

**CORNERSTONE COMMUNITY DEVELOPMENT
CORPORATION**

DBA

**BUILDING FUTURES WITH WOMEN AND CHILDREN,
AND SUBSIDIARY**

(NONPROFIT PUBLIC BENEFIT CORPORATIONS)

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

YEAR ENDED JUNE 30, 2019

**(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018)**

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Patricia A. Wintroath, CPA

Independent Auditor's Report

Board of Directors
Building Futures with Women
and Children, and Subsidiary
San Leandro, California 94577

I have audited the accompanying financial statements of Cornerstone Community Development Corporation dba Building Futures with Women and Children, and Subsidiary (nonprofit organizations), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Building Futures with Women and Children, and Subsidiary as of June

30, 2019, 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.

Other Matters

Report on Summarized Comparative Information

I have previously audited the Building Futures with Women and Children, and Subsidiary's 2018 financial statements, and my report dated March 1, 2019, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

My audit was conducted for the purpose of forming an opinion on the 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 financial statements. The additional information presented on page 18, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 6, 2020, on my consideration of Building Futures with Women and Children, and Subsidiary's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Building Futures with Women and Children, and Subsidiary's internal control over financial reporting and compliance.

Patricia A. Wintworth, CPA

Certified Public Accountant
Walnut Creek, CA
January 6, 2020

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

			<u>Bessie Coleman Court, Inc.</u>		<u>Consolidated Eliminating Entries</u>	<u>Total All Funds 2019</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$534,142	\$99,667	\$2,461	\$155,026	\$	\$791,296
Grants receivable (Note D)	786,635					786,635
Accounts and pledges receivable (Note D)			3,148		(670)	2,478
Due from (to) other funds						0
TOTAL CURRENT ASSETS	1,320,777	99,667	5,609	155,026	(670)	1,580,409
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization at June 30, 2019 of \$2,169,986 (Note E)	1,191,208			3,483,292		4,674,500
DEPOSITS	0					0
TOTAL ASSETS	\$2,511,985	\$99,667	\$5,609	\$3,638,318	(\$670)	\$6,254,909
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$116,007	\$	\$36,257	\$	(\$670)	\$151,594
Accrued payroll expenses	98,536					98,536
Accrued vacations	95,962					95,962
Client rental account		440				440
Rental security deposits				21,167		21,167
Contract Advances		89,227				89,227
Line of credit (Note F)	300,000					300,000
Current portion of long term debt (Note G)	10,500			20,600		31,100
TOTAL CURRENT LIABILITIES	621,005	89,667	36,257	41,767	(670)	788,026
ACCOUNTS PAYABLE			47,889			47,889
LONG TERM DEBT (Note G)						
Payable debt				700,000		700,000
Extendable debt						0
Forgivable debt	891,373			385,737		1,277,110
COMMITMENTS AND CONTINGENCIES (Note H)						
NET ASSETS (Note I)	999,607	10,000	(78,537)	2,510,814		3,441,884
TOTAL LIABILITIES AND NET ASSETS	\$2,511,985	\$99,667	\$5,609	\$3,638,318	(\$670)	\$6,254,909

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

			Bessie Coleman Court, Inc.		Consolidated Eliminating Entries	Total All Funds 2018
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$96,764	\$68,155	\$5,501	\$120,465	\$	\$290,885
Grants receivable (Note D)	939,542					939,542
Accounts and pledges receivable (Note D)	95,531		953		(88,881)	7,603
Prepaid expenses	12,214					12,214
Due from (to) other funds						0
TOTAL CURRENT ASSETS	1,144,051	68,155	6,454	120,465	(88,881)	1,250,244
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization at June 30, 2018 of \$2,014,957. (Note E)	1,239,175			3,581,380		4,820,555
DEPOSITS	800					800
TOTAL ASSETS	\$2,384,026	\$68,155	\$6,454	\$3,701,845	(\$88,881)	\$6,071,599
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$118,034	\$	\$115,254	\$	(\$88,881)	\$144,407
Accrued payroll expenses	88,899					88,899
Accrued vacations	70,570					70,570
Client rental account		440				440
Rental security deposits				21,640		21,640
Contract Advances		39,715				39,715
Line of credit (Note F)	400,000					400,000
Current portion of long term debt (Note G)	10,500			20,955		31,455
TOTAL CURRENT LIABILITIES	688,003	40,155	115,254	42,595	(88,881)	797,126
ACCOUNTS PAYABLE			47,889			47,889
LONG TERM DEBT (Note G)						
Payable debt				700,000		700,000
Extendable debt						0
Forgivable debt	901,873			420,469		1,322,342
COMMITMENTS AND CONTINGENCIES (Note H)						
NET ASSETS (Note I)	794,150	28,000	(156,689)	2,538,781		3,204,242
TOTAL LIABILITIES AND NET ASSETS	\$2,384,026	\$68,155	\$6,454	\$3,701,845	(\$88,881)	\$6,071,599

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Bessie Coleman Court, Inc.		Total All Funds 2019
			Without Donor Restrictions	With Donor Restrictions	
SUPPORT AND REVENUE					
Support:					
Foundations and community organizations	\$289,800	\$144,553	\$	\$	\$434,353
Donations	129,057				129,057
In-kind donations (Note B)	181,725				181,725
Total Support	600,582	144,553	0	0	745,135
Revenue:					
Government	854,278	3,998,218		31,770	4,884,266
Rental income			963,873		963,873
Other revenue	107,299		3,543		110,842
Fundraising	81,514				81,514
Forgiveness of debt	10,500			35,087	45,587
Total Revenue	1,053,591	3,998,218	967,416	66,857	6,086,082
Net Assets Released From Restrictions	4,160,771	(4,160,771)	94,824	(94,824)	0
TOTAL SUPPORT AND REVENUE	5,814,944	(18,000)	1,062,240	(27,967)	6,831,217
EXPENSES					
Program					
San Leandro Shelter	529,908				529,908
Sister Me Home Safe house	603,191				603,191
Midway Shelter	770,813				770,813
Domestic Violence Outreach	138,701				138,701
Bessie Coleman Court Program	213,150				213,150
Housing Services	2,571,552				2,571,552
Other Program Services	173,788				173,788
Bessie Coleman Court, Inc.			984,088		984,088
Total program expenses	5,001,103		984,088		5,985,191
Support					
Administration	373,159				373,159
Fundraising	235,225				235,225
Total support expenses	608,384		0		608,384
TOTAL EXPENSES	5,609,487	0	984,088	0	6,593,575
CHANGE IN NET ASSETS	205,457	(18,000)	78,152	(27,967)	237,642
NET ASSETS, beginning of year	\$794,150	\$28,000	(\$156,689)	\$2,538,781	3,204,242
NET ASSETS, end of year	\$999,607	\$10,000	(\$78,537)	\$2,510,814	\$3,441,884

