

# **Sunnyvale Community Services**

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AUDITED FINANCIAL STATEMENTS

AND

SUPPLEMENTAL INFORMATION

Years Ended June 30, 2021 and June 30, 2020

SUNNYVALE COMMUNITY SERVICES

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**Boman Accounting Group, Inc.**

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Sunnyvale Community Services  
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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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, 2021 and 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *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 19, 2021, 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  
January 26, 2022

**SUNNYVALE COMMUNITY SERVICES**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 4,498,176	\$ 5,674,637
Cash, restricted for Season for Sharing	462,806	312,767
Awards and grants receivable	1,168,618	882,787
Pledge receivable (net of allowance)	1,031,456	1,091,432
Investments	947,495	689,411
Inventory	450,020	377,693
Prepaid expenses	118,655	70,434
Total current assets	8,677,226	9,099,161
<b>Fixed assets</b>		
Property and equipment - net	20,847,926	14,556,360
<b>Other assets</b>		
Pledge receivable, long-term (net of discount)	52,854	-
Deposits	23,485	23,485
Intangible assets - Financing costs - net	17,696	19,011
Total other assets	94,035	42,496
<b>Total Assets</b>	<b>\$ 29,619,187</b>	<b>\$ 23,698,017</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Current maturities	\$ 14,713	\$ 14,713
Accounts payable	2,425,431	90,836
Accrued interest payable	2,280	1,017
Accrued compensation	351,274	265,704
Agency transactions refundable	404,576	312,461
Total current liabilities	3,198,274	684,731
<b>Other liabilities</b>		
Forgivable loans	1,516,508	1,395,000
Note payable	6,053,045	6,068,092
Total other liabilities	7,569,553	7,463,092
Total liabilities	10,767,827	8,147,823
<b>Net assets</b>		
Net assets without donor restrictions		
Undesignated	14,622,545	11,834,305
Board designated reserves	1,028,530	1,028,530
Total net assets without donor restrictions	15,651,075	12,862,835
Net assets with donor restrictions		
Purpose restrictions	2,990,285	2,612,359
Time-restricted for future periods	210,000	75,000
Total net assets with donor restrictions	3,200,285	2,687,359
Total net assets	18,851,360	15,550,194
<b>Total Liabilities and Net Assets</b>	<b>\$ 29,619,187</b>	<b>\$ 23,698,017</b>

The accompanying notes are an integral part of these financial statements

**SUNNYVALE COMMUNITY SERVICES**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
Years Ended June 30, 2021 and 2020

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains and other support</b>						
Contributions and net revenue						
Foundation and corporate grants	\$ 1,401,290	\$ 2,358,568	\$ 3,759,858	\$ 796,082	\$ 2,815,308	\$ 3,611,390
Government contracts	4,504,865	-	4,504,865	2,945,820	-	2,945,820
Donations	2,692,935	808,958	3,501,893	2,074,003	5,403,035	7,477,038
In-kind donations	2,000,832	99,707	2,100,539	3,242,287	-	3,242,287
United Way allocation	-	38,000	38,000	-	263,000	263,000
Special events	-	-	-	67,459	50,000	117,459
Fee for service	61,365	-	61,365	61,442	-	61,442
Interest income	2,704	-	2,704	2,125	-	2,125
Investment income	244,490	-	244,490	55,192	-	55,192
	<u>10,908,481</u>	<u>3,305,233</u>	<u>14,213,714</u>	<u>9,244,410</u>	<u>8,531,343</u>	<u>17,775,753</u>
Net assets released from restriction	<u>2,792,307</u>	<u>(2,792,307)</u>	<u>-</u>	<u>6,649,373</u>	<u>(6,649,373)</u>	<u>-</u>
Total revenues, gains and other support	13,700,788	512,926	14,213,714	15,893,783	1,881,970	17,775,753
<b>Expenses</b>						
Program Services	9,392,849	-	9,392,849	8,965,299	-	8,965,299
Supporting Services:						
Management and general	559,703	-	559,703	484,084	-	484,084
Fundraising	647,717	-	647,717	579,540	-	579,540
Capital Campaign	312,279	-	312,279	274,605	-	274,605
Total expenses	<u>10,912,548</u>	<u>-</u>	<u>10,912,548</u>	<u>10,303,528</u>	<u>-</u>	<u>10,303,528</u>
<b>Change in operating net assets</b>	2,788,240	512,926	3,301,166	5,590,255	1,881,970	7,472,225
<b>Non-operating income</b>						
Gain from sale of real property	-	-	-	2,586,654	-	2,586,654
<b>Change in net assets</b>	2,788,240	512,926	3,301,166	8,176,909	1,881,970	10,058,879
<b>Net assets at beginning of year</b>	<u>12,862,835</u>	<u>2,687,359</u>	<u>15,550,194</u>	<u>4,685,926</u>	<u>805,389</u>	<u>5,491,315</u>
<b>Net assets at end of year</b>	<u>\$ 15,651,075</u>	<u>\$ 3,200,285</u>	<u>\$ 18,851,360</u>	<u>\$ 12,862,835</u>	<u>\$ 2,687,359</u>	<u>\$ 15,550,194</u>

