



**Office of the City Auditor**

---

**Report to the City Council  
City of San José**

---

**ANNUAL FINANCIAL  
SCAN OF CITY-FUNDED  
COMMUNITY-BASED  
ORGANIZATIONS**

**Fiscal Years 2006-07 through 2008-09**

---

**Report 10-08  
April 2010**

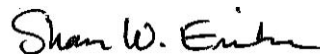
April 29, 2010

Honorable Mayor and Members  
of the City Council  
200 East Santa Clara Street  
San Jose, CA 95113

Transmitted herewith is the report *Annual Financial Scan of City-Funded Community-Based Organizations – Fiscal Years 2006-07 Through 2008-09*. This report is in accordance with City Charter Section 805, and contains no recommendations. An Executive Summary is presented on the blue pages in the front of this report. The City Administration's response is shown on the yellow pages before Appendix A.

This report will be presented at the May 5, 2010 meeting of the *Rules and Open Government Committee*. If you need any additional information, please let me know. The City Auditor's Office staff members who participated in the preparation of this report are Renata Khoshroo, Carolyn Huynh, and Roy Cervantes.

Respectfully submitted,



Sharon W. Erickson  
City Auditor

finaltr  
SE:bh

cc: Debra Figone            Hans Larsen  
Deanna Santana        Leslye Krutko  
Jeff Ruster                Albert Balagso  
Peter Jensen              Harry Mavrogenes



**Office of the City Auditor**

---

**Report to the City Council  
City of San José**

---

**ANNUAL FINANCIAL  
SCAN OF CITY-FUNDED  
COMMUNITY-BASED  
ORGANIZATIONS**

**Fiscal Years 2006-07 through 2008-09**

---

# Table of Contents

<b>Executive Summary</b> .....	<b>i</b>
<b>Introduction</b> .....	<b>1</b>
Background .....	2
Audit Scope and Methodology .....	8
<b>Overview of the Financial Scan</b> .....	<b>11</b>
How the Financial Scan is Organized .....	11
Total Assets and Liabilities .....	12
Current Assets and Liabilities .....	14
Cash and Average Monthly Expenses .....	16
Revenues and Expenses .....	17
Revenues by Type .....	20
Expenses by Type .....	22
Summary .....	23
<b>Alum Rock Counseling Center</b> .....	<b>24</b>
<b>Breakout Prison Outreach d.b.a. California Youth Outreach</b> .....	<b>26</b>
<b>Catholic Charities of Santa Clara County</b> .....	<b>28</b>
<b>Center for Training and Careers</b> .....	<b>30</b>
<b>Children's Discovery Museum of San José</b> .....	<b>32</b>
<b>Community Partners for Youth, Inc.</b> .....	<b>34</b>
<b>Community Technology Alliance</b> .....	<b>36</b>
<b>Emergency Housing Consortium</b> .....	<b>38</b>
<b>Family Supportive Housing, Inc.</b> .....	<b>40</b>
<b>Fresh Lifelines for Youth</b> .....	<b>42</b>
<b>Health Mobile</b> .....	<b>44</b>
<b>Health Trust</b> .....	<b>46</b>
<b>History San José</b> .....	<b>48</b>
<b>Law Foundation of Silicon Valley</b> .....	<b>50</b>
<b>Mexican American Community Services Agency</b> .....	<b>52</b>
<b>Next Door Solutions to Family Violence</b> .....	<b>54</b>
<b>Opportunity Fund</b> .....	<b>56</b>
<b>Our City Forest</b> .....	<b>58</b>

<b>Pathway Society, Inc.</b> .....	<b>60</b>
<b>Rebuilding Together Silicon Valley</b> .....	<b>62</b>
<b>Sacred Heart Community Service</b> .....	<b>64</b>
<b>San José Conservation Corps</b> .....	<b>66</b>
<b>San José Downtown Association</b> .....	<b>68</b>
<b>San José/Evergreen Community College District</b> .....	<b>70</b>
<b>San José Jazz Society</b> .....	<b>72</b>
<b>San José Museum of Art</b> .....	<b>74</b>
<b>San José Repertory Theatre</b> .....	<b>76</b>
<b>Santa Clara Family Health Plan (CHI)</b> .....	<b>78</b>
<b>Team San José</b> .....	<b>80</b>
<b>The Tech Museum of Innovation</b> .....	<b>82</b>
<b>Administration’s Response</b> .....	<b>85</b>
<b>Appendix A</b>	
<b>List of Grant Acronyms</b> .....	<b>A-1</b>
<b>Appendix B</b>	
<b>Glossary of Financial Terms</b> .....	<b>B-1</b>