See Notes to Financial Statements

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Bessie Coleman Court, Inc.		Total All Funds 2018
			Without Donor Restrictions	With Donor Restrictions	
SUPPORT AND REVENUE					
Support:					
Foundations and community organizations	\$247,629	\$180,931	\$	\$	\$428,560
Donations	106,702	(2,368)			104,334
In-kind donations (Note B)	204,988				204,988
Total Support	559,319	178,563	0	0	737,882
Revenue:					
Government	701,439	3,519,622		43,543	4,264,604
Rental income			750,918		750,918
Other revenue	66,298		3,929		70,227
Fundraising	74,290				74,290
Forgiveness of debt	10,500			20,955	31,455
Total Revenue	852,527	3,519,622	754,847	64,498	5,191,494
Net Assets Released From Restrictions	3,688,185	(3,688,185)	94,824	(94,824)	0
TOTAL SUPPORT AND REVENUE	5,100,031	10,000	849,671	(30,326)	5,929,376
EXPENSES					
Program					
San Leandro Shelter	614,166				614,166
Sister Me Home Safe house	506,308				506,308
Midway Shelter	599,465				599,465
Domestic Violence Outreach	216,784				216,784
Bessie Coleman Court Program	213,978				213,978
Housing Services	2,026,477				2,026,477
Other Program Services	83,090				83,090
Bessie Coleman Court, Inc.			831,780		831,780
Total program expenses	4,260,268		831,780		5,092,048
Support					
Administration	336,805				336,805
Fundraising	143,452				143,452
Total support expenses	480,257		0		480,257
TOTAL EXPENSES	4,740,525	0	831,780	0	5,572,305
CHANGE IN NET ASSETS	359,506	10,000	17,891	(30,326)	357,071
NET ASSETS, beginning of year	\$434,644	\$18,000	(\$174,580)	\$2,569,107	2,847,171
NET ASSETS, end of year	\$794,150	\$28,000	(\$156,689)	\$2,538,781	\$3,204,242

See Notes to Financial Statements

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	San Leandro Shelter	Sister Me Home Safe House	Midway Shelter	Domestic Violence Outreach	Bessie Coleman Court Program	Housing Services	Other Program Services	Total Program	General and Administration	Fundraising	Total Support	Bessie Coleman Court, Inc.	Total All Funds 2019
Salaries	\$233,478	\$379,958	\$302,475	\$82,803	\$141,538	\$761,026	\$126,529	\$2,027,807	\$129,431	\$94,376	\$223,807	\$181,565	\$2,433,179
Payroll taxes	29,010	26,661	26,852	9,775	11,665	74,391	7,662	186,016	7,958	11,384	19,342	15,840	221,198
Employee benefits	41,683	34,519	35,391	19,419	15,983	124,883	2,532	274,410	23,710	7,367	31,077	60,668	366,155
Total personnel expenses	304,171	441,138	364,718	111,997	169,186	960,300	136,723	2,488,233	161,099	113,127	274,226	258,073	3,020,532
Occupancy	59,140	27,175	30,663	9,486	4,616	37,111	8,786	176,977	6,133	2,546	8,679	270,403	456,059
Property management fees								0			0	55,560	55,560
Depreciation	18,129	35,763	3,050		1,728	458	617	56,942	9,422		9,422	98,087	155,029
Repairs and maintenance	32,727	19,781	16,379		9,988	30,869	6,521	71,690	10,765	12,313	23,078	207	81,112
Supplies and food	31,980	16,642	17,490	459	8,388	72,448	682	113,949	34,459	55,260	89,719	8,502	137,234
Professional services	17,810	17,495	17,726	5,310	3,937	12,172	787	139,859	4,228	817	5,045	15,000	238,080
Insurance	4,334	3,495	3,937	2,483	1,678	18,968	28	28,886	4,566	255	4,821	7,308	48,931
Communication	9,051	6,190	6,632	864	2,472	18,968	40	44,205	4		4	246,520	56,334
Other direct client assistance					3,370	1,300,084		1,303,494			20,465		1,550,018
Interest expense								0	20,465		20,465		20,465
Legal and accounting	920	3,024	2,045		1,080			4,104	30,940		30,940	4,774	39,818
Client transportation	1,449	695	1,719	5,597	470	5,664	9,920	9,794			0		9,794
Other expenses	1,891	1,103	2,183	1,958	760	12,343	350	32,891	29,377	3,267	32,644	11,103	76,638
Staff travel		480			1,244	21,048		29,154	786	199	985	1,121	31,260
Fundraising expenses								0		21,356	21,356		21,356
Equipment purchase and rental	5,229	4,729	3,042	547	4,731	20,288	1,065	39,631	15,421	2,953	18,374	7,222	65,227
Project construction			208,223			67,752		275,975			0		275,975
Merchant and bank fees	4,849	4,849				12,047		0	4,424	132	4,556	208	4,764
Temporary staffing	38,228	20,632	88,157		3,439		8,269	26,594	41,070	23,000	41,070		67,664
In-kind supplies and services								158,725			23,000		181,725
Total expenses	\$529,908	\$603,191	\$770,813	\$138,701	\$213,150	\$2,571,552	\$173,788	\$5,001,103	\$373,159	\$235,225	\$608,384	\$984,088	\$6,593,575

