

AUDITED FINANCIAL STATEMENTS
& Reports Required by Government Auditing
Standards and OMB Circular A-133

SUNNYVALE COMMUNITY SERVICES

JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sunnyvale Community Services:

Report on the Financial Statements

We have audited the accompanying financial statements of Sunnyvale Community Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expense 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunnyvale Community Services as of June 30, 2014, and the changes in its net assets and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Sunnyvale Community Services June 30, 2013 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated October 8, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been obtained.

Other Matters

Required Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The *schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information presented in the *schedule of expenditures of federal awards* is fairly stated, in all material respects, in relation to the basic 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 22, 2014 on our consideration of the Sunnyvale Community Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sunnyvale Community Services' internal control over financial reporting and compliance.



Pleasanton, California
October 22, 2014

Sunnyvale Community Services
Statement of Financial Position
June 30, 2014 with Comparative Totals at June 30, 2013

	Unrestricted	Temporarily Restricted	Total 2014	Summarized 2013
ASSETS				
Cash	\$344,025	\$238,995	\$583,020	\$340,216
Awards and grants receivable	166,604	251,204	417,808	347,333
Inventory	146,526		146,526	35,565
Prepaid expenses	32,743		32,743	22,265
TOTAL CURRENT ASSETS	689,898	490,199	1,180,097	745,379
Investments	1,739,180		1,739,180	1,611,845
Deposits	946		946	1,004
Property and equipment, net	2,232,153		2,232,153	2,215,200
TOTAL ASSETS	\$4,662,177	\$490,199	\$5,152,376	\$4,573,428
LIABILITIES				
Accounts payable	\$27,844		\$27,844	\$44,660
Agency transactions refundable	240,705		240,705	218,202
Accrued compensation	56,130		56,130	45,771
TOTAL CURRENT LIABILITIES	324,679		324,679	308,633
Accrued interest	132,000		132,000	120,000
Notes payable	400,000		400,000	400,000
TOTAL LIABILITIES	856,679		856,679	828,633
NET ASSETS				
Unrestricted	3,096,968		3,096,968	2,670,579
Board designated reserves	708,530		708,530	708,530
Temporarily restricted		\$490,199	490,199	365,686
TOTAL NET ASSETS	3,805,498	490,199	4,295,697	3,744,795
TOTAL LIABILITIES & NET ASSETS	\$4,662,177	\$490,199	\$5,152,376	\$4,573,428

The accompanying notes are an integral part of this financial statement.

Sunnyvale Community Services
Statement of Activities
For the year ended June 30, 2014 with Comparative Totals for the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total 2014	Summarized 2013
Support and Revenue				
Support				
Foundation & corporate grants	\$201,881	\$1,065,516	\$1,267,397	\$996,139
Government contracts	487,910		487,910	364,789
Donations	789,698		789,698	1,152,294
In-kind donations	3,431,839		3,431,839	2,711,571
United Way		60,600	60,600	65,900
Donations from special events	68,986		68,986	54,927
Total support	4,980,314	1,126,116	6,106,430	5,345,620
Revenue				
Fee for services	44,071		44,071	38,450
Interest income	35		35	24
Investment income	119,880		119,880	74,825
Other income	2,026		2,026	
Total revenue	166,012		166,012	113,299
Net assets released from restrictions				
Purpose & time restrictions released	1,001,603	(1,001,603)		
Total revenue and support	6,147,929	124,513	6,272,442	5,459,219
Expenses				
Program services				
Emergency Assistance	5,242,238		5,242,238	4,452,282
Supporting services				
Management and general	261,440		261,440	205,898
Fundraising	217,862		217,862	191,494
Total expenses	5,721,540		5,721,540	4,849,674
Changes in net assets	426,389	124,513	550,902	609,545
Net assets at beginning of year	3,379,109	365,686	3,744,795	3,135,250
Net assets at end of year	\$3,805,498	\$490,199	\$4,295,697	\$3,744,795

The accompanying notes are an integral part of this financial statement.