# Table of Exhibits

<b>Exhibit 1: City of San José FY 2009-10 Funding and Lead Department for Organizations Included in the Financial Scan (sorted alphabetically) .....</b>	<b>3</b>
<b>Exhibit 2: Information on Website Postings of Financial Reports (as of April 2010) .....</b>	<b>6</b>
<b>Exhibit 3: Sample Graph of Total Assets &amp; Liabilities .....</b>	<b>12</b>
<b>Exhibit 4: Net Worth of Organizations Included in Financial Scan as of End of FY 2008-09* (sorted from highest to lowest).....</b>	<b>14</b>
<b>Exhibit 5: Sample Graph of Current Assets &amp; Liabilities.....</b>	<b>15</b>
<b>Exhibit 6: Working Capital of Organizations Included in Financial Scan as of End of FY 2008-09* (sorted from highest to lowest).....</b>	<b>16</b>
<b>Exhibit 7: Sample Graph of Cash &amp; Average Monthly Expenses .....</b>	<b>17</b>
<b>Exhibit 8: Sample Graph of Revenues &amp; Expenses .....</b>	<b>18</b>
<b>Exhibit 9: Surplus or Deficit of Organizations Included in Financial Scan for FY 2008-09* (sorted from highest to lowest).....</b>	<b>19</b>
<b>Exhibit 10: Sample Graph of Revenues by Type .....</b>	<b>20</b>
<b>Exhibit 11: Percent of Organizations' Revenues That Came From the City of San José in FY 2008-09* (sorted from highest to lowest) .....</b>	<b>21</b>
<b>Exhibit 12: Sample Graph of Expenses by Type .....</b>	<b>22</b>

# Executive Summary

In accordance with the City Auditor's Fiscal Year (FY) 2009-10 Audit Workplan and the Sunshine Reform Task Force's recommendation, we have completed our first *Annual Financial Scan of City-Funded Community-Based Organizations*. The purpose of this report is to provide elected officials and city staff with information on the financial condition of community-based organizations (CBOs) receiving significant City funding.

The financial scan is a tool in the City's oversight of its nonprofit partners. It is based on the CBOs' audited year-end financial statements – not today's cash balance or this year's projected surplus/deficit – so by its very nature the scan provides historical background information. It does this graphically, through charts of three-year financial trends (FY 2006-07 through FY 2008-09) for the thirty organizations that City staff identified as having been awarded at least \$250,000 in City or Redevelopment Agency funding in FY 2009-10.

The report is intended to be informational, and is not meant to provide a complete explanation of the financial condition of an organization or to provide a rating of an organization's fiscal health. Nor does it include performance measures or an assessment of the services provided for the dollars received. It is intended as a high-level summary that can serve as a starting point for asking questions and understanding the financial condition of an organization. The decision about whether an organization is in good financial condition and should be funded by the City depends on many factors, some of which are financial. The financial information included here provides a framework for understanding the basics of an organization's financial condition and asking common sense questions to gain a better understanding. It can also serve as a basis for formulating additional questions to gain a better understanding of the agencies' financial condition.

While this report does not draw conclusions about the financial status of the organizations, it is expected that the trend information included here will be used by City staff for early detection of indicators of potential financial problems, to assess an organization's financial condition, and to inform conversations about the future financial relationship between the City and its partner CBOs.

The Office of the City Auditor thanks the City Manager's Office, the Department of Housing, the Department of Parks, Recreation, and Neighborhood Services, the Office of Economic Development including the Office of Cultural Affairs, the Department of Transportation, the General Services Department, and the Redevelopment Agency for their cooperation and assistance during our review. The Office of the City Auditor also thanks the community-based organizations included in this report for their cooperation and assistance during the review.

