

Sunnyvale Community Services
(A California Nonprofit Public Benefit Corporation)

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

Year Ended June 30, 2019

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

TABLE OF CONTENTS

	<u>Page</u>
I. FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	3-4
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF ACTIVITIES	6
STATEMENT OF FUNCTIONAL EXPENSES - 2019	7
STATEMENT OF FUNCTIONAL EXPENSES - 2018	8
STATEMENT OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10
II. SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	24
Notes to Schedule of Expenditures of Federal Awards	25
III. REPORTS	
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 <i>Government Auditing Standards</i>	26-27
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	28-29
IV. SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
Schedule of Findings and Questioned Costs	30



Boman Accounting Group, Inc.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sunnyvale Community Services
(A California Nonprofit Public Benefit Corporation)
Sunnyvale, California

Report on the Financial Statements

We have audited the accompanying financial statements of Sunnyvale Community Services (a California nonprofit public benefit corporation), 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

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 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, 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, 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.

Report on Summarized Comparative Information

We have previously audited the Sunnyvale Community Services year end June 30, 2018 financial statements, and our report dated November 28, 2018, expressed an unmodified opinion on those audited financial statements. In our 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 Matters

Other Information

Our 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* (CFR) 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. 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 our 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*, we have also issued our report dated November 12, 2019, on our consideration of Sunnyvale Community Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sunnyvale Community Service's internal control over financial reporting and compliance.

Boman Accounting Group, Inc

Boman Accounting Group, Inc.
Campbell, California
November 12, 2019

SUNNYVALE COMMUNITY SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION

June 30, 2019
(With Comparative Totals for 2018)

	2019	2018
ASSETS		
Current assets		
Cash and equivalents	\$ 925,594	\$ 924,713
Cash, restricted for Season for Sharing	498,659	475,588
Awards and grants receivable	683,693	649,965
Investments (NOTE C)	1,889,246	2,007,616
Inventory (NOTE D)	254,332	349,479
Prepaid expenses	158,653	44,986
Total current assets	4,410,177	4,452,347
Fixed assets		
Property and equipment - net (NOTE E)	2,127,874	2,236,398
Other assets		
Awards and grants receivable, long term (net of discount)	72,816	-
Deposits	3,912	2,117
Total other assets	76,728	2,117
Total Assets	\$ 6,614,779	\$ 6,690,862
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 119,872	\$ 127,682
Agency transactions refundable (NOTE F)	429,577	405,540
Accrued compensation	174,015	170,127
Total current liabilities	723,464	703,349
Other liabilities		
Note payable (NOTE G)	400,000	400,000
Total liabilities	1,123,464	1,103,349
Net assets		
Net assets without donor restrictions		
Undesignated	3,657,396	3,977,421
Board designated reserves (NOTE H)	1,028,530	1,028,530
	4,685,926	5,005,951
Net assets with donor restrictions (NOTE I)		
Purpose restrictions	655,389	581,562
Time-restricted for future periods	150,000	-
	805,389	581,562
Total net assets	5,491,315	5,587,513
Total Liabilities and Net Assets	\$ 6,614,779	\$ 6,690,862

The accompanying notes are an integral part of these financial statements

SUNNYVALE COMMUNITY SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF ACTIVITIES

Year Ended June 30, 2019
(With Comparative Totals of 2018)