The accompanying notes are an integral part of these financial statements

**SUNNYVALE COMMUNITY SERVICES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2021

	Program Services		Supporting Services			2021 Total Expenses
	Emergency Assistance	Management and General	Fundraising	Capital Campaign	Total	
<b>Expenses:</b>						
Salaries and wages	\$ 2,174,141	\$ 390,533	\$ 302,848	\$ 149,184	842,565	\$ 3,016,706
Payroll taxes	178,184	31,058	23,011	11,172	65,241	243,425
Fringe benefits	302,240	54,914	35,798	27,343	118,055	420,295
<b>Total salaries and related expenses</b>	<b>2,654,565</b>	<b>476,505</b>	<b>361,657</b>	<b>187,699</b>	<b>1,025,861</b>	<b>3,680,426</b>
Conference and meetings	27,974	3,052	3,533	-	6,585	34,559
Dues, fees and other charges	144,941	14,644	42,219	-	56,863	201,804
Emergency assistance	3,821,654	-	-	-	-	3,821,654
In-kind emergency assistance	1,702,421	-	-	-	-	1,702,421
In-kind professional services	6,244	1,118	1,340	-	2,458	8,702
In-kind supplies	24,390	5,056	4,917	-	9,973	34,363
Insurance	29,776	4,366	5,753	-	10,119	39,895
Interest expense	6,415	-	-	-	-	6,415
Maintenance and repair	32,917	5,954	6,788	2,080	14,822	47,739
Occupancy	94,196	6,143	6,435	-	12,578	106,774
Outside services	382,126	14,964	94,458	97,500	206,922	589,048
Postage	4,369	777	20,847	-	21,624	25,993
Printing	7,107	1,351	67,604	-	68,955	76,062
Subcontractor payments	302,519	-	-	-	-	302,519
Supplies	80,267	12,840	18,152	-	30,992	111,259
Telephone	32,374	5,963	6,783	-	12,746	45,120
Travel	2,420	42	41	-	83	2,503
Volunteer expense	4,441	350	383	-	733	5,174
Advertising	-	-	410	-	410	410
Bad debt expense	-	-	-	25,000	25,000	25,000
<b>Total expenses before depreciation</b>	<b>9,361,116</b>	<b>553,125</b>	<b>641,320</b>	<b>312,279</b>	<b>1,506,724</b>	<b>10,867,840</b>
Depreciation and amortization	31,733	6,578	6,397	-	12,975	44,708
<b>Total expenses</b>	<b>\$ 9,392,849</b>	<b>\$ 559,703</b>	<b>\$ 647,717</b>	<b>\$ 312,279</b>	<b>1,519,699</b>	<b>\$ 10,912,548</b>
<b>Percentage of total</b>	<b>86.07%</b>	<b>5.13%</b>	<b>5.94%</b>	<b>2.86%</b>	<b>13.93%</b>	<b>100.00%</b>

The accompanying notes are an integral part of these financial statements

**SUNNYVALE COMMUNITY SERVICES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2020

	Program Services		Supporting Services			2020 Total Expenses
	Emergency Assistance	Management and General	Fundraising	Capital Campaign	Total	
<b>Expenses:</b>						
Salaries and wages	\$ 1,845,827	\$ 332,065	\$ 226,739	\$ 135,075	693,879	\$ 2,539,706
Payroll taxes	147,324	27,140	24,072	10,760	61,972	209,296
Fringe benefits	258,461	46,210	31,272	19,525	97,007	355,468
<b>Total salaries and related expenses</b>	<b>2,251,612</b>	<b>405,415</b>	<b>282,083</b>	<b>165,360</b>	<b>852,858</b>	<b>3,104,470</b>
Conference and meetings	16,112	2,645	8,964	434	12,043	28,155
Dues, fees and other charges	93,579	10,717	40,644	-	51,361	144,940
Emergency assistance	2,704,013	-	-	-	-	2,704,013
In-kind emergency assistance	3,102,894	-	-	-	-	3,102,894
In-kind facility rent	11,723	2,063	2,258	-	4,321	16,044
In-kind professional services	6,056	1,226	1,212	-	2,438	8,494
In-kind supplies	20,591	3,029	3,989	-	7,018	27,609
Insurance	23,000	4,794	4,713	-	9,507	32,507
Interest expense	1,017	-	-	-	-	1,017
Maintenance and repair	37,539	9,527	5,562	2,256	17,345	54,884
Occupancy	72,082	1,884	2,159	-	4,043	76,125
Outside services	125,889	18,081	109,447	93,963	221,491	347,380
Postage	2,177	348	17,281	275	17,904	20,081
Printing	10,542	1,666	69,098	1,756	72,520	83,062
Subcontractor payments	319,300	-	-	-	-	319,300
Supplies	79,037	10,394	17,647	1,035	29,076	108,113
Telephone	22,360	3,623	3,494	-	7,117	29,477
Travel	4,840	86	189	-	275	5,115
Volunteer expense	6,090	-	50	84	134	6,224
Advertising	-	-	-	9,442	9,442	9,442
<b>Total expenses before depreciation</b>	<b>8,910,453</b>	<b>475,498</b>	<b>568,790</b>	<b>274,605</b>	<b>1,318,893</b>	<b>10,229,346</b>
Depreciation and amortization	54,846	8,586	10,750	-	19,336	74,182
<b>Total expenses</b>	<b>\$ 8,965,299</b>	<b>\$ 484,084</b>	<b>\$ 579,540</b>	<b>\$ 274,605</b>	<b>1,338,229</b>	<b>\$ 10,303,528</b>
<b>Percentage of total</b>	<b>87.01%</b>	<b>4.70%</b>	<b>5.62%</b>	<b>2.67%</b>	<b>12.99%</b>	<b>100.00%</b>