---

## Overview of the Financial Scan

Each financial scan provides a two-page, high-level and visual summary of key financial information for each of the 30 organizations. These scans are intended to provide a starting point for asking further questions about the financial condition of an organization.

The scans are based on the organizations' FY 2008-09 audited financial statements and include information about:

- Total Assets and Liabilities including net worth
- Current Assets and Liabilities including working capital
- Comparison of Cash and Average Monthly Expenses
- Revenues and Expenses including surplus or deficit position
- Revenues by Type including percent of funding from the City of San José
- Expenses by Type including percent of expense on program services

We selected these six indicators based on our review of a number of potential indicators and consideration of what data was readily available from financial statements. In our opinion, these particular indicators provide a broad overview of: (1) how much an organization owns in relation to how much it owes in the long-term (2) how much an organization owns in relation to how much it owes in the short-term (3) its ability to continue to pay its bills should no funds come in for a period of time (4) its spending in relation to its revenues (5) the nature and diversity (or lack thereof) of an organization's revenues and (6) the nature of the organization's spending.

Reviewing financial indicators is only one part of evaluating organizations that apply for grant funds. Other important considerations include the organization's program objectives and outcomes as well as fiscal compliance with past grant conditions.



# Introduction

In accordance with the City Auditor's Fiscal Year (FY) 2009-10 Audit Workplan and the Sunshine Reform Task Force's recommendation, we have completed our first *Annual Financial Scan of City-Funded Community-Based Organizations*. The purpose of this report is to provide elected officials and city staff with information on the financial condition of community-based organizations (CBOs) receiving significant City funding.

The financial scan is a tool in the City's oversight of its nonprofit partners. It is based on the CBOs' audited year-end financial statements – not today's cash balance or this year's projected surplus/deficit – so by its very nature the scan provides historical background information. It does this graphically, through charts of three-year financial trends (FY 2006-07 through FY 2008-09) for the thirty organizations that City staff identified as having been awarded at least \$250,000 in City or Redevelopment Agency funding in FY 2009-10.

The report is intended to be informational, and is not meant to provide a complete explanation of the financial condition of an organization or to provide a rating of an organization's fiscal health. Nor does it include performance measures or an assessment of the services provided for the dollars received. It is intended as a high-level summary that can serve as a starting point for asking questions and understanding the financial condition of an organization. The decision about whether an organization is in good financial condition and should be funded by the City depends on many factors, some of which are financial. The financial information included here provides a framework for understanding the basics of an organization's financial condition and asking common sense questions to gain a better understanding. It can also serve as a basis for formulating additional questions to gain a better understanding of the agencies' financial condition.

While this report does not draw conclusions about the financial status of the organizations, it is expected that the trend information included here will be used by City staff for early detection of indicators of potential financial problems, to assess an organization's financial condition, and to inform conversations about the future financial relationship between the City and its partner CBOs.

The Office of the City Auditor thanks the City Manager's Office, the Department of Housing, the Department of Parks, Recreation, and Neighborhood Services, the Office of Economic Development including the Office of Cultural Affairs, the Department of Transportation, the General Services Department, and the Redevelopment Agency for their cooperation and assistance during our review. The Office of the City Auditor also thanks the community-based organizations included in this report for their cooperation and assistance during the review.

---

## Background

### **City of San José Funding for Nonprofits**

In FY 2009-10 the City awarded at least \$35.6 million to 323 nonprofits via 539 grants. In addition, the City provided in-kind rent and at least \$3.275 million annually under long-term operations and maintenance agreements for five cultural institutions. Grants were provided for a wide range of services including contracts for services, and funding for operations and maintenance of City-owned facilities; and were from a wide range of sources including but not limited to the General Fund (GF), Transient Occupancy Tax (TOT), Housing Trust Fund and Workforce Investment Act (WIA) Federal funds “passed through” the City of San José.

This financial scan includes only the 30 organizations that were awarded \$250,000 or more in total financial assistance in FY 2009-10.<sup>1</sup> Awards to those organizations in FY 2009-10 totaled about \$34.3 million.