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support						
Contributions and net revenue						
Foundation and corporate grants	\$ 493,122	\$ 1,010,792	\$ 1,503,914	\$ 687,995	\$ 599,012	\$ 1,287,007
Government contracts	1,511,693	-	1,511,693	1,391,306	-	1,391,306
Donations	1,433,250	81,196	1,514,446	1,107,813	160,459	1,268,272
In-kind donations (NOTE K)	3,657,265	-	3,657,265	3,234,145	-	3,234,145
United Way allocation	-	52,200	52,200	-	48,000	48,000
Special events (NOTE L)	128,523	20,000	148,523	111,807	35,000	146,807
Fee for service	54,320	-	54,320	55,039	-	55,039
Interest income	429	-	429	418	-	418
Investment income	81,843	-	81,843	174,794	-	174,794
	7,360,445	1,164,188	8,524,633	6,763,317	842,471	7,605,788
Net assets released from restriction	940,361	(940,361)	-	898,738	(898,738)	-
Total revenues, gains and other support	8,300,806	223,827	8,524,633	7,662,055	(56,267)	7,605,788
Expenses						
Program Services	7,474,353	-	7,474,353	6,559,621	-	6,559,621
Supporting Services:						
Management and general	343,070	-	343,070	413,360	-	413,360
Fundraising	803,408	-	803,408	612,217	-	612,217
Total expenses	8,620,831	-	8,620,831	7,585,198	-	7,585,198
Change in net assets	(320,025)	223,827	(96,198)	76,857	(56,267)	20,590
Net assets at beginning of year	5,005,951	581,562	5,587,513	4,929,094	637,829	5,566,923
Net assets at end of year	\$ 4,685,926	\$ 805,389	\$ 5,491,315	\$ 5,005,951	\$ 581,562	\$ 5,587,513

The accompanying notes are an integral part of these financial statements

SUNNYVALE COMMUNITY SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program Services		Supporting Services		2019 Total Expenses
	Emergency Assistance	Management and General	Fundraising	Total	
Expenses:					
Salaries and wages	\$ 1,545,052	\$ 171,633	\$ 319,177	\$ 490,810	\$ 2,035,862
Payroll taxes	113,214	25,804	30,620	56,424	169,638
Fringe benefits	196,152	46,618	48,138	94,756	290,908
Total salaries and related expenses	1,854,418	244,055	397,935	641,990	2,496,408
Conference and meetings	17,535	2,611	5,623	8,234	25,769
Dues, fees and other charges	18,773	7,150	21,119	28,269	47,042
Emergency assistance	1,119,261	-	-	-	1,119,261
In-kind emergency assistance	3,608,834	-	-	-	3,608,834
In-kind interest expense	8,114	2,010	1,876	3,886	12,000
in-kind facility rent	15,728	1,140	1,064	2,204	17,932
In-kind professional services	19,589	3,244	3,687	6,931	26,520
Insurance	17,629	3,932	4,882	8,814	26,443
Maintenance and repair	36,947	7,364	7,825	15,189	52,136
Occupancy	55,684	1,527	1,994	3,521	59,205
Outside services	204,379	22,881	222,693	245,574	449,953
Postage	2,438	598	14,259	14,857	17,295
Printing	12,913	2,259	68,525	70,784	83,697
Subcontractor payments	277,237	-	-	-	277,237
Supplies	60,448	14,274	18,369	32,643	93,091
Telephone	16,856	5,137	4,144	9,281	26,137
Travel	5,870	-	-	-	5,870
Volunteer expense	21,227	-	-	-	21,227
Advertising	-	-	6,181	6,181	6,181
Total expenses before depreciation	7,373,880	318,182	780,176	1,098,358	8,472,238
Depreciation and amortization	100,473	24,888	23,232	48,120	148,593
Total expenses	<u>\$ 7,474,353</u>	<u>\$ 343,070</u>	<u>\$ 803,408</u>	<u>\$ 1,146,478</u>	<u>\$ 8,620,831</u>
Percentage of total	<u>86.70%</u>	<u>3.98%</u>	<u>9.32%</u>	<u>13.30%</u>	<u>100.00%</u>

The accompanying notes are an integral part of these financial statements

SUNNYVALE COMMUNITY SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018
(For Comparative Purpose)

