State and Local Fiscal Recovery Funds, Emergency Housing Voucher Program, passed through County of Santa Clara	21.027	T168ARPA23	502,060
Total U.S. Department of Housing & Urban Development			<u>4,124,745</u>
U.S. Department of Health & Human Services - Foster Care Cluster:			
Foster Care Title IV-E, AFDC-FC - THP-Non Minor Dependent (0268.18.01), passed through the County of Santa Clara	93.658	850302	856,508
Transitional Living for Homeless Youth			
Transitional Living for Homeless Youth - Maternity Group Home (ends 9/29/24)	93.550	90YZ0027-03	109,933
Transitional Living for Homeless Youth - Maternity Group Home (ends 9/29/23)	93.550	90YZ0027-02	52,219
Total Transitional Living Program			<u>162,152</u>
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth			
Street Outreach Program (ends 9/29/2024)	93.557	90YO2483-02	86,303
Street Outreach Program (ends 9/29/2023)	93.557	90YO2483-01	24,371
Total Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth			<u>110,674</u>

See Notes to the Schedule of Expenditures of Federal Awards.

BILL WILSON CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Agency Grant Number	Total Federal Expenditures
Basic Center Grant			
Basic Center Grant, RHY- Basic Center Grant - South County (ends 9/29/24)	93.623	90CY7527-01	\$ 180,658
Basic Center Grant, RHY- Basic Center Grant - South County (ends 9/29/23)	93.623	90CY7208-03	48,592
Basic Center Grant, RHY- Basic Center Grant - North County (ends 9/29/24)	93.623	90CY7540-01	155,033
Basic Center Grant, RHY- Basic Center Grant - North County (ends 9/29/23)	93.623	90CY7207-03	<u>43,823</u>
Total Basic Center Grant			<u>428,106</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood			
John H. Chafee Foster Care Program for Successful Transition to Adulthood, passed through the County of Santa Clara	93.674	4300022495	<u>717,224</u>
Total U.S. Department of Health & Human Services - Foster Care Cluster			<u>2,274,665</u>
U.S. Department of Homeland Security			
Federal Emergency Food and Shelter Board Program - Phase 41 (to 12/31/2024)	97.024	088000-021	<u>17,000</u>
U.S. Department of Homeland Security			<u>17,000</u>
U.S. Department of Justice			
Crime Victim Assistance, VOCA - Homeless Youth and Exploitation Program (ends 6/30/2024), passed through California Office of Emergency Services	16.575	HX23221430	97,068
Crime Victim Assistance, VOCA - Marginalized Victimss Program (ends 12/31/2023), passed through California Office of Emergency Services	16.575	KI22051430	169,098
Crime Victim Assistance, VOCA - Specialized Emergency Housing Program (ends 9/30/2024), passed through California Office of Emergency Services	16.575	KE23021430	251,117
Crime Victim Assistance, VOCA - Specialized Emergency Housing Program (ends 9/30/2023), passed through California Office of Emergency Services	16.575	KE22011430	72,257
Crime Victim Assistance, VOCA - Tranistional Housing Program (ends 12/31/2024), passed through California Office of Emergency Services	16.575	XH23021430	156,202
Crime Victim Assistance, VOCA - Tranistional Housing Program (ends 12/31/2023), passed through California Office of Emergency Services	16.575	XH22011430	169,728
Crime Victim Assistance, VOCA - Child Abuse Treatment Program (ends 12/31/2024), passed through California Office of Emergency Services	16.575	AT23041430	87,939
Crime Victim Assistance, VOCA - Child Abuse Treatment Program (ends 12/31/2023), passed through California Office of Emergency Services	16.575	AT22031430	<u>97,000</u>
Total U. S. Department of Justice			<u>1,100,409</u>
Substance Abuse and Mental Health Services Administration			
State Opioid Response Grant (SOR III), passed through Sierra Health Foundation	93.788	H79T1085761	164,255
Total Substance Abuse and Mental Health Services Administration			<u>164,255</u>
Total Expenditures of Federal Awards			<u>\$ 7,681,074</u>

See Notes to the Schedule of Expenditures of Federal Awards.