The City is currently considering a number of preliminary budget reduction proposals to help close the \$116 million General Fund shortfall in the FY 2010-11 Proposed Operating Budget. The budgetary and operational impacts to nonprofits and their lead City departments may vary, depending on the severity and scope of budget decisions. Preliminary proposals have included, but are not limited to: eliminating Healthy Neighborhoods Venture Fund (HNVF) and shifting the resources to the General Fund, eliminating community-based organization (CBO) funding for several organizations that work with the Parks, Recreation, and Neighborhood Services (PRNS) Department, and eliminating or reducing various cultural and arts-related programs.

### **Thirty Organizations Were Included in the Scan**

In accordance with the Sunshine Task Force’s recommendation, City staff identified thirty organizations that were awarded at least \$250,000 in City or Redevelopment Agency funding in FY 2009-10. The financial scan reviewed the financial statements of those organizations, and those organizations only, for the last three fiscal years.

Exhibit I shows the 30 organizations that are included in this year’s financial scan. It is expected that this list will vary from year to year depending on the resources awarded to them in the future.

---

<sup>1</sup> The City Manager’s Office provided us a list that excluded from its definition of a grant: (1) a contract that is used to acquire property or services for the City’s direct benefit or use such as Professional Services contracts, (2) agreements that have a subsidy component that is intended to close operational deficits, and (3) agreements used to acquire, rehabilitate or construct low-income housing including shelters, transitional and permanent housing. We have included these and/or other forms of City financial assistance as they came to our attention. As additional information came to our attention, such as the fair market value of in-kind rent donated by the City, we added it.

**Exhibit I: City of San José FY 2009-10 Funding and Lead Department for Organizations Included in the Financial Scan (sorted alphabetically)**

	<b>Funding Awarded</b>	<b>Below Market Lease Value or Estimated Fair Market Value of Rent</b>	<b>City-Provided Funds for Operating and Maintenance</b>	<b>Total Financial Assistance</b>	<b>Lead Department</b>
Alum Rock Counseling Center	\$336,276			\$336,276	PRNS
Breakout Prison Outreach d.b.a. California Youth Outreach	\$637,066			\$637,066	PRNS
Catholic Charities of Santa Clara County	\$821,288		\$396,864	\$1,218,152	PRNS
Center for Training and Careers	\$453,000			\$453,000	Housing
Children's Discovery Museum of San José	\$160,025	\$720,000	\$300,000	\$1,180,025	OED
Community Partners for Youth, Inc.	\$253,920			\$253,920	Housing
Community Technology Alliance	\$463,018			\$463,018	Housing
Emergency Housing Consortium	\$4,113,661			\$4,113,661	Housing
Family Supportive Housing Inc	\$271,486			\$271,486	Housing
Fresh Lifelines for Youth	\$293,522			\$293,522	PRNS
Health Mobile	\$255,000			\$255,000	PRNS
Health Trust	\$1,167,103			\$1,167,103	Housing
History San José	\$3,000	\$48,000	\$875,000	\$926,000	General Services
Law Foundation of Silicon Valley	\$285,089			\$285,089	Housing
Mexican American Community Services Agency	\$737,959			\$737,959	Housing
Next Door Solutions to Family Violence	\$366,556			\$366,556	Housing
Opportunity Fund	\$258,677			\$258,677	Housing
Our City Forest	\$395,000	\$95,784		\$490,784	DOT
Pathway Society, Inc.	\$358,670			\$358,670	PRNS
Rebuilding Together Silicon Valley	\$303,268			\$303,268	Housing
Sacred Heart Community Service	\$1,270,559			\$1,270,559	Housing
San José Conservation Corps	\$1,615,871	\$88,431		\$1,704,302	PRNS
San José Downtown Association	\$676,200			\$676,200	RDA
San José/Evergreen Community College District	\$3,800,000			\$3,800,000	OED
San José Jazz Society	\$311,261			\$311,261	OED
San José Museum of Art	\$316,987	\$1,638,001	\$500,000	\$2,454,988	OED
San José Repertory Theatre	\$105,623	\$475,000	\$300,000	\$880,623	OED
Santa Clara Family Health Plan (CHI)	\$2,100,000			\$2,100,000	PRNS
Team San José	\$3,996,575	\$94,836*		\$4,091,411	CED
The Tech Museum of Innovation		\$1,300,000	\$1,300,000	\$2,600,000	OED
<b>Total</b>	<b>\$26,126,660</b>	<b>\$4,460,052</b>	<b>\$3,671,864</b>	<b>\$34,258,576</b>	