	Program Services		Supporting Services		2018 Total Expenses
	Emergency Assistance	Management and General	Fundraising	Total	
Expenses:					
Salaries and wages	\$ 1,160,483	\$ 251,261	\$ 287,091	\$ 538,352	\$ 1,698,835
Payroll taxes	97,451	19,943	23,873	43,816	141,267
Fringe benefits	138,756	30,030	34,324	64,354	203,110
Total salaries and related expenses	1,396,690	301,234	345,288	646,522	2,043,212
Conference and meetings	25,223	3,020	4,560	7,580	32,803
Dues, fees and other charges	20,167	4,519	20,969	25,488	45,655
Emergency assistance	1,073,158	-	-	-	1,073,158
Equipment lease/purchase	2,083	-	-	-	2,083
In-kind emergency assistance	3,157,531	-	-	-	3,157,531
In-kind interest expense	7,617	1,907	2,476	4,383	12,000
in-kind facility rent	652	163	212	375	1,027
In-kind professional services	8,879	1,951	2,224	4,175	13,054
Insurance	16,391	3,369	4,256	7,625	24,016
Maintenance and repair	43,026	9,634	10,615	20,249	63,275
Occupancy	53,405	1,854	2,364	4,218	57,623
Outside services	286,349	44,759	100,357	145,116	431,465
Postage	2,485	566	10,259	10,825	13,310
Printing	8,127	1,717	54,712	56,429	64,556
Subcontractor payments	278,625	-	-	-	278,625
Supplies	48,318	10,709	16,606	27,315	75,633
Telephone	14,310	4,408	3,456	7,864	22,174
Travel	3,422	349	502	851	4,273
Volunteer expense	20,388	-	3,174	3,174	23,562
Advertising	100	-	60	60	160
Total expenses before depreciation	6,466,946	390,159	582,090	972,249	7,439,195
Depreciation and amortization	92,675	23,201	30,127	53,328	146,002
Total expenses	<u>\$ 6,559,621</u>	<u>\$ 413,360</u>	<u>\$ 612,217</u>	<u>\$ 1,025,577</u>	<u>\$ 7,585,197</u>
Percentage of total	<u>86.48%</u>	<u>5.45%</u>	<u>8.07%</u>	<u>13.52%</u>	<u>100.00%</u>

The accompanying notes are an integral part of these financial statements

SUNNYVALE COMMUNITY SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF CASH FLOWS

Year Ended June 30, 2019
(With Comparative Totals for 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (96,198)	\$ 20,590
Noncash items included in revenues and expenses:		
Depreciation	148,593	146,002
Net realized and unrealized gains on investments	(53,149)	(163,080)
Increase (decrease) in cash resulting from changes in:		
Awards and grants receivable	(106,544)	(144,972)
Inventory	95,147	(30,921)
Prepaid expenses	(113,667)	(5,386)
Deposits	(1,795)	(419)
Accounts payable	(7,810)	108,106
Agency transactions refundable	24,037	185,711
Accrued compensation	3,888	36,157
	(107,498)	151,788
Net cash provided by/(used in) operating activities	(107,498)	151,788
Cash flows from investing activities:		
Change in cash restricted for Season of Sharing	(23,071)	(120,908)
(Purchase) of property and equipment	(43,719)	(133,123)
Disposition of property and equipment	3,650	-
Sales of investments	171,519	(447,346)
	108,379	(701,377)
Net cash provided by (used in) investing activities	108,379	(701,377)
Net change in cash and cash equivalents	881	(549,589)
Beginning cash and cash equivalents	924,713	1,474,302
Ending cash and cash equivalents	\$ 925,594	\$ 924,713

The accompanying notes are an integral part of these statements

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Nature of Activities

Founded in 1970, Sunnyvale Community Services (SCS) is an independent nonprofit agency. SCS is designated as the Emergency Assistance Network (EAN) agency for all zip codes in the city of Sunnyvale, along with the Alviso neighborhood of San Jose (zip code 95002). SCS also assists homeless individuals throughout Santa Clara County.

The mission of SCS is to prevent homelessness and hunger in local community. Its assistance addresses the critical needs of the most vulnerable in Silicon Valley. The vision of SCS is a community where everyone has a home with food on their table. SCS's ultimate goal is to end homelessness and hunger in our local community.

SCS believes that early intervention is the most effective way to prevent homelessness and hunger. It is done by:

- Stabilizing families
- Connecting people to benefits and services
- Building skills to increase resiliency
- Advocating for policies to improve lives

The organization provides financial assistance, food aid, case management, referrals, and other services at no charge to clients. The organization's clients are the homeless, working poor, and seniors or disabled persons living on fixed incomes. The organization serves all ethnic, racial, language, age, and abilities groups.