BILL WILSON CENTER

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - BASIS OF PRESENTATION

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. The Organization emphasizes the importance of collaborative program development and service delivery.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

NOTE 3 - INDIRECT COST RATE

The Organization has elected to use the 10% de minimis indirect cost rate for federal awards.

BILL WILSON CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF THE AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified: Yes

Significant deficiency(ies) identified: None reported

Noncompliance material to financial statements: Yes

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified: Yes

Significant deficiency(ies) identified: None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes, see below

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF THE AUDITORS' RESULTS (CONTINUED)

Finding No.	ALN	Program Name	Compliance Requirement
2024-07	21.027	Coronavirus State and Local Fiscal Recovery Funds	Allowable costs
2024-08	16.575	Crime Victim Assistance	Eligibility

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program/Cluster
14.218	Community Development Block Grants Cluster
16.575	Crime Victim Assistance
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: Yes

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS 2024-001 – IMPROVING MONTH END CLOSE AND AUDIT PREPARATION

CRITERIA

A critical function of management is to prepare accurate and timely financial information which includes financial statements and the Schedule of Expenditures of Federal Awards (“SEFA”).

CONDITION

This year’s audit process was delayed because important procedures were not performed on time and throughout the year ended June 30, 2024. There were delays in producing closing entries, schedules, reconciliations, account analysis, and other financial reports. As a result of these delays and the lack of an accurate financial close process, there were material adjustments required to the financial reporting and the audit is delinquent regarding certain compliance requirements.

Specifically, we noted the following:

1. There were multiple revisions that were made to the SEFA for expenditure amounts and one missing federal award.
2. There were material audit adjustments for right of use assets and lease liabilities. One facility lease was not included in the schedule, another lease did not factor the extension period, and for another lease, the present value calculation used an annual formula versus a monthly one.
3. There were several audit adjustments to correct net assets released from restrictions because management did not treat restricted contributions received and expended in the same year consistently.
4. A reconciliation for a deposit account with the county for transitional housing programs was not performed.
5. Investments were reconciled; however, the related investment income, realized and unrealized gains or losses per the investment statements were not reconciled to the general ledger.
6. Certain expenses on the initial statement of functional expenses that was provided did not agree with the trial balance.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS 2024-001 – IMPROVING MONTH END CLOSE AND AUDIT PREPARATION (CONTINUED)

7. The fixed asset schedule we received had formula errors and 16 assets were over depreciated, 22 were not calculated correctly due to a formula error, and there were cut off errors in not recording 2023 construction in progress additions in 2023.
8. The Organization's investment in Peacock Commons, LLC did not agree with Peacock Commons, LLC's related equity account.

CAUSE

Accurate and timely monthly and annual financial reporting closing procedures were not performed. During the audit period, there was significant turnover in the accounting department.

EFFECT

The financial statements and important schedules provided for the audit contained material misstatements. Interim financial reports provided to those charged with governance, lenders, and granting agencies may also be incorrect leading to the possibility of inappropriate decisions made on behalf of, and by, the Organization.

QUESTIONED COSTS

No questioned costs noted.

RECOMMENDATION

Management should develop a month-end and year-end closing checklist to help monitor the closing process. The closing checklist should indicate who will perform each procedure, the due date, and the person responsible for reviewing the task. The timing of specific procedures should be coordinated with the timing of internal and external financial reporting requirements. Ideally, the closing of a particular month should occur within 45 days of the month end. Where needed, the accounting staff should obtain training on accounting topics.

MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION

See attached corrective action plan.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS 2024-002 – INDEPENDENT REVIEW OF ADJUSTING JOURNAL ENTRIES AND CLOSING SCHEDULES

CRITERIA

A system of internal control includes the concept of segregation of duties. Segregation of duties allows for more accurate accounting as someone other than the preparer has their work reviewed. Segregation of duties also helps eliminate unauthorized transactions and detect errors earlier in the closing process.