Sunnyvale Community Services
Statement of Functional Expenses
For the year ended June 30, 2014 with Comparative Totals for the Year Ended June 30, 2013

	Services	Supporting Services			2014	2013
	Emergency Assistance	Management & General	Fund - Raising	Total Support	Total	Summarized
Salaries & wages	\$577,788	\$102,063	\$87,614	\$189,677	\$767,465	\$623,044
Payroll taxes	46,780	8,237	6,882	15,119	61,899	48,659
Fringe benefits	97,485	17,344	14,776	32,120	129,605	104,704
Total salaries	722,053	127,644	109,272	236,916	958,969	776,407
Conferences and meetings	175	12,981	953	13,934	14,109	9,288
Dues, fees and other charges		9,014	1,667	10,681	10,681	7,489
Emergency assistance	862,549				862,549	831,118
In-kind emergency assistance	3,264,727				3,264,727	2,678,027
In-kind professional services	6,046	1,044	899	1,943	7,989	21,979
Insurance	10,332	3,272	1,551	4,823	15,155	15,107
Interest expense		12,000		12,000	12,000	12,000
Maintenance & repair	21,899	6,252	3,476	9,728	31,627	15,143
Occupancy	31,435	5,553	4,767	10,320	41,755	42,859
Postage		3,761	5,892	9,653	9,653	11,789
Printing		4,576	30,910	35,486	35,486	32,833
Professional services		38,889	43,854	82,743	82,743	73,543
Subcontractor payments	231,803				231,803	197,968
Supplies	23,284	2,980	4,873	7,853	31,137	17,450
Telephone	12,748	2,234	1,920	4,154	16,902	15,054
Travel	636	106	101	207	843	914
Volunteer expense	950	22,401	326	22,727	23,677	27,892
Subtotal before depreciation	5,188,637	252,707	210,461	463,168	5,651,805	4,786,860
Depreciation	53,601	8,733	7,401	16,134	69,735	62,814
Total expenses	\$5,242,238	\$261,440	\$217,862	\$479,302	\$5,721,540	\$4,849,674

The accompanying notes are an integral part of this financial statement.

Sunnyvale Community Services
Statement of Cash Flows
For the year ended June 30, 2014 with Comparative Totals for the Year Ended June 30, 2013

	Total 2014	Summarized 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$550,902	\$609,545
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	69,735	62,814
Unrealized changes in investments	(85,823)	(58,298)
Realized changes re-invested	(34,057)	(16,527)
(Increase) decrease in operating assets		
Awards and grants receivable	(70,475)	(127,648)
Inventory	(110,961)	(35,565)
Prepaid expenses	(10,478)	(93)
Deposits	58	
Increase (decrease) in operating liabilities		
Accounts payable	(16,816)	39,381
Agency transactions refundable	22,503	64,605
Accrued compensation	10,359	10,067
Accrued interest expense	12,000	12,000
NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES	336,947	560,281
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(86,688)	
Purchases of investments	(7,455)	(983,762)
NET CASH PROVIDED / (USED) BY INVESTING ACTIVITIES	(94,143)	(983,762)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	242,804	(423,481)
BEGINNING CASH AND CASH EQUIVALENTS	340,216	763,697
ENDING CASH AND CASH EQUIVALENTS	\$583,020	\$340,216

The accompanying notes are an integral part of this financial statement.

SUNNYVALE COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A – SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

Sunnyvale Community Services (Organization) is California nonprofit public benefit corporation founded in 1970. Sunnyvale Community Services is a non-profit community organization that administers and coordinates essential human services to promote and to create independence and self-sufficiency for low income individuals, families, seniors and disabled persons residing within the city and surrounding areas of Sunnyvale.

Program Services

The Organization works closely with a variety of lower income families residing within the community to help them with emergency family needs. The Organization serves as the fiscal administrator for the San Francisco Chronicle's Season of Sharing Fund in Santa Clara County which provides emergency assistance to qualified individuals. The Organization operates a food distribution center supplied primarily by Second Harvest Food Bank and also local grocery stores, bakeries, churches and individuals. The Organization accepts donations of household and emergency items that are passed through to clients residing in the community on an as needed basis.

Summary of significant accounting policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies that follow enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Temporary restricted net assets include those subject to donor restrictions not met at the end of the current reporting period. Permanently restricted net assets include those subject to non-expiring donor restrictions. The Organization does not presently have any permanently restricted assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Indirect Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated to the various functional areas based on time studies of personnel and work assignments as directed by management.

SUNNYVALE COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Cash and Cash Equivalents

The Organization considers all cash accounts held in commercial accounts with an initial maturity of three months or less to be cash. The Organization is required to hold the San Francisco Chronicle's "Season of Sharing Fund" in a separate bank account. At June 30, 2014 the amount set aside is \$345,653. At June 30, 2013 the amount set aside is \$130,821.

Investments

The Organization carries investments in certificates of deposit, marketable securities, bonds and other cash equivalents with readily determinable fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income is reported as an increase in unrestricted net assets.