Nothing is more basic than the need for food, shelter, and health care. SCS provides financial aid, food, and other in-kind assistance to low-income families and seniors walking a financial tightrope, helping our neighbors to keep their balance when an unexpected emergency strikes: job loss, reduced hours, uncovered or unaffordable medical expenses. The organization's assistance prevents homelessness, hunger, malnutrition, and untreated medical conditions. Keeping families housed with food on their tables and access to medical care is more cost effective, both in terms of dollars and human lives, than dealing with later problems with more expensive solutions.

SCS assisted 9,249 unduplicated individuals in fiscal year 2018-19, which was an increase of 35% in the past five years. The increase was attributed to expanded outreach, as well as a growing need caused by the soaring costs of living and growing income divide in Silicon Valley. Based on historical trends in food distributions and financial aid, SCS forecasts that families and seniors will come more frequently for food

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

each month, and the need for more than one-time financial assistance and case management will continue. A growing number of people served are homeless; last year, we assisted 831 unhoused children and adults.

The Community's Safety Net: The organization operates a food distribution center at its location in Sunnyvale. Food is supplied primarily by Second Harvest Food Bank, local grocery stores, community groups, and individuals. SCS is one of the largest seven “transformer” partners of Second Harvest Food Bank. Supplemental food, including proteins such as shelf-stable milk and meats, are funded by cash donations. The organization engages over 2,500 volunteers, enabling SCS to have deep connections with the community and to keep costs low. The organization is well known for its innovation and efficiency, distributing over 1.6 million pounds of nutritious food and fresh produce annually. SCS accepts donations of household and emergency items that are passed through to clients residing in the community.

The organization spent over \$1,000,000 in financial aid in fiscal year 2018-19 (\$650,399 in direct payments to landlords/vendors, \$263,843 to purchase food, and \$205,019 for personal and household items and holiday gifts for our clients). The average amount of rental assistance per family has increased to over \$2,000 due to rising rents and overall high cost of living in Silicon Valley. Financial assistance included payments for rent, rental deposits, utilities, medical, and other emergency bills. It can cost over \$7,000 to rehouse a homeless family.

Prudent and sustained growth: As a community-based nonprofit, the organization strives to have diversified funding sources, and enjoys growing support from individual, corporate, and foundation donors. SCS prudently adds resources based on sustained funding commitments. Over the last seven years SCS has piloted nutrition activities and added comprehensive case management for individuals and families who are homeless or at risk of homelessness. Funding for pilot projects and case management comes from corporations and foundations as well as long-term government contracts.

SCS educates and advocates on issues tied to the agency's mission to prevent homelessness and hunger. The SCS leadership team frequently speaks to business, community, and public sector audiences on the needs and trends affecting the most needy in our local community.

The organization owns the building at its sole location in Sunnyvale. The agency has a mortgage from the City of Sunnyvale, with a one-time principal payment of \$400,000 due in 2038. In 2014, SCS requested forgiveness of all past and future interest on the loan, and the request was granted, in recognition of the organization's unique role as the emergency assistance agency for the most needy in the community.

Since 2011, SCS has collaborated on nutrition programs with El Camino Healthcare District, Palo Alto Medical Foundation, and Kaiser Permanente to support healthy nutrition and access to health care. As part of the Coalition Against Predatory Payday

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lending, SCS piloted financial education and savings programs to help clients become self-sufficient.

In 2012, the City of Sunnyvale invited SCS to launch a new partnership with Downtown Streets Team to assist homeless individuals gain employment and housing.

The organization solicits funding for ongoing needs. In fiscal year 2018-19, SCS received several grants at the end of the fiscal year for program costs in the following fiscal year, including a three-year grant of \$150,000 in 2018-19 and \$75,000 in the subsequent two years, respectively. The grant was reported as one-time income in fiscal year 2018-19. The Board of Directors and staff of SCS have reserved these funds for future program costs.

As part of the Emergency Assistance Network (EAN), SCS continues to be one of the leading agencies awarded funding for prevention of homelessness, including a contract with Homelessness Prevention System (HPS) supported by private and public sector funding sources.