\* Includes \$83,136 for in-kind office space and \$11,700 for software.

Source: City Manager's Office and City Auditor's Office.

## Promoting Transparency

Transparency with regard to taxpayer funds provided to nonprofits helps provide public officials and residents with assurance that the services paid for are being delivered and that the nonprofits are monitored by the City on an ongoing basis. The City has taken a variety of actions in recent years to promote transparency among nonprofits that receive funding from the City. These include:

- In October 2007, the City Council directed staff to incorporate the financial statement internet posting requirement into the City's standard terms and conditions for grant agreements and operating subsidy agreements. As a result, grant agreements now require that nonprofit organizations *“receiving \$200,000 or more in City or Redevelopment Agency funds (in the aggregate) during any fiscal year which is either (a) grant funding other than construction funding and/or (b) operating subsidy funding for operation of City facilities, must prepare and make available for public view on the internet, annual audited financial statements.”*
- The City's grant agreement template beginning in FY 2010-11 requires that the audited financial statements must be made available for view within 6 months from the end of the nonprofit's fiscal year (which may be extended by the City Manager based on a showing of hardship or other good cause) and must be viewable to the public at no cost.
- A requirement in the City's "Grant Management Policies and Procedures" that organizations receiving more than \$200,000 in cumulative funding from the City and/or Redevelopment Agency must provide their audited financial statements annually to the City.
- The San José City Council approved the establishment of the Sunshine Reform Task Force in 2006 to review and make recommendations to the Council regarding open government in the City of San José. In March 2010, the City Council accepted the Sunshine Task Force's recommendation to define "non-governmental bodies" as: a nonprofit entity that manages a City facility for City purposes with a value of more than \$5 million; or receives financial assistance annually from the City totaling at least the amount of the City Manager's contracting authority (currently \$250,000). The recommendation also stated that non-governmental bodies should comply with the following requirements:
  - Post financial reports on the organization's web site; and submit information and cooperate with the City, which will conduct an annual financial scan that reviews the organization's financial condition based on its audited financial statements.
  - If the annual financial scan identifies the need for corrective action, submit information and cooperate with the City and the

lead department in preparing additional reports to the Public Safety, Finance & Strategic Support Committee with updates on the corrective actions being taken.

- If the financial scan identifies any issues of concern, the same report will also be forwarded to the Council Committee most appropriate for oversight of the activities for which the nonprofit is providing services.
- In addition, the Nonprofit Strategic Engagement Committee will meet regularly to review contract issues and develop a process to address any concerns associated with a non-governmental body that receives annually at least the amount of the City Manager's contracting authority.

In addition to these local requirements, the California Nonprofit Integrity Act of 2004 requires that nonprofits with gross revenues greater than \$2 million (not including grants received from governmental entities if the nonprofit is required to provide an accounting of how it used the grant funds) must have a financial statement audit and must make the audited financial statements available for public inspection no more than 9 months after the close of the fiscal year covered by the financial statement.

Exhibit 2 lists the websites of the 30 organizations included in the scan and indicates whether financial reports were posted on their sites. We should note that it was sometimes difficult to find the financial reports on an organization's website. In our opinion, financial reports posted on an organization's website should be clearly listed under a category related to financial reporting.

As shown in Exhibit 2, three organizations of the 30 organizations had not posted their financial reports posted on their web site as of April 2010.

- Two of those organizations – Our City Forest and Pathway Society – did not post any financial reports on their web site.
- Santa Clara Family Health Plan did not have financial statements posted on its own site but did post them (FY 2003-04 through FY 2008-09) on the State of California Department of Managed Healthcare's website.