CONDITION

During our procedures regarding the design and implementation of internal controls over financial information, we noted the following:

1. Adjusting journal entries (“AJE”) were recorded without an independent person reviewing and approving before the AJEs were posted.
2. Some AJEs that we reviewed did not have adequate supporting documents or calculations and we were not able to reperform the appropriateness of, or recalculate, the AJE.
3. We reviewed the August 2023 bank reconciliation and there is no evidence that someone other than the preparer reviewed it. The bank reconciliation was prepared outside of Intacct, the accounting software.
4. There was no evidence that someone reviewed the fixed asset schedule other than the preparer. We noted that there were numerous errors on this schedule.
5. The initial beginning balance of net assets did not agree to 2023’s audited ending balance.
6. There was no evidence that someone reviewed the grant advance payable other than the preparer.
7. As noted in finding 2023-001, there were several key accounts that required audit adjustments or several revisions.
8. A supervisor approved their own timesheet.

CAUSE

During the year ended June 30, 2024, and in the subsequent period through most of the audit, management did not consistently follow segregation of duties.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS 2024-002 – INDEPENDENT REVIEW OF ADJUSTING JOURNAL ENTRIES AND CLOSING SCHEDULES (CONTINUED)

EFFECT

The financial statements and important schedules provided for the audit contained material misstatements. Interim financial reports provided to those charged with governance, lenders, and granting agencies may also be incorrect leading to the possibility of inappropriate decisions made on behalf of, and by, the Organization.

QUESTIONED COSTS

No questioned costs noted.

RECOMMENDATION

Management should institute stringent segregation of duties and hierarchy policies for the review of accounts whereby an independent person with a high degree of knowledge of the subject area is reviewing the schedule and resulting adjustments. Transactions should not be approved by the same person initiating the transaction.

All AJEs should be reviewed by someone other than the preparer and all adjustments should be properly supported to allow the reviewer to concur with the adjustment and document how the amount was calculated.

As noted in 2024-001, a closing monthly checklist should be developed to include critical steps to help ensure that the interim financial statements are complete and accurate.

MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION

See attached corrective action plan.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS 2024-003 – DEBT AND MONITORING COVENANTS

CRITERIA

Management should be aware and track each loan's covenants and as part of the monthly closing process, monitor the covenants for compliance.

The forgivable loans and accrued interest payables should be recognized as revenue when all the relevant conditions have been met, or in some cases, when the lender has forgiven the loan.

CONDITION

There is no formal control point to monitor debt covenants. There are several loans that have debt covenant violations. If the loan covenants were monitored on an ongoing basis, the Organization would have an opportunity to seek a waiver with the possibility of curing the breach and not be out of compliance.

There was a material prior period adjustment to record debt and accrued interest payable that are forgivable, subject to certain conditions, that was previously recognized as income. At July 1, 2023, the various conditions to forgive these loans and accrued interest have not been met.

CAUSE

There is no policy to monitor debt covenants on a periodic basis.

Management did not review the loans documents for the conditions for forgiveness until they were questioned by the audit team.

EFFECT

When the Organization is out of compliance with the lender, the Organization would then be subject to the lenders' course of action and the loan could be called.

The loans and accrued interest payable that were recognized as revenue prematurely resulted in a material prior period adjustment which resulted in inaccurate, previously issued financial statements.

QUESTIONED COSTS

No questioned costs noted.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS 2024-003 – DEBT AND MONITORING COVENANTS (CONTINUED)

RECOMMENDATION

As part of its month-end and year-end closing checklist, management should develop procedures to monitor debt covenants.

Management should monitor the conditions on forgivable debt and accrued interest payables and only recognize as revenue when all conditions have been met. If the Organization obtains new forgivable loans, the terms should be reviewed carefully for conditions and forgiveness criteria.

MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION

See attached corrective action plan.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS 2024-004 – MONITORING GRANTS

CRITERIA

Grant revenue should be billed and recognized based on accurate and eligible costs, milestones, or the satisfaction of certain conditions. Management, as well as those responsible for recording items in the general ledger, must know the specific requirements for revenue recognition for each grant.

CONDITION

During the year, we noted that the Organization received several letters from funders indicating questioned or disallowed costs. In addition, we noted that \$402,014 of grant revenue was incorrectly recognized when we performed our subsequent cash receipts test.

CAUSE

The costs incurred for certain grants were not properly reviewed to eliminate ineligible costs or the billing to grantors was not reviewed for accuracy. Accurate and timely monthly closing procedures were not performed. No one monitored the ageing of grants receivables to identify why an invoice was outstanding for over a year.