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	San Leandro Shelter	Sister Me Home Safe House	Midway Shelter	Domestic Violence Outreach	Bessie Coleman Court Program	Housing Services	Other Program Services	Total Program	General and Administration	Fundraising	Total Support	Bessie Coleman Court, Inc.	Total All Funds 2018
Salaries	\$323,445	\$284,220	\$321,921	\$140,175	\$140,211	\$633,843	\$34,259	\$1,878,074	\$120,877	\$51,051	\$171,928	\$161,370	\$2,211,372
Payroll taxes	28,993	26,246	29,020	12,777	13,045	57,112	3,404	170,597	10,654	4,223	14,877	14,088	199,562
Employee benefits	47,711	41,877	47,551	20,341	22,724	98,829	5,868	284,901	(6,200)	4,793	(1,407)	58,810	342,304
Total personnel expenses	400,149	352,343	398,492	173,293	175,980	789,784	43,531	2,333,572	125,331	60,067	185,398	234,268	2,753,238
Occupancy	46,961	27,209	33,608	6,944	5,361	22,289	5,167	147,539	6,986	1,983	8,969	116,836	273,344
Property management fees								0			0	49,560	49,560
Depreciation	18,129	39,412	5,592	534	831	977	2,459	63,133	2,907	361	2,907	98,087	164,127
Repairs and maintenance	28,210	12,275	15,137	8,663	6,783	15,367	3,606	60,423	3,168	10,581	3,529	135,603	199,555
Supplies and food	31,364	17,506	22,569	9,325	6,643	36,156	1,031	105,858	7,313	16,044	17,894	556	124,308
Professional services	13,790	16,277	18,798	1,529	3,907	6,851	259	102,020	69,249	485	85,293	833	188,146
Insurance	3,718	4,376	4,239	766	2,112	11,655	3	24,879	13,637	249	8,752	9,000	48,001
Communication	9,050	6,856	6,869		2,707	1,122,077	646	37,311	8,503			8,950	55,013
Other direct client assistance	268	120	73					1,125,891	(20)		(20)	114,331	1,240,202
Interest expense								0	24,429		24,429		24,429
Legal and accounting	2,365	1,925	2,026	167	3,905	3,466	607	3,905	38,067		38,067	3,915	45,887
Client transportation	1,703	1,956	1,682	7,535	948	4,659	5,347	11,504	296		296		11,800
Other expenses			2,269	3,883	1,046	10,976		23,928	22,519	1,722	24,241	50,101	98,270
Staff travel	577			3,898				17,705	916	161	1,077	2,017	20,799
Fundraising expenses				247	316			3,898	49	29,706	29,755		33,653
Equipment purchase and rental	2,388	2,666	1,893			1,180	3	8,693	2,396	201	2,597	7,712	19,002
Merchant and bank fees						10		10	4,727	1,892	6,619	11	6,640
Temporary staffing	1,327	1,327	1,327			1,030		5,011	6,332		6,332		11,343
In-kind supplies and services	54,167	22,060	84,891		3,439		20,431	184,988		20,000	20,000		204,988
Total expenses	\$614,166	\$506,308	\$599,465	\$216,784	\$213,978	\$2,026,477	\$83,090	\$4,260,268	\$336,805	\$143,452	\$480,257	\$831,780	\$5,572,305

See Notes to Financial Statements

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Bessie Coleman Court, Inc.		Total All Funds 2019
			Without Donor Restrictions	With Donor Restrictions	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Change in Net Assets	\$205,457	(\$18,000)	\$78,152	(\$27,967)	\$237,642
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:					
Depreciation	56,942			98,088	155,030
	262,399	(18,000)	78,152	70,121	392,672
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES					
(Increase) decrease in grants receivable	152,907		0		152,907
(Increase) decrease in accounts and pledges receivable	95,531		(2,195)		93,336
(Increase) decrease in prepaid expenses	12,214				12,214
(Increase) decrease in due from (to) other funds	0		0	0	0
(Increase) decrease in deposits	800				800
Increase (decrease) in accounts payable and accrued expenses	(2,027)		(78,997)		(81,024)
Increase (decrease) in accrued payroll expenses	9,637				9,637
Increase (decrease) in accrued vacations	25,392				25,392
Increase (decrease) in client rental account					0
Increase (decrease) in rental security deposits				(473)	(473)
Increase (decrease) in contract advances		49,512			49,512
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	556,853	31,512	(3,040)	69,648	654,973
CASH FLOWS FROM INVESTING ACTIVITIES:					
Equipment and property purchases	(8,975)				(8,975)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(8,975)	0	0	0	(8,975)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Borrowing on line of credit	0				0
Borrowing on loans					0
Forgiveness of long term debt	(10,500)			(35,087)	(45,587)
Repayments on loans/ Line of credit	(100,000)				(100,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(110,500)	0	0	(35,087)	(145,587)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	437,378	31,512	(3,040)	34,561	500,411
CASH AND CASH EQUIVALENTS, beginning of year	\$96,764	\$68,155	\$5,501	\$120,465	290,885
CASH AND CASH EQUIVALENTS, end of year	\$534,142	\$99,667	\$2,461	\$155,026	\$791,296
SUPPLEMENTAL INFORMATION:					
Interest paid					\$20,465

See Notes to Financial Statements

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
#

	Without Donor Restrictions	With Donor Restrictions	Bessie Coleman Court, Inc.		Total All Funds 2018
			Without Donor Restrictions	With Donor Restrictions	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Change in Net Assets	\$359,506	\$10,000	\$17,891	(\$30,326)	\$357,071
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:					
Depreciation	66,040			98,087	164,127
	425,546	10,000	17,891	67,761	521,198
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES					
(Increase) decrease in grants receivable	(296,039)		23,992		(272,047)
(Increase) decrease in accounts and pledges receivable	(92,052)		3,849		(88,203)
(Increase) decrease in prepaid expenses	4,579				4,579
(Increase) decrease in due from (to) other funds	113,439		(113,439)		0
(Increase) decrease in deposits	(800)				(800)
Increase (decrease) in accounts payable and accrued expenses	(59,031)		59,451		420
Increase (decrease) in accrued payroll expenses	4,953				4,953
Increase (decrease) in accrued vacations	3,925				3,925
Increase (decrease) in client rental account					0
Increase (decrease) in rental security deposits				1,317	1,317
Increase (decrease) in contract advances		(1,839)			(1,839)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>104,520</u>	<u>8,161</u>	<u>(8,256)</u>	<u>69,078</u>	<u>173,503</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Equipment and property purchases	(193,480)				(193,480)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(193,480)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(193,480)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:					
Borrowing on line of credit	0				0
Borrowing on loans					0
Forgiveness of long term debt	(10,500)			(20,955)	(31,455)
Repayments on loans/ Line of credit					0
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(10,500)</u>	<u>0</u>	<u>0</u>	<u>(20,955)</u>	<u>(31,455)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(99,460)</u>	<u>8,161</u>	<u>(8,256)</u>	<u>48,123</u>	<u>(51,432)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>\$196,224</u>	<u>\$59,994</u>	<u>\$13,757</u>	<u>\$72,342</u>	<u>342,317</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$96,764</u>	<u>\$68,155</u>	<u>\$5,501</u>	<u>\$120,465</u>	<u>\$290,885</u>
SUPPLEMENTAL INFORMATION:					
Interest paid					<u>\$24,429</u>