Preparing for the Future:

In light of the continued growth in the number of people served and the intensity of need, SCS added staff in 2018-19 to focus on annual fundraising and to build support for potential new capital needs. Our strong reputation and goodwill in the local community will help ensure that our facilities and services are available to help the most vulnerable in years to come.

2019 Awards and Recognition

4-Star Charity Navigator Agency: For the eighth year in a row, Charity Navigator, the nation's largest and most-utilized evaluator of charities, awarded SCS the highest "4-star" ranking in 2019, in recognition of the organization's sound fiscal management and commitment to accountability and transparency.

Platinum-level GuideStar Exchange: The organization is still a GuideStar Exchange participant at the highest level (Platinum), demonstrating its commitment to transparency.

Comprehensive Emergency Assistance

The organization's comprehensive emergency assistance is year-round. At SCS, staff see clients quickly and assess their needs, respond within 24-48 hours when a client is facing eviction, and treat client emergencies effectively. Management reviews all documents necessary to verify a client's eligibility and emergency, such as proof of income and dates of birth. All eligible clients can apply for the following services:

Financial Assistance, including financial aid for rent, rental deposits, utility bills, and other family emergency bills. All payments are made directly to landlords/vendors. Families asking for financial aid complete a three-month budget and receive budget counseling to help them stretch their finances further. All information is verified by the

SUNNYVALE COMMUNITY SERVICES
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NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

caseworker. Financial aid recipients are also offered emergency food assistance and automatically enrolled in our weekly produce and monthly food distributions and other in-kind services.

Food and In-Kind Assistance, providing up to six distributions of nutritious food and produce per family each month, helping them to afford other necessities. For a family of four, these food distributions are valued at \$462 per month.

Food distributions include:

- Daily emergency food
- Weekly “Produce Mondays” to nearly 900 families each week
- Monthly food distributions for families and seniors
- Pantry Days, giving families a choice of days to “shop” once a month for additional food and household items
- School Weekend Food distributions at four Title I low-income schools in Sunnyvale, giving 400 families food for the weekend
- Kids’ Summer Food, giving extra food to 1,800 children when schools are closed, along with filled backpacks and \$40 shoe gift cards for every child
- “Challenge Diabetes” program in partnership with El Camino Healthcare District, offering free diabetes screening and monthly food as part of a 10-month nutrition and education program for 150 low-income individuals
- Community Holiday Center, giving people the dignity of selecting a two-week supply of food, new gifts for infants through teens, and a household gift card for each family
- Other in-kind services including bus passes, gas vouchers, school backpacks and gift cards for shoes, groceries, and basic necessities

Intensive Case Management, for At-Risk Populations, including:

- Families and Seniors Case Management offering up to 12 months of in-depth support to secure benefits, housing, and other assistance to achieve self-sufficiency.
- Housing Case Management, giving financial coaching and housing search support to help renters secure and retain housing, and support for landlords who rent to low-income residents.
- Work First Sunnyvale Program, a partnership with Downtown Streets Team, helping 50 homeless individuals each year through job training and access to housing opportunities.

2. Basis of Accounting

The accompanying financial statements for the Organization have been prepared on the accrual basis of accounting.

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Financial Statement Presentation

The financial statements presented in accordance with Financial Accounting Standards Board (FASB) accounting standards update (ASU) 2016-14 Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities. The adoption of ASU 2016-14 in 2019 did not change the net assets of the Organization. Certain reclassifications were made to the FY2018-2019 financial statements to conform to the new standards.

Net assets are classified based on the existence or absence of donor or grantor imposed restrictions. Net assets are defined as follows:

Net Assets Without Donor Restrictions – net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions – net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

4. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. 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, 2018 from which the summarized information was derived.

5. Use of Estimates

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

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less, and exclude donor restricted receipts and amounts designated for long-term purposes. The Organization is required to hold the San Francisco Chronicle's "Season of Sharing Fund" in a separate bank account. At June 30, 2019 and 2018, the amount set aside was \$498,659 and \$475,588 respectively. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to significant risk on its cash accounts.

7. Contribution and Grant Receivable

The Organization considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. The Organization does discount long term grants awards and grants receivable equal to the average US Treasury market rate of two percent and adding one percent for credit risk and valuation risk.