The accompanying notes are an integral part of these financial statements



**SUNNYVALE COMMUNITY SERVICES**  
**STATEMENT OF CASH FLOWS**  
Years Ended June 30, 2021 and 2020

	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 3,301,166	\$ 10,058,879
Noncash items included in revenues and expenses:		
Depreciation and amortization	44,708	74,182
Net realized and unrealized (gain)/loss on investments	(242,827)	38,375
Gain on sale of building	-	(2,586,654)
Accrued interest payable	1,263	1,017
Non-cash debt forgiveness	(495,000)	(400,000)
Increase (decrease) in cash resulting from changes in:		
Awards and grants receivable	(285,831)	(126,278)
Pledge receivable	7,122	(1,091,432)
Inventory	(72,327)	(123,361)
Prepaid expenses	(48,221)	88,219
Deposits	-	(19,573)
Accounts payable	2,334,595	(29,036)
Agency transactions refundable	92,115	(117,116)
Accrued compensation	85,570	91,690
Net cash provided by/(used in) operating activities	4,722,332	5,858,912
<b>Cash flows from investing activities:</b>		
Change in cash restricted for Season of Sharing	(150,039)	185,892
(Purchase) of Kern building	-	(14,013,712)
(Purchase) of property and equipment	(6,067,345)	(322,291)
Proceeds from sale of Kifer building	-	4,562,939
(Purchase) of investments	(578,878)	(890,425)
Sales of investments	563,622	2,051,885
Net cash provided by (used in) investing activities	(6,232,640)	(8,425,712)
<b>Cash flows from financing activities:</b>		
Proceeds from building loan	-	6,940,000
Payment of financing costs	-	(19,723)
Payment of capitalized interest	(267,614)	(142,239)
Proceeds from capital lease	-	44,140
Payments on capital lease	(15,047)	(1,335)
Proceeds from 2nd PPP loan	616,508	495,000
Net cash provided by (used in) financing activities	333,847	7,315,843
Net change in cash and cash equivalents	(1,176,461)	4,749,043
Beginning cash and cash equivalents	5,674,637	925,594
<b>Ending cash and cash equivalents</b>	\$ 4,498,176	\$ 5,674,637

The accompanying notes are an integral part of these statements

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. Nature of Activities

##### **Agency Overview**

Founded in 1970, Sunnyvale Community Services (SCS) is an independent nonprofit agency providing food, financial aid, and other emergency services to low-income families and individuals. The mission of SCS is to prevent homelessness and hunger in our local community. Our vision is a community where everyone has a home with food on their table. We assist over **10,000** unduplicated residents each year with one or more services.

SCS is one of seven Emergency Assistance Network (EAN) agencies in Santa Clara County. We are the designated safety-net agency for all ZIP codes in the city of Sunnyvale, along with the Alviso neighborhood of San Jose (ZIP code 95002). SCS is also part of Santa Clara County's Homelessness Prevention Services (HPS) Program, assisting people county-wide with rental assistance and case management. Our homeless services assist unhoused individuals with case management, rental deposits, food, job training, and job placement.

We are one of the largest "Transformer" partners of Second Harvest of Silicon Valley, distributing more than **1 million pounds** of food annually, equal to **nearly 900,000 meals each year**. In addition, our newest food partner is Loaves & Fishes, which supplies an average of 300 meals each week for us to distribute homebound residents.