EFFECT

This could lead to inaccurate financial statements for revenue and receivables. Also, claiming ineligible costs could jeopardize future funding or place the Organization in a negative position with the funder.

QUESTIONED COSTS

No questioned costs noted.

RECOMMENDATION

Management has internal control policies in place for billings; however, more attention is required when reviewing costs and billings on grants. Training on eligible costs and billing should be provided to program and accounting staff.

MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION

See attached corrective action plan.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS 2024-005 – COMPLIANCE WITH POLICIES

CRITERIA

The Organization has established dual signature requirements for checks over \$100 and \$15,000. Checks over \$100 require two signatures and checks over \$15,000 require one of the signers to be a Board Member.

CONDITION

We noted that a check was issued for over \$100 and only had one signature.

CAUSE

The established check signing policy was not followed.

EFFECT

The Organization is not following its check signing policy and it is possible that an unauthorized check will be issued.

QUESTIONED COSTS

No questioned costs noted.

RECOMMENDATION

Management should follow its existing policy regarding checks over \$100 and have two signers. Management might want to consider increasing the threshold for checks that require any two signatures.

MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION

See attached corrective action plan.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS 2024-006 – MISSING DOCUMENTS

CRITERIA

An organization must have a system in place to properly secure and have the ability to retrieve critical documents.

CONDITION

During the Organization's audit, management was unable to locate several key documents, including, but not limited to, complete lease agreements (exhibits were missing), a loan agreement, and details of security deposits. Similarly for Peacock Commons, LLC's audit, management was unable to provide certain documents.

CAUSE

Management did not secure the documents in a central location that is accessible to those who need access.

EFFECT

Certain key financial statement amounts might not be supported. If there is a disagreement with a third party, the Organization will be at a disadvantage if it cannot produce relevant documents. In audit situations, the inability to produce documents can lead to questioned costs or produce inconsistent results and create noncompliance affecting operations.

QUESTIONED COSTS

No questioned costs noted.

RECOMMENDATION

Management should develop a system to store and categorize electronic and paper documents so that they can be easily accessible. Ideally, management should convert paper documents to electronic files.

MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION

See attached corrective action plan.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS COMPLIANCE 2024-007 – MISSING DOCUMENTS AND ALLOWABLE COSTS

IDENTIFICATION OF THE FEDERAL PROGRAM

ALN 21.027 Coronavirus State and Local Fiscal Recovery Funds

CRITERIA

An organization must have a system in place to properly secure and have the ability to retrieve critical documents.

Grant revenue should be billed and recognized based on accurate and eligible costs, milestones, or the satisfaction of certain conditions.

CONDITION

During our testing, we noted the following:

1. Management was unable to provide supporting documents for claimed expenses of \$37,007.
2. Management was able to provide advance request forms.
3. There were \$76,273 of ineligible costs.

CAUSE

Management did not secure the documents in a central location that is accessible to those who need access.

The costs incurred were not properly reviewed to eliminate ineligible costs or the billing to grantors was not reviewed. Accurate and timely monthly grant billing procedures were not performed.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

MATERIAL WEAKNESS COMPLIANCE 2024-007 – MISSING DOCUMENTS AND ALLOWABLE COSTS (CONTINUED)

EFFECT

The effect for missing documents is that key financial statement amounts will not be supported. The inability to produce appropriate supporting documents will lead to questioned costs or produce inconsistent results.

Ineligible costs will lead to inaccurate financial statements for revenue and receivables. Also, claiming ineligible costs could jeopardize future funding or place the Organization in a negative position with the funder.

QUESTION COSTS

\$37,007 for missing documents.

\$76,273 for ineligible costs.

RECOMMENDATION

Management should develop a system to store and categorize electronic and paper documents so that they can be easily accessible.

Management has policies in place for billing; however, more attention is required when reviewing expenses being charged to a respective awards. Training on eligible costs should be provided to program and accounting staff.

MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION

See attached corrective action plan.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

MATERIAL WEAKNESS COMPLIANCE 2024-008 – ELIGIBILITY

IDENTIFICATION OF THE FEDERAL PROGRAM

ALN 16.575 Crime Victim Assistance

CRITERIA

An eligible participant in this program is an individuals aged 18 to 25.

CONDITION

Management was not able to provide support for all of the participants tested. Accordingly, we were not able to determine eligibility.