Contributions

The Organization accounts for contributions received and contributions made in accordance with Accounting Standards for Not-for-profit Organizations. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and, or nature of any donor restrictions. Restricted contributions are reported as an increase in temporarily or permanently restricted net assets. When the restriction is met, the amount is shown as a reclassification from restricted net assets to unrestricted net assets.

Contributions In-Kind

Donated equipment, food, and other goods are recorded at their estimated fair market value on the day of donation. Contributed services, which require a specialized skill and which the Organization would have paid for, if not donated, are recorded at their estimated fair market value when services are rendered. In addition, the Organization receives other contributed services that do not meet the criteria for recognition, but which are, nonetheless, central to the Organization's operations. These services are not reflected in the accompanying financial statements.

Revenue Recognition

The Organization recognizes revenue on the accrual basis of accounting. Government awards are recognized as revenue in the period in which the service is provided. Grants are recognized as revenue when awarded in writing. The Organization's primary revenue sources are grants, awards and donations.

Allowance for Doubtful Accounts

The Organization does not maintain an allowance on awards and grants receivable, as reimbursements from these funding sources are likely to be received. The Organization does maintain an allowance on program fees receivable based on specific identification. For the years ending June 30, 2014 and June 30, 2013 an allowance was not considered necessary.

Property, Equipment and Depreciation

Property and equipment is recorded at cost when purchased or, if contributed at estimated fair market value when donated. It is the Organization's policy to capitalize items costing more than \$1,000. Depreciation is computed using the MACRS method over the asset's estimated useful life, which ranges from five to thirty nine years. Depreciation is charged to the activity benefiting from the use of the facilities or equipment.

SUNNYVALE COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with Generally Accepted Accounting Principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was obtained. In addition, certain information in the prior year presentation has been reclassified to conform to the current year presentation.

Income Taxes

The Organization is exempt from federal and state income taxes under section 501(c) 3 of the Internal Revenue Code and Section 23701(d) of the California Code; accordingly, income taxes are not provided for in the financials. The Organization is not classified as a private foundation. The Financial Accounting Standards Board prescribes a recognition threshold and a measurement attribute for financial statement recognition of tax positions taken or expected to be taken on a tax return. Management has evaluated its uncertain tax positions and related income tax contingencies and does not believe any material uncertain tax positions exist.

Fair Value Measurements

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. In determining fair value, the Organization uses a fair value hierarchy which is categorized into three levels as follows:

Level 1 – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these balances does not entail a significant degree of judgment. Level 2 – Valuations are based on quoted prices for similar assets or liabilities in active markets from those willing to trade that are not active or for which other inputs can be corroborated by market data. Level 3 – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement and represent 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 Organization's assets measured at fair value at June 30, 2014 are as follows:

<u>Assets</u>	<u>Fair Value</u>	<u>Level 1</u>
Investments	\$1,739,180	\$1,739,180

The Organization's assets measured at fair value at June 30, 2013 are as follows:

<u>Assets</u>	<u>Fair Value</u>	<u>Level 1</u>
Investments	\$1,611,845	\$1,611,845

NOTE B – CONCENTRATION OF CREDIT RISK

The Organization maintains cash at local financial institutions that may, at times, exceed the Federal Deposit Insurance Corporation limit. At June 30, 2014 and at June 30, 2013 the Organization's uninsured cash balance is \$0. In addition, the Organization maintains certificates of deposits, government securities and equities at a financial institution that is an SIPC member. Management believes the organization is not exposed to any significant credit risk related to cash or investments.

SUNNYVALE COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE C – AWARDS and GRANTS RECEIVABLE

At June 30, 2014 awards and grants receivable consist of unrestricted \$166,604 and restricted \$251,204, all due within one year and approximately 33% of the receivable balance is due from El Camino Hospital and 29% is due from the City of Sunnyvale. At June 30, 2013 awards and grants receivable consist of unrestricted \$99,083 and restricted \$248,250, all due within one year and approximately 40% of the receivable balance is due from El Camino Hospital.