##### **Our Theory of Change**

SCS believes that early intervention is the most effective way to prevent homelessness and hunger. We do this by:

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

##### **Fiscal Health**

SCS is a financially robust and stable organization. We have had "clean" audits as far back as our records go. We have sufficient cash reserves plus separate reserves for capital and building maintenance expenses. We have a broad funding base of foundation, corporate, government, individual, and in-kind donors. Our funding sources are balanced and not overly reliant on a single source, such as government grants.

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 1. Nature of Activities (Continued)

We are the fiscal agent in Santa Clara County for the San Francisco Chronicle's annual Season of Sharing fundraising drive. Charity Navigator has given us its highest rating of 4 Stars for nine years in a row, and we earned a GuideStar Platinum seal by demonstrating the highest level of transparency about our organization. In 2020, we were honored to be named Business of the Year by the City of Sunnyvale and Nonprofit of The City of Sunnyvale named SCS as 2020 Business of the Year for our work during the COVID-19 pandemic. We were also a recipient of Santa Clara County's COVID-19 Outstanding Service Award for our exceptional contribution to the residents of Sunnyvale.

#### **Facilities and Building**

In 2018, the Board and staff of SCS determined that larger facilities were needed. In December 2019, SCS purchased a 36,000 square foot property at 1160 Kern Avenue. The new building has three times more space, enabling us to meet the growing need for safety net services in our local community for decades to come.

The City of Sunnyvale purchased our previous building at 725 Kifer Road, leasing it to SCS for \$1.00 until the completion of renovations to the new building. In March 2020, we put our capital campaign on hold during the pandemic and focused on helping thousands of residents with emergency rental assistance, food, and case management services. Even with these hurdles, by June 2021, we had raised \$15M towards our campaign goal of \$20M, which will cover the purchase price, tenant improvements, and initial operating costs. Our campaign fundraising continues with strong community support. We have a \$6M mortgage, with the goal to pay off the loan in five years.

When renovations on the new building are completed in late 2021, we will have twice as much warehouse space for food storage and distribution, double the room for client services, spacious volunteer work areas, training and meeting rooms, space for partner agencies to offer services, and ample, safe, and accessible parking. Meanwhile, SCS continues to operate out of our current site thanks to the City of Sunnyvale's generous lease agreement.

#### **Services Provided**

Sunnyvale Community Services 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.

In FY2020-21, we provided one or more safety net services to **10,492** (unduplicated) individuals, a **53% increase in six years**.

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 1. Nature of Activities (Continued)

- Financial Assistance: SCS provides emergency financial aid for rent, utilities, car repairs, medications, and other urgent needs. Last fiscal year, we assisted **6,843** individuals with financial assistance totaling \$3,821,654.
- Food and In-Kind Assistance: SCS operates multiple programs to help local low-income children, adults, and seniors stay properly fed. These programs include:

Produce Days – SCS provides an average of **860 households (2,000 people)** with fresh fruits and vegetables from Second Harvest of Silicon Valley each week (every other week during the pandemic).

Monthly Groceries – SCS provides more than **1,100 households** with bags of groceries each month.

Home Food Delivery – Last year, SCS volunteers delivered healthy groceries twice a month to over **230 elderly and disabled individuals**. In 2020, we added six prepared meals from Loaves & Fishes to each delivery, totaling over **1,300 meals each month**.

Emergency Food – Through the pandemic, prepacked bags of healthy and easy-to-prepare food have remained available on request, including bags specifically intended for those two lack access to kitchen facilities. **1,362 clients** received these bags in the last fiscal year.

Kids' Head-to-Toe Program – In addition to providing **1,851** students with brand-new backpacks filled with school supplies and gift cards for new shoes in 2020. This program gave kids and their families extra healthy foods during summer months when schools were closed.

Holiday Programs – During monthly food distributions last November and December, SCS provided more than **2,000 households (5,361 individuals)** with special holiday foods, plus grocery store and department store gift cards so that clients could buy additional food, presents for children and/or needed household items.

- Intensive Case Management: SCS provides case management for individuals who need more than one-time assistance, including people with health-related issues or who are chronically homeless.
- Benefits Assistance: SCS staff conduct outreach and initial screening to connect clients with public benefits programs and services.

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 1. Nature of Activities (Continued)

- Homeless Services: The WorkFirst Sunnyvale program, our partnership with Downtown Streets Team, helped 76 homeless individuals with job training and housing opportunities.
- Community Navigator Program: Since 2018, SCS has trained 59 residents to be local leaders in outreach, community service, and local advocates on housing, voter rights, and immigrant rights.
- Displacement Support: SCS also responds quickly to unexpected needs. Each year, SCS works with the City of Sunnyvale to assist residents who are suddenly displaced due to fire and other disasters. In October 2020, SCS was asked to assist over 30 chronically homeless individuals who were unsafely encamped in a local park. SCS joined with the County and other service agencies to design and implement a temporary shelter program including food, connections to benefits, assistance with housing searches, and case management.
- Other Assistance: SCS provided diapers, refurbished bicycles, bike locks and helmets, hygiene kits, and household items.