CAUSE

Management did not monitor eligibility on a consistent basis and maintain appropriate supporting documentation to support participant eligibility. The costs and activity were not properly reviewed against eligible participants or the billing to grantors was not reviewed. Accurate and timely monthly grant billing procedures were not performed.

EFFECT

Certain key financial statement amounts are not supported. The inability to produce documents could lead to questioned costs or produce inconsistent results which could impact the ability to receive future funding.

QUESTION COSTS

\$17,562.

RECOMMENDATION

Management should develop a system to store and categorize electronic and paper documents so that they can be easily accessible.

Management should create a template of the eligibility requirements for each grant. As part of the grant billing process, management should review the billing support for eligible participants and costs. More care is required to be exercised when reviewing eligibility and costs charged on grants. Training should be provided to program and accounting staff.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

MATERIAL WEAKNESS COMPLIANCE 2024-008 – ELIGIBILITY (CONTINUED)

MANAGEMENT’S RESPONSE AND PLANNED CORRECTIVE ACTION

See attached corrective action plan.

BILL WILSON CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

OTHER MATTER 2024-009 – *UNTIMELY FILING OF DATA COLLECTION FORM*

CRITERIA

The Organization is required to complete and submit its audit report and Data Collection Form with the Federal Audit Clearinghouse by the earlier of nine months after the end of its year or 30 days after the audit report has been issued.

CONDITION

For the year ended June 30, 2024, the Organization did not complete and submit its audit report and Data Collection Form by March 31, 2025, which is the earlier of nine months after the end of its year or 30 days after the audit report has been issued.

CAUSE

Given the delay in obtaining required information, the audit was not completed in time to submit the audit report and the Data Collection Form by March 31, 2024.

EFFECT

Noncompliance could impact the Organization's ability to obtain future awards.

QUESTION COSTS

No questioned costs noted.

RECOMMENDATION

We recommend that the Organization implement timely reconciliation procedures to ensure that complete and accurate financial information is available timely so the audit is able to start earlier with a goal of completing and submitting the final audit well before March 31 of the subsequent year.

MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION

See attached corrective action plan.

October 9, 2025

To Whom it may Concern:

Re: Bill Wilson Center's Management Responses to FY 2024 Audit Findings

MATERIAL WEAKNESS 2024-001 – IMPROVING MONTH END CLOSE AND AUDIT PREPARATION

MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION

Historically BWC's month end close occurred within 60-75 days after the month end. A new CFO joined in April 2023 and worked on the implementation of Sage Intacct to automate and streamline financial reporting processes, with a goal of completing the month end close more quickly. The online accounting software went live in October 2024. The CFO created the month end close checklist in April 2024. It details each team member's closing responsibilities and the deadlines. Team members are required to checkoff the list when the task is completed. The goal was to complete the close in 15 calendar days after the service month. With the continuous audit delay and major staffing turnover in the Finance department, the month end close in FY24-25 occurred within 30-45 days after the month end. A new Controller joined in May 2025. He has been able to lead the team to finish the closing in 10 business days after the month end. The CFO and the Controller are currently working on creating a quarter end reconciliation checklist.

MATERIAL WEAKNESS 2024-002 – INDEPENDENT REVIEW OF ADJUSTING JOURNAL ENTRIES AND CLOSING SCHEDULES

MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION

Prior to June 30, 2024, there was a lack of segregation of duties and a lack of month end close control. In early August 2024, the CFO did a major reorganization to increase monitoring and supervision at all levels. The Accountants are now responsible for processing transactions in Sage Intacct and performed account reconciliations. The Grants Accounting Manager is responsible for reviewing the general ledger by program and ensuring there is sufficient documentation for billing purposes. The Controller is responsible for managing the month end close and leading the audit. The CFO is responsible for the final review of payments, payroll, monthly financial reports, grant invoices and audit work paper.

Prior to the reorganization, staff members were not given the opportunity to learn nor the opportunity to foster partnership with different stakeholders. After the reorganization, the CFO continues to encourage team learning through close collaboration with internal department leaders and external fiscal and audit teams. The Controller will continue to manage the team and provide training.