See Notes to Financial Statements

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE A - ORGANIZATION

General – Building Futures with Women and Children (the Organization) is a California nonprofit public benefit corporation established in 1986. The Organization’s legal name is Cornerstone Community Development Corporation. The Organization was previously known as San Leandro Shelter for Women and Children. The Organization’s mission is to build communities with underserved women and children where they are safely and supportively housed, free from homelessness and family violence. In 1999, the Organization established a wholly owned subsidiary, Bessie Coleman Court, Inc., a nonprofit public benefit corporation, to develop, own, and operate safe, decent, and affordable housing for women and children.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting - The Organization maintains its accounting records on the accrual basis of accounting.

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for the various programs are classified for accounting and reporting according to the activities and objectives specified by donors, grantors, officials and governing boards. Separate accounts are maintained for each program.

Estimates - In preparing financial statements in conformity with Generally Accepted Accounting Principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities as of the date of the financial statements; and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents - The Organization's cash and cash equivalents balance consists of amounts held in checking and savings accounts in large financial institutions.

Prepaid expenses – Prepaid expenses are amortized over the period of future benefit.

Property and Equipment - Furniture and equipment are stated at cost. Donated equipment is recorded at its estimated fair market value. Expenditures for property and equipment are capitalized. Depreciation for property and equipment is calculated using the straight-line method over the useful life of each asset. The useful life of these assets ranges from three to fifty-nine years. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any gain or loss arising from such disposition is included as revenue or expense. Expenditures for repairs and maintenance are charged to expense as incurred.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements – Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumption market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

Consolidating Eliminating Entries - Eliminating entries are present to reduce inter-company receivables and payables to avoid inflation of the total assets and total liabilities on the consolidated balance sheet.

Donated Materials and Services - Donated materials are recorded at their fair value at the date of donation. In addition, a substantial number of individuals have donated significant amounts of their time to the Organization, primarily through program activities. These services are reflected in the accompanying financial statements using a valuation of the services based on an estimate of the fair value at the time of the donation. Donated services by individuals providing administration services, and unskilled children's program and shelter services are not recorded as donated services as there are no special skills required for these services. During the year ended June 30, 2019, the Organization received approximately 3,050 hours of volunteer administrative, children's program and shelter services. The Organization received over 7,680 hours of volunteer meal service for the shelter programs.

Functional Allocation of Expenses - Costs of providing the various programs have been summarized on a functional basis in the accompanying statement of functional expenses. Certain indirect costs have been allocated directly to programs and administration based upon detailed estimates prepared by management personnel and on the basis of direct hours charged to each program.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes - The Organization is a Section 501(c)(3) organization exempt from income taxes under Section 501(a) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. There was no taxable unrelated business income during the year ended June 30, 2019.

Contributions and Grant Revenue - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in the net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All other contributions are recognized upon receipt. Amounts received but not yet earned are reported as advances.

Performance revenue is recognized as earned. Amounts received but not yet earned are reported as advances. Other support and revenue, such as interest income, proceeds from fund-raising, and expenses, are accounted for using the accrual method.

Contributions Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Financial Statement Presentation - The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions:

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets with donor restrictions:

Net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organizations ongoing operations and interest and dividends earned on investments. Non-operating activities are limited to resources that generate returns from investments and other activities considered to be of a more unusual or nonrecurring nature.

Reclassifications - Certain reclassifications have been made in the 2018 comparative totals to conform to the classifications used in 2019.

New Accounting Pronouncements – On August 18, 2016, FASB issued ASU 2016-14, Not-for-profit Entities (Topic 958) – *Presentation of Financial Statements of Not for Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE C – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs, liabilities and other obligations as they become due. As of June 30, 2019, the Organization has ample cash and cash equivalents to cover operating expenses. The following assets could be readily made available within one year of the statement of financial position to meet general expenditures:

Financial assets:

Cash	
Building Futures with Women & Children	\$633,809
Bessie Coleman Court, Inc.	<u>157,487</u>
Financial assets available within one year	<u>\$791,296</u>

The Organization does not have an operating reserve.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE D - GRANTS, ACCOUNTS AND PLEDGES RECEIVABLE

Grants, accounts and pledges receivable at June 30, 2019 consisted of the following:

Building Futures with Women & Children:

Without Donor Restriction Funds

Alameda County CDBG	\$ 13,880
Alameda County DVCA	5,424
Alameda Point Collaborative	5,415
CalOES	171,833
CalWORKS	9,793
CalWORKS – RR	50,884
City of Alameda Housing Navigation	10,000
City of Alameda Immediate Impact	10,000
City of San Leandro CDBG	2,060
ESG State HRC	118,258
Housing/Jobs Linkages Program	7,171
HUD BCC CoC	2,619
Mid-County CES/Abode	151,255
North County Oakland HUD	21,346
Oakland CES	50,295
Oakland PATH	1,650
Satellite Affordable Housing Assoc	3,358
Warming Shelter	18,102
WHSL	<u>133,293</u>
Total - Unrestricted Funds	<u>\$786,634</u>
Total grants, accounts and pledges receivable -BFWC	<u>\$786,634</u>

Bessie Coleman Court, Inc.:

Without Donor Restriction Funds

Rents	<u>\$ 2,479</u>
Total Unrestricted Funds	<u>\$ 2,479</u>
Total grants, accounts and pledges receivable - BCC, Inc.	<u>\$ 2,479</u>

Total grants, accounts and pledges receivable **\$789,113**

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE D - GRANTS, ACCOUNTS AND PLEDGES RECEIVABLE (Continued)