#### **COVID-19 Response**

As the local safety net provider, when COVID-19 hit, SCS quickly pivoted to adjust all our services.

- Demand for all our services surged starting in March of 2020 and continued through the fiscal year. SCS had to cease in-person client meetings, but we continued to “meet” with clients using an intercom system. Our caseworkers engage with clients via telephone, fax, text, and the Internet to exchange necessary documents.
- Our eleven years of experience with drive-through food distributions helped us adapt during the pandemic. But many of our regular volunteers were over 65 years of age or otherwise at high risk from the coronavirus, so they could no longer safely come onsite. Corporate groups also had to cancel their volunteer shifts. An outstanding effort by our remaining volunteers, our staff members, and employees of the City of Sunnyvale ensured that we did not miss a single monthly food distribution—not even the one scheduled for the day after the shelter-in-place order took effect. We also shifted our back-to-school and Holiday distributions to a drive-through format.

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 1. Nature of Activities (Continued)

- Since the start of the pandemic, more than **1,400 households** have contacted SCS to inquire about eligibility for financial assistance, primarily for rent. We also registered over **300 new families** for our food programs and expanded our capacity to deliver groceries directly to the homes of vulnerable people who no longer felt safe coming to our facility for food distributions. Volunteers did projects at home, conducted gift card drives, and sent us their stimulus checks.
- Now that eviction protections are expiring, and the economic downturn continues, we are bracing for more of our neighbors to come for assistance, and for ongoing need for financial and food aid for the thousands we have already helped since March 2020.

#### 2. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred and accordingly reflect all significant receivables, payables and other liabilities.

#### 3. Financial Statement Presentation

The Organization presents its financial statements in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP"), which requires the Organization to report information regarding its financial position and activities in accordance to two classes of net assets:

Net Assets Without Donor Restrictions – consist of net assets which are available to support all activities of the Organization without restrictions and include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation.

Net Assets With Donor Restrictions – represent contributions where use is limited to donor-imposed stipulations that expire through the passage of time or other restrictions and for which the applicable restriction was not met as of the end of the current fiscal period. Net assets held in perpetuity include those assets which are subject to a non-expiring donor restriction, such as endowments.

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4. Use of Estimates

The preparation of financial statements 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 reporting period. Significant estimates included in these financial statements relate primarily to include the useful lives of property and equipment and the allocation of expenses by function. Actual results could differ from these estimates.

#### 5. Functional Expense Allocations

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Salaries and fringe benefits are allocated on a percentage basis between functional categories based on historical time studies. Costs related to facilities are allocated based upon square footage. All other costs have been allocated among the programs and supporting services benefited.

#### 6. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and money market funds. For purposes of reporting cash flows, the Organization considers all highly liquid investments with a maturity date of 90 days or less at the date of purchase to be cash equivalents.

#### 7. Restricted Cash

The Organization is required to hold the San Francisco Chronicle's "Season of Sharing Fund" in a separate bank account. At June 30, 2021 and 2020, the amount set aside was \$462,806 and \$312,767 respectively.

#### 8. Awards and Grants Receivable

Accounts and grants receivable consists primarily of amounts due to the Organization in conjunction with the Organization's program operations. The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Pledges Receivable

Pledges receivable represents amounts pledged towards the Organization's capital campaign. The Organization has recorded an allowance for doubtful accounts for the outstanding pledge balance based on the communication with donors. 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.

10. Fair Value Measurements

Financial instruments included in the Organization's statements of financial position as of June 30, 2021 include cash and cash equivalents, receivables, accounts payable and other liabilities. For cash and cash equivalents, receivables, accounts payable and other liabilities, the carrying amounts represent a reasonable estimate of the corresponding fair values.

11. Inventory

Inventory consists of food, household items, and gift cards. 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 are based on donor determination; gift cards are based on face value. The first-in, first-out method is used for tracking inventory.

12. Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment used in the Organization's operations are recorded at estimated fair value. The Organization capitalizes all property and equipment with a cost or fair value greater than \$5,000 and an estimated useful life in excess of one year. 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.



# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. 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, 2021 there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

14. Accrued Vacation

Accrued vacation represents vacation earned, but not taken as of June 30, and is included in "accrued compensation" in the statement of financial position. The accrued vacation balances as of June 30, 2021 and 2020 were \$187,272 and \$126,085, respectively.

15. Revenue Recognition

The Organization receives cost reimbursement contract revenue as well as fixed rate contract revenue. Under cost reimbursement contracts, revenue is recognized when applicable expense is incurred and the corresponding service has been provided according to the agreement, subject to the contract limit, if any. Under fixed rate contracts, the Organization agrees to provide certain services in specified quantities at a prescribed rate per unit of service provided. The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided.