8. Inventory

Inventory consists of food, household items, school supplies, gift cards and shoe vouchers. Inventory is valued based on actual costs when purchased or, if donated, value is based on the following: food inventory is measured using the USDA suggested price per pound; household items and school supplies are based on donor determination; gift cards and shoe vouchers are based on face value. The first-in, first-out method is used for tracking inventory.

9. Property and Equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$5,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets which range from 5 to 39 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

10. Accrued Vacation

Accrued vacation represents vacation earned but not taken as of June 30, 2019 and 2018 and is included in "accrued compensation" in the statement of financial position. The accrued vacation balances as of June 30, 2019 and 2018 were \$82,811 and \$70,620, respectively.

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Revenue Recognition

Revenue is recognized when earned. Program service fees and Government funding under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Contributions are recognized when the donor makes a promise to the Organization, that is, in substance, unconditional. The Organization reports gifts or cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or 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.

12. Contributions In-Kind

The Organization records donated equipment and other donated goods at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which nonetheless are central to the Organization's operations. In accordance with generally accepted accounting standards the value of these services is not reflected in the financial statements.

13. Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect functional expenses are allocated to program and supporting services based on an analysis of personnel time and space utilized.

14. Income Taxes

Sunnyvale Community Services is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

The Organization files information returns in the U.S. federal jurisdiction and state of California. The Organization's federal returns for the years ended June 30, 2015 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's California returns of the years ended June 30, 2014 and beyond remain subject to possible examination by the Franchise Tax Board.

15. Impairment of Long-Lived Assets

The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. For the year ended June 30, 2019 there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

16. Subsequent Events

Management of the Organization has evaluated events and transactions subsequent to June 30, 2019 for potential recognition or disclosure in the financial statements. The Organization is in negotiations to purchase a new property in Sunnyvale and will close escrow on December 16, 2019. The Organization is undertaking a capital campaign and has also secured a bridge loan to purchase the property. Subsequent events have been evaluated through November 12, 2019, the date the financial statements became available to be issued.

17. 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." Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Observable, quotes prices for identical assets or liabilities in active market.

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Level 2: Quoted prices for similar assets or liabilities in active market; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices (such as interest rates and yield curves).

Level 3: Unobservable inputs for the asset or liability. These should be based on the best information available. The Organization should utilize all reasonably available information but need not incur excessive cost or effort to do so. However, it should not ignore information that can be obtained without undue cost and effort. As such, the reporting entity's own data should be adjusted if information is reasonably available without undue cost and effort.

NOTE B — LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and equivalents	\$	925,594
Cash, restricted for Season for Sharing		498,659
Awards and grants receivable		683,693
Investments		1,889,246
Long-term awards and grants receivable		72,816
Deposits		3,912
Total financial assets		\$ 4,073,920
Less financial assets held to meet donor-imposed restrictions:		
Cash, restricted for Season for Sharing		(498,659)
Purpose-restricted net assets		(288,344)
Time-restricted net assets		(75,000)
Less financial assets not available within one year:		
Long-term awards and grants receivable		(72,816)
Deposits		(3,912)
Amount available for general expenditures within one year		\$ <u>3,135,189</u>

The Organization's Awards and grants receivable consists of donor-restricted net assets for specific purposes and time-restricted net assets, with the exception of the amounts available for general use.

The Organization's Investments consists of Certificate of Deposits and marketable securities. As of June 30, 2019 all Certificate of Deposits are short-term and are matured within one year.

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE B — LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization's Deposits are deposits for workers compensation. The deposit is refunded when the policy is not renewed and the final workers compensation audit is completed, which is not available within one year.

NOTE C — FAIR VALUE MEASUREMENTS

The Organization maintains an investment account at Morgan Stanley Smith Barney, which consists of equity securities of various companies. The securities are adjusted to fair market value as of the close of the fiscal year and the difference in market value from one year to the next is recorded as unrealized gain or loss in the statement of activities. These assets are considered Level 1 assets.

The Organization also maintains a certificates of deposit account at Morgan Stanley Smith Barney. These assets are considered Level 2 assets.