Grants, accounts and pledges receivable at June 30, 2018 consisted of the following:

Building Futures with Women & Children:

Without Donor Restriction Funds

Alameda County CDBG	\$138,747
Alameda County DA Victim Services	17,083
Alameda County DVCA	1,450
Alameda Point Collaborative	\$ 11,843
CalOES	97,748
CalWORKS	15,682
CalWORKS – RR	42,612
City of San Leandro CDBG	4,132
City of San Leandro General Fund	19,132
ESG – State HRC	171,028
Housing/Jobs Linkages Program	14,294
HUD BCC CoC	8,619
Mid-County CES/Abode	185,665
North County Oakland HUD	34,093
Oakland CES	74,901
Oakland PATH	14,699
WHSL	87,814
Miscellaneous receivables	<u>6,650</u>
Total - Unrestricted Funds	<u>\$946,192</u>
Total grants, accounts and pledges receivable -BFWC	<u>\$946,192</u>

Bessie Coleman Court, Inc.:

Without Donor Restriction Funds

Rents	\$ 953
Total Unrestricted Funds	\$ 953
Total grants, accounts and pledges receivable - BCC, Inc.	<u>\$ 953</u>

Total grants, accounts and pledges receivable \$947,145

The Organization anticipates that all the grants, accounts and pledges receivable will be collected.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE E - PROPERTY AND EQUIPMENT

Property and Equipment as of June 30, 2019, consisted of the following:

	<u>BFWC</u>	<u>BCC, Inc.</u>
Building	\$ 224,069	\$ 0
Land	86,400	0
Building improvements	779,536	0
Furniture and equipment	40,000	43,417
Site Acquisition		2,298,240
Leasehold improvements	<u>778,337</u>	<u>2,692,575</u>
	1,908,342	5,034,232
Less: Accumulated Depreciation	<u>717,134</u>	<u>1,550,940</u>
	<u>\$1,191,208</u>	<u>\$3,483,292</u>

Property and Equipment as of June 30, 2018, consisted of the following:

	<u>BFWC</u>	<u>BCC, Inc.</u>
Building	\$ 224,069	\$ 0
Land	86,400	0
Building improvements	779,536	0
Furniture and equipment	40,000	43,417
Site Acquisition	\$	2,298,240
Leasehold improvements	<u>769,362</u>	<u>2,692,575</u>
	1,899,367	5,034,232
Less: Accumulated Depreciation	<u>660,192</u>	<u>1,452,852</u>
	<u>\$1,239,175</u>	<u>\$3,581,380</u>

Depreciation and amortization expense for the years ended June 30, 2019 and 2018 was \$155,029 and \$164,127, respectively.

The site acquisition cost represents the fair market value of a 59 year lease which was donated by the Naval Air Station and City of Alameda.

NOTE F – LINE OF CREDIT

The Organization obtained a line of credit with Bank of the West with a maximum borrowing limit of \$300,000. At June 30, 2019, the interest rate on the line was 4.6%. The outstanding balance at June 30, 2019 and 2018 was \$200,000 and \$300,000, respectively.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE F – LINE OF CREDIT (Continued)

The Organization also obtained a private line of credit with AHN with a maximum borrowing limit of \$150,000. No interest is charged on this line. The outstanding balance at June 30, 2019 and 2018 was \$100,000.

NOTE G – LONG TERM DEBT

The long term debt of the organization consisted of the following loans at June 30, 2019 and 2018. The loans below have been categorized as payable and forgivable based on the terms of each loan.

Building Futures with Women and Children:

Building Futures with Women and Children's long term debt at June 30, 2019 and 2018 consisted of five Federal CDBG loans for the predevelopment, purchase, and improvement costs associated with the purchase of a safe house.

Forgivable Loans:

A loan from the City of San Leandro, in the amount of \$180,000, was received during June 1999. This loan consists of \$27,862 used towards predevelopment costs and \$152,138, used toward the safe house purchase price. The purchase of the safe house occurred during July 1999, at which time the \$152,138 was transferred to the purchase escrow account. The term of the loan is 30 years with deferred payment of principal and interest. Simple interest at the rate of 2% per annum is due on July 1, 2029. The loan (principal and interest) will be forgiven on July 1, 2029 if the Organization uses the house purchased, as a safe house, for the full term of the loan. The loan will be due if and when the safe house is sold prior to the expiration of the 30 year loan period. On July 18, 2007, the loan was amended to include retroactive forgiveness of the principal and interest on an annual basis, each June 30. 1/30th of the loan will be forgiven each year. As of July 18, 2007, eight years' of principal, totaling \$48,000 and all the accrued interest, were forgiven. The loan balance as of June 30, 2019 and 2018 was \$62,500 and \$68,000, respectively.

A loan from the City of San Leandro, in the amount of \$50,000, was received on July 1, 2008, which was increased to \$100,000 on September 25, 2012. This loan is for capital improvements to be made on the safe house. The term of the loan is 20 years from the date the loan is fully funded (July 1, 2013), with deferred payment of principal and interest. Simple interest at the rate of 3% per annum is due on the loan. The loan (principal and interest) will be forgiven on an annual basis at a rate of 1/20 of the principal and interest, beginning on the anniversary of the Forgiveness Commencement Date (July 1, 2013). The loan will be due if and when the safe house is sold prior to the expiration of the 20 year loan period. The balance of the loan at June 30, 2019 and 2018 was \$75,000 and \$80,000, respectively.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE G – LONG TERM DEBT (Continued)

A loan from the California Department of Housing and Community Development, in the amount of \$459,213, was received on January 22, 2013. This loan is for capital improvements to be made to the safe house. The term of the loan is 7 years from the date the Notice of Completion is recorded, with deferred payment of principal and interest. Simple interest at the rate of 3% per annum is due on the loan. The loan (principal and interest) will be forgiven at the maturity date of the Note. The loan will be due if and when the safe house is sold prior to the expiration of the 7 year loan period. The loan balance as of both, June 30, 2019 and 2018, was \$459,213.