16. Contributions

Contributions are recognized when the donor makes a promise to the Organization, that is, in substance, unconditional. Contributions are recorded with or without donor restrictions depending on the existence and nature of donor restrictions depending on the existence and nature of donor restrictions. When the restriction is met on a contribution received in a prior fiscal period, the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions.

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 16. Contributions (Continued)

Conditional promises to give are not recognized until they become unconditional, which is when donor stipulated barriers are overcome and the Organization is entitled to the assets transferred or promised.

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.

#### 17. In-Kind Donations

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.

#### 18. 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, 2020 from which the summarized information was derived.

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 19. Concentration of credit risk

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents, receivables, and investments. The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include money market funds. These accounts are insured up to \$250,000 per depositor by an agency of the federal government. At times, such accounts might exceed Federal Deposit Insurance Corporation ("FDIC") limits. The Organization's investments have been placed with high quality financial institutions.

The Organization monitors these investments and has not experienced significant credit losses. It is the management of the Organization's opinion that it is not exposed to any significant credit risks.

#### 20. Tax-exempt status

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. Management is not aware of any unrelated business income that would subject the Organization to federal or state income tax.

#### 21. Accounting for uncertainty in income taxes

The Organization evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financials statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of June 30, 2021, management did not identify any uncertain tax positions.

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 22. Recently adopted accounting guidance

In May 2014, the FASB issued ASU No. 2014-09 “Revenue from Contracts with Customers (Topic 606)”, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. ASU No. 2014-09 was implanted during the year ended June 30, 2021 using the retrospective method. The adoption of ASU No. 2014-09 did not have a material impact on its financial statements.

#### 23. Recent Accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02 “Leases.” The ASU is intended to increase transparency and comparability between organizations recognizing lease assets and liabilities by recognizing lease assets and lease liabilities on the balance sheet and increasing the related disclosures. For non-public entities, the effective date will be effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early application is permitted. Management has not determined the impact of this pronouncement.

In September 2020, FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU is meant to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profit entities (“NFP”), including additional disclosure requirements for recognized contributed services. This ASU requires that all NFP receiving nonfinancial assets must present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The ASU also requires further disclosure on the contributed nonfinancial assets in the notes to the financial statements. The ASU will be applied retrospectively and is effective for fiscal years beginning after June 15, 2021, and interim periods beginning after June 15, 2022. Early adoption is permitted. Management has not determined the impact of this pronouncement.

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE A — NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

24. Advertising

The Organization's policy is to expense advertising costs as the costs are incurred. The advertising expenses for the years ended June 30, 2021 and 2020 were \$410 and \$9,442, respectively.

25. Subsequent Events

Management of the Organization has evaluated events and transactions subsequent to June 30, 2021 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the year ended June 30, 2021. Subsequent events have been evaluated through December 29, 2021, the date the financial statement became available to be issued.

### 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	\$	4,498,176
Cash, restricted for Season for Sharing		462,806
Awards and grants receivable		1,168,618
Pledge receivable (net of allowance)		1,031,456
Investments (marketable securities)		947,495
Deposits		23,485
Total financial assets		\$ 8,132,036
Less financial assets held to meet donor-imposed restrictions:		
Cash, restricted for Season for Sharing		(462,806)
Purpose-restricted net assets		(2,970,286)
Time-restricted net assets		(210,000)
Less financial assets not available within one year:		
Deposits		(23,485)
Amount available for general expenditures within one year		\$ <u>4,465,459</u>

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE B — LIQUIDITY AND AVAILABILITY (Continued)

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 Deposits consists of deposits for workers compensation and security deposits for the rented building. The deposit for workers compensation is refunded when the policy is not renewed and the final workers compensation audit is completed, which is not available within one year. The security deposit for rented building is refunded when the Organization terminates the lease and moves into the Organization's new building.

### NOTE C — INVENTORY

Inventory at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Vouchers and Gift Cards	\$ 234,523	\$ 28,552
Household items	21,954	94,354
Food	193,543	254,787
Total Inventory	<u>\$ 450,020</u>	<u>\$ 377,693</u>

### NOTE D — 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 table below presents the assets measured at fair value at June 30, 2021 and 2020:

	2021	2020
Investments (Level 1):		
Money Funds	\$ 11,592	\$ 22,193
Equities	935,903	667,218
Total Investments	<u>\$ 947,495</u>	<u>\$ 689,411</u>

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 7,006,856	\$ 7,006,856
Building	7,048,562	7,048,562
Construction in progress	5,754,974	165,927
Construction in progress Fixed Assets	300,000	-
Capitalized interest	409,853	142,239
Equipment/Furniture	376,219	291,320
Vehicles	254,948	171,550
	<u>21,151,412</u>	<u>14,826,454</u>
Less Accumulated Depreciation	<u>(303,486)</u>	<u>(270,094)</u>
Net Property and Equipment	<u>\$ 20,847,926</u>	<u>\$ 14,556,360</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$44,708 and \$74,182, 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, 2021 and 2020, the agency refundable amount was \$404,576 and \$312,461, respectively.