NOTE D – INVENTORY

Inventory consists of food, gift cards / shoe vouchers. Inventory is valued based on actual costs when purchased or if donated; Food inventory is valued at the USDA suggested price per pound rate and Gift Cards / Shoe Vouchers are valued at their face value. Donated food and gift cards are recorded as in-kind revenue and inventory when received and expensed to direct assistance when released from inventory. The Organization uses the first in, first out method for accounting for its inventory. At December 31, 2014 inventory is reported as follows:

	<u>Gift Cards</u>	<u>Food</u>	<u>Total</u>
Beginning Balance	\$30,053	\$5,512	\$35,565
Additions / Purchases	\$13,994	\$3,194,842	\$3,208,836
Distributions	(\$3,552)	(\$3,094,323)	(\$3,097,875)
Ending Balance	<u>\$40,495</u>	<u>\$106,031</u>	<u>\$146,526</u>

NOTE E – INVESTMENTS

Investments consist of the following:

	June 30, 2014	June 30, 2013
Money Funds	\$41,183	\$16,848
Equities	\$945,322	\$375,580
Bonds	\$180,654	\$176,655
CD's	\$572,021	\$1,042,762
Total	<u>\$1,739,180</u>	<u>\$1,611,845</u>

At June 30, 2014 certificates of deposits have maturities ranging from four to twenty-one months, with interest rates ranging from .37% to .55%. At June 30, 2013 certificates of deposits have maturities ranging from four to eighteen months, with interest rates ranging from .35% to .85%.

Investment income details are as follows:

	June 30, 2014	June 30, 2013
Realized changes	\$30,066	\$13,225
Unrealized changes	\$85,823	\$58,298
Investment fees	(\$8,968)	(\$5,380)
Dividends & interest	\$12,959	\$8,682
Total	<u>\$119,880</u>	<u>\$74,825</u>

SUNNYVALE COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation is as follows:

	June 30, 2014	June 30, 2013
Land	\$500,000	\$500,000
Building	\$1,905,064	\$1,905,064
Building improvements	\$440,390	\$406,333
Equipment	\$84,564	\$46,937
Furniture	\$165,721	\$164,572
Vehicles	\$18,220	\$5,925
Subtotal	\$3,113,959	\$3,028,831
Accumulated depreciation	(\$881,806)	(\$813,631)
Net Book Value	\$2,232,153	\$2,215,200

Depreciation expense for the year ending June 30, 2014 is \$69,735 and for the year ending June 30, 2013 is \$62,814.

NOTE G – OPERATING LEASES

The Organization leases a photocopier under an operating lease agreement that expires in 2017. Future minimum payments due under this lease agreement are \$2,532 for the year ended June 30, 2015, June 30, 2016 and June 30, 2017.

NOTE H – AGENCY TRANSACTIONS

The Organization serves as Santa Clara County's fiscal agent for the San Francisco Chronicle's Season of Sharing Fund. These funds are maintained in a separate custodial account and are held for use in accordance with the fiscal agent agreement. The Organization receives a portion of these funds to be used in connection with providing emergency assistance and are reported as temporarily restricted until released. At June 30, 2014 the agency transaction refundable is reported at \$240,705. At June 30, 2013 the agency transaction refundable is reported at \$218,202.

NOTE I – CONTINGENT LIABILITIES

Conditions contained within the various contracts awarded to the Organization, are subject to the funding agencies' criteria under which expenditures may be charged against and are subject to audit under such criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not comply with the established criteria governing them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to reductions of future funding in the amount of such costs. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.

NOTE J – DEBT

Long-term debt at June 30, 2014 is reported as follows:

<u>Description</u>	<u>Interest</u>	<u>Date Due</u>	<u>Secured by Real Property</u>	<u>Amount Due</u>
City of Sunnyvale	3.00%	Apr-38	Kifer Road, Sunnyvale	\$400,000

SUNNYVALE COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE J – DEBT (continued)

The loan contains a restriction that the building must be used for the purpose of providing emergency assistance; otherwise (without pre-approval from the City of Sunnyvale) the loan would be in default. Interest accrued on this note at June 30, 2014 is \$132,000. The entire balance of the loan, including interest, is due to the City of Sunnyvale in full at the end of the term, April 2038.

NOTE K – CONTRIBUTIONS IN-KIND

The Organization received and recognized the following in-kind donations:

	June 30, 2014	June 30, 2013
Capital Assets	\$48,162	
Gift Cards & shoe vouchers	\$13,994	\$11,565
Direct Assistance, Food	\$3,194,842	\$2,493,036
Direct Assistance, Other	\$166,853	\$184,991
Professional services	\$7,988	\$21,979
Total	\$3,431,839	\$2,711,571

NOTE L – RELATED PARTY TRANSACTIONS

During the year ending June 30, 2014 the Organization purchased approximately \$20,000 of printing services from BJ Printing, which is owned by an at large board member of the Organization.