**Exhibit 2: Information on Website Postings of Financial Reports  
(as of April 2010)**

	<u>Did the organization post financial reports on its website?</u>	<u>Organization Website</u>
Team San José	Yes (FY 2006-07 through 2008-09)	<a href="http://sanjose.org/">http://sanjose.org/</a>
Alum Rock Counseling Center	Yes (FY 2008-09)	<a href="http://www.alumrockcc.org/">http://www.alumrockcc.org/</a>
Breakout Prison Outreach d.b.a. California Youth Outreach	Yes (FY 2007-08 and FY 2008-09)	<a href="http://www.cyoutreach.org/">http://www.cyoutreach.org/</a>
Catholic Charities of Santa Clara County	Yes (FY 2008-09)	<a href="http://www.catholiccharitiesscc.org/">http://www.catholiccharitiesscc.org/</a>
Center for Training and Careers	Yes (FY 2007-08); FY 2008-09 audit still in progress	<a href="http://www.ctcsi.org/">http://www.ctcsi.org/</a>
Children's Discovery Museum of San José	Yes (FY 2007-08 and 2008-09)	<a href="http://www.cdm.org/">http://www.cdm.org/</a>
Community Partners for Youth, Inc.	Yes (FY 2008-09)	<a href="http://ccpy.org/">http://ccpy.org/</a>
Community Technology Alliance	Yes (FY 2008-09)	<a href="http://www.ctagroup.org/">http://www.ctagroup.org/</a>
Emergency Housing Consortium	Yes (FY 2004-05 through 2008-09)	<a href="http://www.ehclifebuilders.org/">http://www.ehclifebuilders.org/</a>
Family Supportive Housing Inc	Yes (FY 2008-09)	<a href="http://www.sjfamilyshelter.org/">http://www.sjfamilyshelter.org/</a>
Fresh Lifelines for Youth	Yes (FY 2007-08 and FY 2008-09)	<a href="http://www.flyprogram.org/">http://www.flyprogram.org/</a>
Health Mobile	Yes (FY 2007-08)	<a href="http://www.healthmobile.org/">http://www.healthmobile.org/</a>
Health Trust	Yes (FY 2003-04 through FY 2008-09)	<a href="http://www.healthtrust.org/">http://www.healthtrust.org/</a>
History San José	Yes (FY 2007-08 and 2008-09)	<a href="http://www.historysanjose.org/">http://www.historysanjose.org/</a>
Law Foundation of Silicon Valley	Yes (FY 2005-06 through 2008-09)	<a href="http://www.lawfoundation.org/">http://www.lawfoundation.org/</a>
Mexican American Community Services Agency	No (but posted FY 2007-08); FY 2008-09 audit still in progress	<a href="http://www.macsa.org/">http://www.macsa.org/</a>
Next Door Solutions to Family Violence	Yes (FY 2006-07 through 2008-09)	<a href="http://www.nextdoor.org/">http://www.nextdoor.org/</a>
Opportunity Fund	Yes (FY 2005-06 through FY 2008-09)	<a href="http://www.opportunityfund.org/">http://www.opportunityfund.org/</a>
Our City Forest	No (organization did not have audits and did not post any financial information)	<a href="http://www.ourcityforest.org/">http://www.ourcityforest.org/</a>
Pathway Society, Inc.	No	<a href="http://www.pathwayinc.com/">http://www.pathwayinc.com/</a>
Rebuilding Together Silicon Valley	Yes (FY 2008-09)	<a href="http://www.rebuildingtogether-sv.org/">http://www.rebuildingtogether-sv.org/</a>
Sacred Heart Community Service	Yes (FY 2008-09)	<a href="http://www.shcstheheart.org/">http://www.shcstheheart.org/</a>
San José Downtown Association	Yes (FY 2007-08); review posted for FY 2008-09; organization has an audit only every four years;	<a href="http://www.sjdowntown.com/">http://www.sjdowntown.com/</a>
San José Conservation Corps	Yes (FY 2008-09 and FY 2007-08)	<a href="http://www.sjcccharterschool.org/">http://www.sjcccharterschool.org/</a>
San José/Evergreen Community College District	Yes (FY 2006-07 through 2008-09)	<a href="http://www.sjeccd.edu/">http://www.sjeccd.edu/</a>
San José Jazz Society	Yes (FY 2006-07 through 2008-09)	<a href="http://www.sanjosejazz.org/">http://www.sanjosejazz.org/</a>
San José Museum of Art	Yes -included in Annual Report on web but does not include notes to financials	<a href="http://www.sjmusart.org/">http://www.sjmusart.org/</a>
San José Repertory Theatre	Yes (FY 2008-09 and FY 2007-08)	<a href="http://www.sjrep.com/">http://www.sjrep.com/</a>
Santa Clara Family Health Plan (CHI)	No (but FY 2003-04 through FY 2008-09 posted on State of California Department of Managed Healthcare site)	<a href="http://www.scfhp.com/">http://www.scfhp.com/</a>
The Tech Museum of Innovation	Yes (FY 2006-07 through 2008-09)	<a href="http://www.thetech.org/">http://www.thetech.org/</a>