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE G — FORGIVABLE LOANS

Forgivable loans at June 30, 2021 and 2020 is reported as follows:

#### City of Sunnyvale

City of Sunnyvale funds of \$900,000 with a term of five years (local requirement) or sale or other transfer of the property, whichever occurs first. The funds were provided on December 16, 2019, bearing 0% interest. The principal outstanding balance as of June 30, 2021 and 2020 was \$900,000 and \$900,000, respectively. The loan is secured by the real property located at 1160 Kern Avenue, Sunnyvale, CA 94085.

The loan contains a restriction requiring the building to be used for the purposes of providing comprehensive emergency assistance for the initial five years (local requirement), unless otherwise approved by the City of Sunnyvale. In addition, the CDBG requirements in 24 CFR 570.503, the reversion of assets clause requires the property to be used for CDBG-eligible activities for an additional five-year period (federal requirement) following the end of the Note Term.

Payments shall be fully deferred for the first five years. If, after the first five years of the term has passed, any remaining balance shall be forgiven.

#### Paycheck Protection Program

On April 16<sup>th</sup>, 2020 the Organization obtained the first round of Small Business Administration (SBA) Paycheck Protection Program Loan (PPP) through Boston Private Bank & Trust Company in the amount of \$495,000 with interest rate of 1%. Payments of principal and interest were deferred for the first six months of the loan. The principal amount of the PPP loan is subject to forgiveness to the extent that proceeds are used to pay eligible program expenses including payroll costs, rent obligations, and utility payments. The loan was forgiven on May 5<sup>th</sup>, 2021.

On February 17<sup>th</sup>, 2021 the Organization obtained the second round of Small Business Administration (SBA) Paycheck Protection Program Loan (PPP) through Boston Private Bank & Trust Company in the amount of \$616,508 with interest rate of 1%. Payments of principal and interest were deferred for the first six months of the loan. The principal amount of the PPP loan is subject to forgiveness to the extent that proceeds are used to pay eligible program expenses including payroll costs, rent obligations, and utility payments. The loan has not been forgiven by June 30, 2021.



# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE H — NOTE PAYABLE

Notes payable at June 30, 2021 and 2020 is reported as follows:

	<u>2021</u>	<u>2020</u>
<u>Boston Private Bank</u>	\$ 6,040,000	\$ 6,040,000
<p>The Organization borrowed 6,040,000 for the purchase of the new building located at 1160 Kern Avenue, Sunnyvale, CA 94085, on November 27, 2019, maturing on November 27, 3034, with an interest rate of 4.42%. Interest is charged for the initial 60 months that is only till December, 2024 (“Interest Only Period).</p>		
<u>Cisco Systems Capital Corporation</u>	27,757	42,805
<p>The Organization entered a capital lease with Cisco Systems Capital Corporation in May 2020.</p> <p>At the end of the lease, the Organization will purchase the leased items at 10% of the hardware original purchase price. The capital lease liability was recorded as the present value of all lease payments and reduced by each lease payment.</p>		
	<u>6,067,757</u>	<u>6,082,805</u>
Less: Current maturities	<u>(14,713)</u>	<u>(14,713)</u>
	\$ <u>6,053,045</u>	\$ <u>6,068,092</u>

Principal payments on note payables are due as follows:

Year ended June 30,

2022	14,713
2023	13,379
2024	-
2025	-
	<u>\$ 28,092</u>

### NOTE I — BOARD DESIGNATED NET ASSETS

At June 30, 2021, the Board of Directors has designated the Organization’s net assets without donor restriction for general operating reserves of \$1,028,530.

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

### NOTE J — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2021 and 2020 consisted of the following:

Program:	2021	2020
Backpack Day	\$ 213,141	\$ 158,988
Case Manager	187,000	83,983
Emergency Assistance	294,216	140,306
COVID-19	959,688	1,010,608
Nutrition Access/Diabetes	9,939	-
Food	36,319	15,000
Fire Relief Fund	-	22,513
Toys	500	13,365
Coordinated Services for Homebound	-	70,017
Veteran Program	-	29,868
Capital Campaign	1,109,362	1,054,980
Murphy Pet Fund	-	3,816
Sunnyvale Crash Victim	-	8,915
Sponsors/Challenge Holiday	65,000	-
Vehicle	99,707	-
Time Restriction	210,000	75,000
Admin/Staffing	15,413	-
Total Net Assets with Donor Restrictions	\$ 3,200,285	\$ 2,687,359