NOTE M – BOARD DESIGNATED NET ASSETS

At June 30, 2014 and at June 30, 2013, the Board of Directors has designated the Organization's unrestricted net assets for general operating reserves, \$288,410 and major capital expenses \$420,120.

NOTE N – TEMPORARY RESTRICTED NET ASSETS

At June 30, 2014 the Organization's temporarily restricted net asset activity is as follows:

<u>Purpose</u>	<u>Beginning</u>	<u>Additions</u>	<u>Released</u>	<u>Ending</u>
Building Improvements	\$0	\$5,000	(\$5,000)	\$0
Case Manager	\$65,000	\$65,000	(\$64,025)	\$65,975
Emergency Assistance	\$174,689	\$717,471	(\$633,124)	\$259,036
Healthy Living	\$0	\$35,000	(\$35,000)	\$0
Season of Sharing	\$62,747	\$243,045	(\$201,204)	\$104,588
Time restricted, United Way	\$63,250	\$60,600	(\$63,250)	\$60,600
Total	\$365,686	\$1,126,116	(\$1,001,603)	\$490,199

NOTE O – SUBSEQUENT EVENTS

The management of the Organization has reviewed the results of operations for the period of time from its year end June 30, 2014 through October 22, 2014, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any subsequent events occurred, the nature of which would require disclosure.

Sunnyvale Community Services
Schedule of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor Pass Through Grantor Program Title	<u>Federal CFDA#</u>	<u>Pass through Identifying #</u>	<u>Federal Expenditures</u>
US Department of Agriculture Department of Social Services Second Harvest Food Bank Emergency Food Assistance Program	10.569	N/A	\$316,021
US Department of Homeland Security Santa Clara County Emergency Food & Shelter Program	97.024	31-0880-00	\$61,208
US Department of Housing and Urban Development City of Sunnyvale Community Development Block Grant	14.218	* 1314-829560	\$262,284
Community Development Block Grant	14.218	* 1314-827550	\$76,000
Total Federal Funds Expended			<u><u>\$715,513</u></u>

* Major Program

SUNNYVALE COMMUNITY SERVICES
NOTES TO THE SCHEDULE OF FEDERAL AWARDS
JUNE 30, 2014

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sunnyvale Community Services and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Sunnyvale Community Services, it is not intended to and does not present the financial position, changes in net assets or cash flows of Sunnyvale Community Services.

NOTE B – EXPENDITURES

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein either certain types of expenditures are not allowable or are limited to as in reimbursement. Pass through entity identifying numbers are presented where available.

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 Sunnyvale Community Services:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and, with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sunnyvale Community Services, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the basic financial statements and have issued our report thereon dated October 22, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered Sunnyvale Community Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sunnyvale Community Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Sunnyvale Community Services' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



Pleasanton, CA
October 22, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE OMB CIRCULAR A-133

To the Board of Directors of Sunnyvale Community Services:

Report on Compliance for Each Major Federal Program

We have audited Sunnyvale Community Services' compliance with the types of compliance requirements described in the *OMB circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2014. Sunnyvale Community Services' major federal programs are identified in the summary of the 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 to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sunnyvale Community Services' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sunnyvale Community Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Sunnyvale Community Services' compliance.

Opinion on Each Major Federal Program

In our opinion, Sunnyvale Community Services 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, 2014.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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



Pleasanton, California
October 22, 2014

Sunnyvale Community Services
 Schedule of Findings and Questioned Costs
 June 30, 2014

Section I Summary of Auditor Results

Yes No

Financial Statements

Type of Auditor's Report?	Unmodified	
Internal Control Over Financial Reporting		
Material Weaknesses Identified?		X
Significant Deficiencies Identified, that are not considered Material Weaknesses?		X
Noncompliance material to the Financial Statements?		X

Federal Awards

Internal Control Over Major Program		
Material Weaknesses Identified?		X
Significant Deficiencies Identified, that are not considered Material Weaknesses?		X
Type of Auditor Report issued on Compliance for Major Program?	Unmodified	
Any Audit Findings Disclosed that are required to be reported in accordance with 510A of Circular A-133?		X

Identification of Major Program

CFDA#	14.218	
Name of Federal Program	Community Development Block Grant	
Dollar threshold to distinguish between Type A and Type B programs?	\$300,000	
Auditee qualify as low risk?		X

Section III Federal Award Findings and Questioned Costs

No matters were reported

Section IV Summary Schedule of Prior Year Audit Findings

No matters were reported