Source: Compiled by Auditor's Office.

## Annual Financial Statement Audits

The financial scan summarizes data from audited financial statements of each of the 30 organizations for the fiscal years ended 2007, 2008, and 2009. A financial statement audit is an examination and verification of a company's financial and accounting records and supporting documents by a Certified Public Accountant (CPA). A nonprofit's financial statement audit, prepared as of a certain date usually covering a twelve-month period, includes an opinion letter, statement of financial position (called a balance sheet in the private sector), statement of activities (called an income statement in the private sector), statement of cash flows, and notes that provide additional context and explanation of numbers in financial statements. Audited financial statements typically include two years of comparative information (from the most recent and the prior year).

A financial statement auditor may issue an **unqualified opinion**, which means the auditor concluded that the organization appeared to have followed accounting rules appropriately and, as a result, the financial statements are a reasonably accurate representation of the organization's financial condition. The financial statement auditor may also issue a **qualified opinion**, highlighting certain compliance issues or limitations in the organization's statements. Even if an unqualified opinion is issued, the financial statement auditor may express concerns about the organization's ability to remain solvent, or continue as a "going concern," in the near future.

An unqualified opinion does not mean that an organization is financially solvent or profitable. Rather, a financial statement audit with an unqualified opinion indicates that the auditor is reasonably certain the numbers are reliable.

The City's grant agreement template beginning in FY 2010-11 will require grantees to submit audited financial statements that include at least the basic components described in this section.

Of the 30 organizations we reviewed:

- 27 provided their most recently completed financial statement audits, as well as the statements for the two prior years; three of the 27 organizations still had their FY 2008-09 audits in progress.
- One organization (Our City Forest ) submitted a **compilation**<sup>2</sup> for two years (FY 2008-09 and FY 2007-08) and pro forma financial statements for FY 2006-07, and

---

<sup>2</sup> A compilation is a financial report usually covering a 12-month period in which accounting data is assembled, but not reviewed or audited, by a Certified Public Accountant (CPA). The CPA provides no opinion about the accuracy of the statements. A review is a financial report usually covering a 12-month period that is put together and reviewed, but not audited, by a CPA. A review will include a statement of financial position, statement of activities, statement of cash flows, and potentially notes. A review is not considered to be as comprehensive or as independent as an audit, but requires a higher level of due diligence than a compilation.

- One organization (San José Downtown Association) provided **reviews** for FY 2006-07 and FY 2008-09 and an audit for FY 2007-08.
- One organization which receives substantial City funding (Workforce Institute) does not issue its own financial statements as it is part of San José/Evergreen Community College District. City staff reviews Evergreen's financial statements in deciding whether to award funding. Therefore, we based the scan on the Community College District's financial statements. We requested, but were told that financial reports showing Workforce Institute's assets, liabilities, revenues, and expenditures were not available. In our opinion, funding decisions absent program-level information are problematic.