A loan, in the amount of \$305,160, was obtained from the County of Alameda on June 6, 2013, for the rehabilitation of the safe house and the refinance of two loans above in the amounts of \$55,660 and 149,500 originally obtained for the purchase of the safe house. The term of the loan is 44 and one half years with deferred payment of principal and interest. The loan will accrue simple interest at 3% per annum beginning on July 1, 2013 and is secured by a Deed of Trust from the Organization. The note will mature on December 31, 2058 or upon the sale, transfer, conveyance, assignment, encumbrance, change of use, or refinance of the property in violation of the Regulatory Agreement or Deed of Trust. If the property is used for its stated purpose for the life of the loan, the loan will be forgiven at its maturity. The loan balance as of both, June 30, 2019 and 2018, was \$305,160.

Aggregate maturities on long-term debt for each of the next five years and subsequent periods are as follows:

Year Ended June 30,	
2020	\$ 10,500
2021	469,713
2022	10,500
2023	10,500
2024	60,500
Subsequent	<u>340,160</u>
	<u>\$901,873</u>

Bessie Coleman Court, Inc.:

Bessie Coleman Court, Inc.'s long term debt, at June 30, 2019, consisted of four loans for the predevelopment, purchase, and improvement costs associated with the redevelopment of supportive housing units located on the Alameda Naval Air Station, now known as Alameda Point.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE G – LONG TERM DEBT (Continued)

Payable Loans:

The first loan is from Alameda County, in the amount of \$700,000. The loan funds are made up of \$400,000 HUD SHP funding, \$156,000 Alameda County Housing Trust Fund and \$144,000 of Urban County HOME funds. The terms of the loan are 0% interest with the first payment deferred until December 30, 2010. Beginning January 1, 2011, repayment will be the lesser of \$14,285 or 100% of the residual cash flow from the rental project annually.

	<u>2019</u>	<u>2018</u>
Total due at June 30,	<u>\$700,000</u>	<u>\$700,000</u>
Long term debt	<u>\$700,000</u>	<u>\$700,000</u>

Forgivable Loans:

The second loan is in the amount of \$337,737 from the Bank of the West REID/Community Development Lending. The note was dated June 1, 2005. The terms of the loan are 0% interest with no payments due during the 15 year period commencing on the date of project completion. At the end of the 15 year period, the loan shall be forgiven provided that the Leasehold Estate has been in compliance with the AHP requirements throughout the loan period.

	<u>2019</u>	<u>2018</u>
Total due at June 30,	<u>\$337,737</u>	<u>\$337,737</u>
Long term debt	<u>\$337,737</u>	<u>\$337,737</u>

The third loan, dated September 4, 2009, is in the amount of \$86,000 from the City of Alameda, CDBG loan for rehabilitation work on the property. The terms of the loan are 0% interest with no payments. This loan will be forgiven in ten equal annual installments, beginning on January 1, 2011, with the final forgiveness on January 1, 2020. The note will be due and payable upon the sale, transfer, conveyance, and assignment encumbrance or change of use of the property.

	<u>2019</u>	<u>2018</u>
Total due at June 30,	<u>\$8,600</u>	<u>\$17,200</u>
Long term debt	<u>\$8,600</u>	<u>\$17,200</u>

The fourth loan, dated February 19, 2014, is in the amount of \$120,000 from the City of Alameda, CDBG loan for rehabilitation work on the property known as Bessie Coleman Court. The terms of the loan are 0% interest with no payments. This loan will be forgiven in ten equal annual installments, beginning on January 1, 2015, with the final

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE G – LONG TERM DEBT (Continued)

forgiveness on January 1, 2024. The note will be due and payable upon the sale, transfer, conveyance, and assignment encumbrance or change of use of the property. As of June 30, 2019, \$123,552 of the loan was utilized and funded.

	<u>2019</u>	<u>2018</u>
Total due at June 30,	<u>\$60,000</u>	<u>\$86,487</u>
Long term debt	<u>\$60,000</u>	<u>\$86,487</u>

Aggregate maturities on long-term debt for each of the next five years and subsequent periods are as follows:

Year Ended June 30,	
2020	\$ 20,600
2021	349,737
2022	12,000
2023	12,000
2024	12,000
Subsequent	<u>700,000</u>
	<u>\$1,106,337</u>

The Organization deems the default of any of the above notes due to unallowed operations remote since the use of the safe house and Bessie Coleman Court property facilitates the mission of the Organization.

NOTE H - COMMITMENTS AND CONTINGENCIES

The Organization conducts its administrative operation in San Leandro on premises leased from Praises of Zion Church. The current lease is \$6,425 per month on a month to month basis. A new lease begins in January 2019 with a monthly lease payment of \$6,425, the term of the new lease is two years.

The Organization conducts its operation in San Leandro on premises leased from St. Leander's Catholic Church on a month to month basis at \$2,000 per month. The current lease expires on May 30, 2019.

The Organization leases the Midway shelter site, at \$0.

The Organization leases two copy machines for \$190 per month through June 3, 2021.

The Organization entered into an operating agreement with Alameda Homeless Network to operate the Midway shelter on October 1, 2000. As part of the agreement, Alameda Homeless Network will grant the Organization \$50,000 or 18% of the

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE H - COMMITMENTS AND CONTINGENCIES (Continued)

operating costs, whichever is greater, per year, to be used for the operation of the program. The agreement was amended to increase the Alameda Homeless Network grant to \$80,000 beginning with the year ended June 30, 2010.

Bessie Coleman Court, Inc. entered into a 59 year lease, on April 23, 1999, for sublease of the buildings 531, 532, and 533 along with the adjacent open space and parking area, now known as Bessie Coleman Court, at Alameda Point. The lease was donated and no future annual cost is to be incurred by Bessie Coleman Court, Inc.

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grant. Management is of the opinion that the organization has complied with the terms of all grants.

The Organization receives a substantial amount of its support from the State of California, Alameda County, City of Oakland, City of San Leandro and the City of Alameda. The Organization's programs and activities are dependent upon the availability of these funds. A significant reduction in the level of government support may impact the ability of the Organization to remain a going concern. The amount that would be considered a significant reduction in funding from government agencies cannot be determined as of the financial statement date.

The Organization has instructed its independent auditors to audit the cost related to U.S. government funds to ensure compliance with Circular A-133 issued by the U.S. Office of Management and Budget for the year ended June 30, 2019. Management believes that matters arising from governmental agencies' review of the independent auditors' reports for the year ended June 30, 2019 will not have a material effect on the financial position of the organization.