The table below presents the assets measured at fair value at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Investments (Level 1):		
Money Funds	\$ 88,576	\$ 58,934
Equities	1,550,636	1,509,396
Investments (Level 2):		
Certificates of Deposit	<u>250,033</u>	<u>439,286</u>
Total Investments	\$ <u>1,889,246</u>	\$ <u>2,007,616</u>

NOTE D — INVENTORY

Inventory at June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Vouchers and Gift Cards	\$ 11,800	\$ 100,302
Household items	93,545	127,351
School supplies	20,139	36,142
Food	<u>128,848</u>	<u>85,684</u>
Total Inventory	\$ <u>254,332</u>	\$ <u>349,479</u>

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE E — PROPERTY AND EQUIPMENT, NET

The cost and related accumulated depreciation of the property and equipment consisted of the following as of June 30, 2019 and 2018:

	2019	2018
Land	\$ 500,000	\$ 500,000
Building	1,905,064	1,905,064
Building Improvements	771,137	752,090
Equipment/Furniture	247,181	243,263
Vehicles	101,032	101,032
	<u>3,524,413</u>	<u>3,501,448</u>
Less Accumulated Depreciation	<u>(1,396,540)</u>	<u>(1,265,050)</u>
Net Property and Equipment	<u>\$ 2,127,874</u>	<u>\$ 2,236,398</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$148,594 and \$146,002, respectively.

NOTE F — AGENCY TRANSACTIONS REFUNDABLE

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. These funds are partly for the Organization's emergency services, which are recorded as temporarily restricted until distributed, and partly for another organization's emergency assistance, which are recorded as agency refundable until distributed. At June 30, 2019 and 2018, the agency refundable amount was \$429,577 and \$405,540, respectively.

NOTE G — NOTE PAYABLE

Note payable at June 30, 2019 and 2018 is reported as follows:

City of Sunnyvale

City of Sunnyvale funds of \$400,000 with a maturity date of April, 2038 bearing 0% interest. The principal outstanding balance as of June 30, 2019 and 2018 was \$400,000. The loan is secured by the real property located at 725 Kifer Road, Sunnyvale, CA 94086.

The loan contains a restriction requiring the building to be used for the purposes of providing emergency assistance; otherwise (without pre-approval from the City of Sunnyvale) the loan will default. During the year ended June 30, 2015, the City of Sunnyvale Council voted to terminate the accrued interest payable; as such, the Organization recognizes, annually, an in-kind interest donation of \$12,000.

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE H — BOARD DESIGNATED NET ASSETS

At June 30, 2019, the Board of Directors has designated the Organization's net assets without donor restriction for general operating reserves of \$1,028,530.

NOTE I — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2019 and 2018 consisted of the following:

	2019	2018
Program:		
Backpack Day	\$ 109,550	\$ 15,000
Case Manager	154,989	163,607
Emergency Assistance	209,082	286,349
Listen for Good Project	-	33,059
Nutrition Access/Diabetes	45,000	40,000
Sponsors/SF Gives	-	35,000
Fire Relief Fund	210	210
Toys	11,932	8337
Coordinated Services for Homebound	67,944	-
Veteran Program	25,000	-
Capital Campaign	12,000	-
Murphy Pet Fund	1,372	-
Sunnyvale Crash Victim	18,310	-
Time Restriction	150,000	-
Total Net Assets With Donor Restrictions	\$ 805,389	\$ 581,562

Net assets with donor restrictions released from restriction during the year were as follows:

	2019	2018
Program:		
Backpack Day	\$ 137,900	\$ 16,278
Case Manager	194,018	107,193
Emergency Assistance	293,966	354,063
Nutrition Access/Diabetes	40,000	40,000
Program Support	-	1,750
Sponsors/SF Gives	55,000	117,668
Toys	7,660	3,845
Veterans Program	29,750	35,000
Holiday Program	-	10,000
Adopt-A-Day	7,875	6,000
Listen for Good Project	33,059	11,941
Murphy Pet Fund	933	-
Time Restriction	140,200	195,000
Total Released from Restriction	\$ 940,361	\$ 898,738