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

Program:	2021	2020
Backpack Day	\$ 113,337	\$ 143,713
Case Manager	83,983	154,989
Emergency Assistance	474,144	512,170
COVID-19	299,397	675,427
Nutrition Access/Diabetes	40,061	45,000
Food	31,490	12,753
Fire Relief Fund	222,523	32,085
Toys	13,365	2,135
Coordinated Services for Homebound	70,017	67,944
Veterans Program	29,868	42,832
Capital Campaign	1,145,062	4,765,344
Murphy Pet Fund	5,645	948
Sunnyvale Crash Victim	8,915	9,545
Time Restriction	75,000	75,000
Sponsors/Challenge Holiday	76,500	50,000
Adopt-A-Day	3,000	4,000
Freezer	100,000	-
CDP Program	-	5,488
Refrigerated Van	-	50,000
Total Released from Restriction	\$ 2,792,307	\$ 6,649,373

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

### NOTE K — 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 L — 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, 2021, these volunteers donated approximately 5,480 hours with an estimated value of \$156,399. This value was computed using an hourly rate of \$28.54. 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, 2021:

Food	\$	1,654,094
Household		500
Gift Cards		11,680
Assets (Cars, Equipment, etc.)		387,009
Other materials		38,554
Donated labor (professional)		8,702
Total	\$	<u>2,100,539</u>

### NOTE M — SPECIAL EVENTS

The Organization participated in the various special events, and reported the following proceeds for June 30, 2021 and 2020:

	2021	2020
Auction Sales	\$ -	\$ 28,391
Contributions/Sponsorships	-	89,068
Total Special Event Income	\$ -	\$ <u>117,459</u>

# SUNNYVALE COMMUNITY SERVICES

## Notes to Financial Statements

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### NOTE N — OPERATING LEASES

The Organization leases three photocopiers and two postage meters 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:

2022	9,680
2023	8,246
2024	7,385
2025	1,732
2026	-
	<u>\$ 27,042</u>

On November 26, 2019, the Organization sold the building at 725 Kifer Road, Sunnyvale, California to the City of Sunnyvale. The City of Sunnyvale agreed to rent back the location to the Organization at a rate of \$1 per month while renovations are being made to the new building located at 1160 Kern Avenue, Sunnyvale, California. By June 30, 2021 such lease was still applicable.

### NOTE O – COVID-19 IMPACT

In March 2020, the world was impacted by a coronavirus disease COVID-19 pandemic. As a result, many businesses closed their doors in order to assist in the containment of the virus. Creative solutions and further knowledge on COVID-19 has subsequently improved the situation, yet the overall impact of the pandemic is still uncertain. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on their donors, customers, employees and vendors, all of which are uncertain and cannot be predicted. As of the date of the independent accountants' review report, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

As stated in Note A.1, Nature of Activities, the Organization was able to adjust operations to provide existing services on a modified basis following local, county, state, and federal guidelines.

**SUNNYVALE COMMUNITY SERVICES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2021

Federal Grantor Pass-Through Grantor Program Title/Grant Number	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>				
Passed through Second Harvest Food Bank USDA Food Commodities	10.569		\$ -	\$ 474,934
Total Department of Agriculture			-	474,934
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed through City of Sunnyvale Community Development Block Grant Funds - Building loan	14.218			900,000
Community Development Block Grant Funds	14.218			470,722
Community Development Block Grant Funds	14.218		302,519	411,224
Community Development Block Grant Funds - Covid Emergency	14.218		-	125,000
Total Department of Housing and Urban Development			302,519	1,906,946
<b><u>Federal Emergency Management Agency</u></b>				
Passed through United Way Bay Area Emergency Food and Shelter Program	97.024		-	150,000
Total Federal Emergency Management Agency			-	150,000
<b><u>U.S. Department of the Treasury</u></b>				
Passed through Sacred Heart Community Services Coronavirus Relief Fund	21.019		-	1,321,382
Total Federal Emergency Management Agency			-	1,321,382 *
 Total Expenditures of Federal Awards			 \$ 302,519	 \$ 3,853,262

\* Denotes major program

See accompanying notes to schedule of expenditures of federal awards

# SUNNYVALE COMMUNITY SERVICES

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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### 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, 2020. 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  
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, 2021, 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 December 29, 2021.

**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*.

## **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  
January 26, 2022





**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  
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, 2021. 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, 2021.

## **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  
January 26, 2022

SUNNYVALE COMMUNITY SERVICES  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2021

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**Section I**  
**Summary of Auditor's Results**

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**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:	
U.S. Treasury – Covid-19 Homelessness Prevention Program	CFDA 21.019
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

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**Section II**  
**Financial Statement Findings**

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No matters were reported

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**Section III**  
**Financial Award Findings and Questioned Costs**

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No matters were reported