NOTE I – NET ASSETS

At June 30, 2019, the Organization's net assets with donor restrictions consisted of the following grants:

Building Futures with Women and Children

Children's Support League of the East Bay	<u>\$10,000</u>
Total Temporarily Restricted Net Assets	<u>\$10,000</u>

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE I – NET ASSETS (Continued)

BCC, Inc.

Net Property and Equipment	<u>\$2,496,682</u>
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Net Assets released from restrictions during the year ended June 30, 2019:

Building Futures with Women and Children

Alameda Homeless Network	\$20,000
Children’s Support League of the East Bay	<u>8,000</u>
Total donor restricted net assets released from restrictions	\$28,000

BCC, Inc.

Net Property and Equipment	<u>\$42,099</u>
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Total donor restricted net assets released from restrictions	<u>\$42,099</u>
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NOTE J – SUBSEQUENT EVENTS

These financial statements were approved by the management of the Organization and available for issuance on January 6, 2020. The Organization has evaluated subsequent events through January 6, 2020.

ADDITIONAL INFORMATION

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND COUNTY AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor Pass-through Grantor/State Pass-through Grantor/County Program Title	Federal CFDA Number	Pass-through Grantor's Contract Number	Contract Period	Award Amount	Amount Expended
FEDERAL AWARDS:					
Department of Housing and Urban Development					
Passed through State of California					
Emergency Solutions Grant Program					
San Leandro Shelter Program	14.231	16662	4/3/18-7/31/19	\$186,993	\$90,324
ESG State Midway	14.231	16662	4/3/18-7/31/19	194,500	123,574
ESG State HRC	14.231	16662	4/3/18-7/31/19	131,500	100,430
				<u>512,993</u>	<u>314,328</u>
Passed through Alameda County					
Passed through State of California					
Emergency Solutions Grant Program					
San Leandro Shelter Program	14.231	C-18022	4/1/19-6/30/20	102,265	\$17,717
ESG State Midway	14.231	C-18022	4/1/19-6/30/20	102,265	16,104
ESG State HRC	14.231	C-18022	4/1/19-6/30/20	136,353	16,823
				<u>340,883</u>	<u>50,644</u>
Passed through City of Oakland					
Transitional housing & support services for North County PATH					
	14.231	N/A	7/1/18-6/30/19	147,000	147,000
	14.231	Subtotal		<u>1,000,876</u>	<u>511,972</u>
Passed through Alameda Point Collaborative					
Supportive Housing Program					
	14.235	N/A	7/01/18-06/30/19	80,000	80,000
Permanent Supportive Housing Program					
Permanent Supportive Housing Program	14.267	CA1467L9T021801	10/1/18 - 9/30/19	\$38,446	\$29,671
Permanent Supportive Housing Program	14.267	CA1467L9T021601	10/1/17 - 9/30/18	\$195,466	\$0
Passed through Alameda County					
Passed through Abode Services					
HUD CoC					
Mid County CES	14.267	N/A	8/1/17-6/30/20	1,048,875	330,557
Passed through Alameda County					
Housing and Community Development Program					
Supportive Housing Program - Linkages	14.267	9854	3/01/18-2/28/19	40,577	26,283
Supportive Housing Program - Linkages	14.267	9854	3/01/19-2/28/20	40,577	14,345
Passed through Alameda County					
Tenant-based rental assist & supportive services					
Tenant-based rental assist & supportive services	14.267	* C-12936	12/1/18-11/30/19	645,183	430,149
Tenant-based rental assist & supportive services	14.267	C-15417	12/1/17-11/30/18	627,903	230,689
Passed through City of Oakland					
Community Development Block Grant					
Community Development Block Grant	14.267	CA1270L9T021703	11/1/18-10/31/19	400,911	176,727
Community Development Block Grant	14.267	21468	11/1/17-10/31/18	392,239	105,174
	14.267	Subtotal		<u>3,430,177</u>	<u>1,343,595</u>
Passed through City of San Leandro					
Community Development Block Grant					
	14.218	N/A	7/01/16-06/30/17	25,000	25,000
Passed through City of Alameda					
Community Development Block Grant					
Emergency Homeless Shelter - Midway Construction	14.218	N/A	7/01/16-06/30/19	400,000	277,973
Emergency Homeless Shelter - Midway	14.218	N/A	8/20/18-06/30/19	76,830	76,830
Total CDBG Entitlement Grants Cluster	14.218			<u>501,830</u>	<u>379,803</u>
Passed through City of San Leandro					
Community Development Block Grant					
Capital Improvement Loan	N/A	N/A	09/25/12-06/30/24	100,000	0
Department of Homeland Security					
Passed through United Way of America					
Emergency Food and Shelter Program					
	97.024	Phase 34	4/1/18-3/31/19	32,000	32,000
Department of Health and Human Services					
Passed Through State of California					
California Office of Emergency Services					
Domestic Violence Assistance Program-FVPS	93.671	DV18 18 1770	10/01/18-9/30/19	150,000	134,340
Domestic Violence Assistance Program-FVPS	93.671	DV17 17 1770	10/1/17-9/30/18	145,000	19,788
				<u>295,000</u>	<u>154,128</u>