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE J — 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 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 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 K — DONATED SERVICES AND MATERIALS

1. The Organization received donated services from a variety of unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. During the year ended June 30, 2019, these volunteers donated approximately 39,643 hours with an estimated value of \$1,008,121. This value was computed using an hourly rate of \$25.43. This amount is based upon the average hourly earnings of volunteer time as determined by the Independent Sector.
2. The Organization also received donated services and material which were recorded at market value for the year ended June 30, 2019:

Food	\$	3,282,063
Toys/Teens		155,618
Household		25,055
Gift Cards		8,782
School supplies/backpacks		44,029
Other materials		115,197
Donated labor (professional)		26,521
Total	\$	3,657,265

NOTE L — SPECIAL EVENTS

The Organization participated in the following special event, Dinner at the Dump and reported the following proceeds for June 30, 2019 and 2018:

		2019		2018
Auction Sales	\$	48,089	\$	38,939
Contributions/Sponsorships		100,434		107,868
Total Special Event Income	\$	148,523	\$	146,807

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE M — OPERATING LEASE

The Organization leases three photocopiers, two vehicles and one postage meter all under non-cancelable operating lease agreements with varying expiration dates.

Future annual minimum lease payments under the lease agreements are approximately as follows:

Year ending June 30:

2020	\$	5,572
2021		4,116
2022		1,421
2023		1,096
2024		457
		<u> </u>
	\$	<u><u>12,661</u></u>

SUNNYVALE COMMUNITY SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Federal Grantor Pass-Through Grantor Program Title/Grant Number	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture Second Harvest Food Bank	10.569		\$ -	\$ 574,013
Total Department of Agriculture			-	* 574,013
U.S. Department of Housing and Urban Development Community Development Block Grant Funds	14.218	B-18-MC060023	277,237	403,220
Community Development Block Grant Funds	14.218	B-18-MC060023	-	86,900
Total Department of Housing and Urban Development			277,237	490,120
U.S. Department of Veterans Affairs Supportive Services for Veteran Families	64.033		-	52,341
Total Department of Veterans Affairs			-	52,341
Federal Emergency Management Agency Emergency Food and Shelter National Board	97.025		-	54,532
Total Federal Emergency Management Agency			-	54,532
 Total Expenditures of Federal Awards			 \$ 277,237	 \$ 1,171,006

* Denotes major program

See accompanying notes to schedule of expenditures of federal awards

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Sunnyvale Community Services under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.C. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). 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. Pass through entity identifying numbers are presented where available.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 for nonprofit organizations, wherein certain types of expenditures are not allowable or are limited as in reimbursement.

NOTE C – INDIRECT COST RATE

Sunnyvale Community Services has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



Boman Accounting Group, Inc.

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
Sunnyvale Community Services
(A California Nonprofit Public Benefit Corporation)
Sunnyvale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sunnyvale Community Services (a California Nonprofit Public Benefit Corporation), 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 our report thereon dated November 12, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the 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 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 the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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*.

We noted certain matters that we reported to management of Sunnyvale Community Services in a separate letter dated November 12, 2019.

Purpose of this Report

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

Boman Accounting Group, Inc

Boman Accounting Group, Inc.
Campbell, California
November 12, 2019



Boman Accounting Group, Inc.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Sunnyvale Community Services
(A California Nonprofit Public Benefit Corporation)
Sunnyvale, California

Report on Compliance for Each Major Federal Program

We have audited Sunnyvale Community Services' (A California Nonprofit Public Benefit Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sunnyvale Community Services' major federal programs for the year ended June 30, 2019. Sunnyvale Community Services' 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 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 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 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, 2019.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Boman Accounting Group, Inc

Boman Accounting Group, Inc.
Campbell, California
November 12, 2019

SUNNYVALE COMMUNITY SERVICES
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2019

Section I
Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
- Material weaknesses identified?	No
- Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
- Material weaknesses identified?	No
- Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	No
Identification of major programs:	
USDA – Second Harvest Food Bank	CFDA 10.569
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II
Financial Statement Findings

No matters were reported

Section III
Financial Award Findings and Questioned Costs

No matters were reported