MATERIAL WEAKNESS 2024-003 – DEBT AND MONITORING COVENANTS

MANAGEMENT’S RESPONSE AND PLANNED CORRECTIVE ACTION

There was no tracking of forgivable loans and no findings in prior years’ audit reports. A detailed file of all loans and debt covenants was created during the FY23-24 audit. Management will review the list on an annual basis.

MATERIAL WEAKNESS 2024-004 – MONITORING GRANTS

MANAGEMENT’S RESPONSE AND PLANNED CORRECTIVE ACTION

There was a combination of lack of understanding in funding source/expense eligibility and management override of internal controls for both finance and program staff in FY23-24. The program and finance team members responsible for these decisions are no longer with the agency. Starting in FY24-25, the Santa Clara County Office of Supportive Housing teams held onboarding meetings with BWC program and finance teams to go through billing and compliance requirements. The BWC Finance team also worked more closely with the County’s Behavioral Health Services Department finance team in reconciling services billed and payments received. Since the beginning of FY25-26, the CFO is also giving more training on grant monitoring and audit requirements for both finance and program staff.

MATERIAL WEAKNESS 2024-005 – COMPLIANCE WITH POLICIES

MANAGEMENT’S RESPONSE AND PLANNED CORRECTIVE ACTION

After Sage Intacct went live in October 2024, all checks have dual signatures.

MATERIAL WEAKNESS 2024-006 – MISSING DOCUMENTS

MANAGEMENT’S RESPONSE AND PLANNED CORRECTIVE ACTION

Most of the long-term debt agreements and lease agreements entered over a decade ago were retrieved during the FY23-24 audit and have been saved electronically in the F drive. It is possible that there are other paper documents that need to be converted into electronic files. More recently all critical documents such as grant agreements, award letters, and line of credit documents are all saved in the F drive by the Controller and the Accountants.

All the recent tenant lease agreements for Peacock Commons, LLC are saved in Buildium by the Peacock Property Manager. Buildium is a property management software implemented in April 2025 to automate and streamline the payment, reporting, and filing processes.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS COMPLIANCE 2024-007 – MISSING DOCUMENTS AND ALLOWABLE COSTS

MANAGEMENT’S RESPONSE AND PLANNED CORRECTIVE ACTION

For ALN 21.027 Coronavirus State and Local Fiscal Recovery,

There was a staffing change for the program between June to September 2024. The new program team met with the OSH’s fiscal team to review billing requirements and spending guidelines in the beginning of FY24-25. Starting October 2024, the new program team followed the guideline to restrict allowable expenses for clients only to the following:

- Tenant rent portion only on an emergency or as needed basis
- Move in deposit
- Housing application fees

In FY24-25, clients came from referrals from OSH as agreed upon. Client eligibility is verified by data in HMIS by the program team. Client files are stored in locked cabinets in the program team’s office.

All time entries are reviewed, approved, submitted, processed and saved in Paycom.

MATERIAL WEAKNESS COMPLIANCE 2024-008 – ELIGIBILITY

MANAGEMENT’S RESPONSE AND PLANNED CORRECTIVE ACTION

For ALN 16.575 Crime Victim Assistance

There was a staffing change for the program after FY23-24. Since the new Program Manager joined in December 2023, she worked with her team to put together the following procedures and protocols:

For direct program expenses, all copies of rent payment requests, check stubs and client signed half sheets are retained. Client support purchases have original receipts.

For proof of client eligibility, the previous management team kept the files in paper format. The new management team saved all the copies of client IDs, birth certificates or passports in AWARD\$ to verify age of participants. Client agreements are saved electronically in AWARD\$. Paper copies are stored in locked cabinets as well.

All time entries are reviewed, approved, submitted, processed and saved in Paycom.

OTHER MATTER 2024-009 – UNTIMELY FILING OF DATA COLLECTION FORM

MANAGEMENT’S RESPONSE AND PLANNED CORRECTIVE ACTION

With the addition of the new Controller and implementation of the closing procedures, management intends to start the FY24-25 much earlier with the goal of submitting the data collection form no later than March 31, 2026.

The FY23-24 audit was challenging due to multiple factors. BWC management team is fully committed to tighten our internal controls with the audit recommendations and be contractually compliant to our funders. We fully appreciate your support.

Very Truly Yours,

Vivian Wong
Chief Financial Officer