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND COUNTY AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor Pass-through Grantor/State Pass-through Grantor/County Program Title	Federal CFDA Number	Pass-through Grantor's Contract Number	Contract Period	Award Amount	Amount Expended
Passed through Alameda County Passed through Abode Services Medi-Cal Assistance Program - AC3 Oakland CES	93.778	N/A	7/01/18-06/30/19	320,922	277,648
Department of Justice					
Passed Through State of California California Office of Emergency Services Domestic Violence Assistance Program-VOCA Domestic Violence Assistance Program-VOCA	16.575 16.575	DV18 18 1770 DV17 17 1770	10/01/18-9/30/19 10/1/17-9/30/18	173,560 135,252	146,850 36,286
				<u>308,812</u>	<u>183,136</u>
Total Federal Awards				<u>\$6,069,617</u>	<u>\$2,962,282</u>
STATE AWARDS:					
Passed through Family Violence Law Center Passed through Alameda County Workforce and Resource Development CalWORKS Domestic Violence Services	N/A	14044	7/01/18-6/30/19	\$44,017	44,017
California Office of Emergency Services Domestic Violence Assistance Program-CDVV Domestic Violence Assistance Program-CDVV	N/A N/A	DV18 18 1770 DV17 17 1770	10/01/18-9/30/19 10/1/17-9/30/18	2,311 1,148	0 0
California Office of Emergency Services Domestic Violence Assistance Program-DVPO Domestic Violence Assistance Program-DVPO	N/A N/A	DV18 18 1770 DV17 17 1770	10/01/18-9/30/19 10/1/17-9/30/18	280,412 201,980	163,458 73,216
Total State Awards				<u>\$529,868</u>	<u>\$280,691</u>
COUNTY AWARDS:					
Social Services Agency CalWORKS Housing Support Program Rapid Rehousing Program	N/A	900133 /11168	07/1/18-06/30/19	\$660,006	\$660,006
Social Services Agency Shelter Services Emergency Shelters Programs	N/A	900133 /30688	7/01/18-6/30/19	625,221	625,221
Passed through Abode Services Mid County CES Boomerang RFP		N/A	8/1/17-6/30/20	176,400	
Passed through Abode Services Mid County CES Boomerang RRH		N/A	8/1/17-6/30/20	300	
Passed through Abode Services Mid County CES Boomerang 1		N/A	8/1/17-6/30/20	15,000	
Passed through City of Oakland Oakland CES Boomerang RFP	N/A	23299	9/1/17-6/30/18	40,000	
Passed through City of Oakland Oakland CES Boomerang 1	N/A	23299	9/1/17-6/30/18	3,750	
Social Services Agency Emergency Warming Shelter Emergency Warming Shelter	N/A	900133 /30688 17690	10/1/18-4/30/19 11/15/18-3/15/19	100,000 55,910	99,052 55,910
Office of the District Attorney DA victims Services XC	N/A	N/A	7/1/16-7/31/18	100,000	2,237
Passed through Alameda County Special Welfare Programs Domestic Violence Center Act, Shelter Services	N/A	900133 /30688	7/01/17-06/30/19	32,544	32,544
Total County Awards				<u>\$1,809,131</u>	<u>\$1,474,970</u>

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor Pass-through Grantor/State Pass-through Grantor/County Program Title	Federal CFDA Number	Pass-through Grantor's Contract Number	Contract Period	Award Amount	Amount Expended
BESSIE COLEMAN COURT, INC.					
FEDERAL AWARDS:					
Department of Housing and Urban Development					
Permanent Supportive Housing Program	14.235	CA1467L9T021500	10/01/17 - 09/30/18	\$195,466	\$86,032
	14.235	CA1467L9T021500	10/01/18 - 09/30/19	195,466	108,967
				<u>390,932</u>	<u>194,999</u>
Passed through County of Alameda Supportive Housing Loan Funds	N/A	N/A	01/1/00-12/31/59	400,000	0
Passed through City of Alameda CDBG Loan	N/A	N/A	01/01/11-01/01/20	86,000	0
CDBG Loan			02/19/14-01/01/25	120,000	0
Passed through Bank of the West REID/Community Development Lending Loan	N/A	N/A	06/01/05-06/1/20	337,737	0
Total Federal Awards				<u>\$1,334,669</u>	<u>\$194,999</u>
COUNTY AWARDS:					
Urban County HOME Loan Funds	N/A	N/A	01/1/00-12/31/2059	144,000	0
Alameda County Housing Trust Loan Fund	N/A	N/A	01/1/00-12/31/2059	156,000	0
Total County Awards				<u>\$300,000</u>	<u>\$0</u>
Total Awards				<u>\$1,634,669</u>	<u>\$194,999</u>

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO ADDITIONAL INFORMATION
YEAR ENDED JUNE 30, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Building Futures with Women and Children, and Subsidiary and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FEDERAL EXPENDITURES

Expenditures reported on the schedule 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 are limited as to reimbursement.

The amount of federal expenditures represents the amount of federal funds expended during the fiscal year ended June 30, 2018. A threshold of \$750,000 was used to distinguish between Type A and Type B programs as those terms are defined in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*. The Organization's major federal award programs were:

Continuum of Care Grant Program

CFDA #14.267

The Organization has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ADDITIONAL REPORTS



Patricia A. Wintroath, CPA

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
accordance with *Government Auditing Standards*

Board of Directors
Building Futures with Women
and Children, and Subsidiary
San Leandro, California 94577

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Building Futures with Women and Children, and Subsidiary (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated January 6, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Building Futures with Women and Children, and Subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Building Futures with Women and Children, and Subsidiary's internal control. Accordingly, I 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 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.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Patricia A. Wintroath, CPA

Patricia A. Wintroath, CPA
Walnut Creek, CA

January 6, 2020



Patricia A. Wintroath, CPA

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Building Futures with Women
and Children, and Subsidiary
San Leandro, California 94577

Report on Compliance for Each Major Federal Program

I have audited Building Futures with Women and Children, and Subsidiary's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Building Futures with Women and Children, and Subsidiary's major federal programs for the year ended June 30, 2019. Building Futures with Women and Children, and Subsidiary's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Building Futures with Women and Children, and Subsidiary's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Building Futures with Women and Children, and Subsidiary's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination on Building Futures with Women and Children, and Subsidiary's compliance.

Opinion on Each Major Federal Program

In my opinion, Building Futures with Women and Children, and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could

have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Internal Control over Compliance

Management of Building Futures with Women and Children, and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Building Futures with Women and Children, and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine my auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Building Futures with Women and Children, and Subsidiary's internal control over compliance.

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

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Patricia A. Wintroath, CPA

Patricia A. Wintroath, CPA
Walnut Creek, CA
January 6, 2020

**BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

There were no prior year audit findings.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Building Futures with Women and Children, and Subsidiary
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Building Futures with Women and Children, and Subsidiary were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements*.
5. The Auditor's report on compliance for major federal award programs for Building Futures with Women and Children, and Subsidiary expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* 200.516(a) are reported in this Schedule. (No findings were noted.)
7. The programs tested as major programs include: Department of Housing and Urban Development, Continuum of Care Grant Program, CFDA No. 14.267;
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Building Futures with Women and Children, and Subsidiary did not qualify as a low risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None