### *Other written communications from auditors*

In conjunction with the financial statement audit, financial statement auditors may also issue letters to the organization regarding issues that come to their attention. The United Way Silicon Valley audit guide notes that depending on the type of engagement and the nature of the conditions noted, written communication can be in any one of the following three forms: (1) management letter (2) independent auditor's report on internal control structure or (3) advisory comment letter.

Organizations provided us with the letters associated with their most recent audit. We reviewed them and, in some cases (depending on the nature of the comments) included notes from them on the organization's financial scan. One organization, San José Repertory Theatre, chose not to provide us the letters associated with its audit.<sup>3</sup> The City's grant agreement template beginning in FY 2010-11 requires that grantees submit management letters associated with its audit to the City.

---

## **Audit Scope and Methodology**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We reviewed and summarized information in the annual financial statements submitted by the community-based organizations that have been awarded

---

<sup>3</sup> The San José Repertory Theatre advised that it chose not to provide the management letter associated with its audit on the principle that it is a confidential communication between auditor and client. The Auditor's Office notes that it is a common practice for funders to request management letters.



\$250,000 or more in City of San José funding in FY 2009-10 (based on current year funding). Funding that counted towards the \$250,000 included grants awarded, below market lease values, as well as operating and maintenance values.

The scan was limited to the list of 30 organizations identified by the Office of the City Manager as receiving \$250,000 or more in FY 2009-10. That list did not include some forms of financial assistance, such as in-kind contributions. The number of organizations receiving total assistance from the City greater than \$250,000 would likely be more than the ones included in this review if all forms of assistance were included. We have included additional forms of financial assistance to the 30 organizations in the scan as they have come to our attention.

Information regarding the City's funding awards in both FY 2009-10 and FY 2008-09 was provided by City staff as well as management of the community-based organizations, the organization's financial statements, or unaudited supplementary information in the financial statement audits.

We selected indicators based on financial statement information that would provide a broad overview of the financial condition of an organization. In selecting the indicators, we reviewed a variety of sources about nonprofit finances including *Understanding Nonprofit Finances* by Michael K. Well as well as consulted with Jeanne Bell of CompassPoint Nonprofit Services (a consulting, research, and training organization providing nonprofits with management tools, strategies and resources). We displayed such information in graphs based on the FY 2008-09 audit. For organizations for which we did not receive the FY 2008-09 audit, we used the best available unaudited data and noted it accordingly on the relevant pages. The indicators include: total assets and liabilities, current assets and liabilities, cash and average monthly expenses, revenues and expenses (surpluses and deficits), revenues by type and expenses by type. We also calculated the percentage of an organization's revenues that came from the City of San José. The information in this report has been reviewed with responsible city departments and the relevant community-based organizations for accuracy.

**This page was intentionally left blank**

# Overview of the Financial Scan

Each financial scan provides a two-page, high-level and visual summary of key financial information for each of the 30 organizations. These scans are intended to provide a starting point for asking further questions about the financial condition of an organization.

The scans are based on the organizations' FY 2008-09 audited financial statements and include information about:

- Total Assets and Liabilities including net worth
- Current Assets and Liabilities including working capital
- Comparison of Cash and Average Monthly Expenses
- Revenues and Expenses including surplus or deficit position
- Revenues by Type including percent of funding from the City of San José
- Expenses by Type including percent of expenses for program services

We selected these six indicators based on our review of a number of potential indicators and consideration of what data was readily available from financial statements. In our opinion, these particular indicators provide a broad overview of: (1) how much an organization owns in relation to how much it owes in the long-term (2) how much an organization owns in relation to how much it owes in the short-term (3) its ability to continue to pay its bills should no funds come in for a period of time (4) its spending in relation to its revenues (5) the nature and diversity (or lack thereof) of an organization's revenues and (6) the nature of the organization's spending.

Reviewing financial indicators is only one part of evaluating organizations that apply for grant funds. Other important considerations include the organization's program objectives and outcomes as well as fiscal compliance with past grant conditions.

---

## How the Financial Scan is Organized

The first page of the financial scan includes basic information about the organization and the funding most recently awarded by the City of San José for FY 2009-10. The first page focuses on information gathered from the organization's financial statements, specifically the Statement of Financial Position, for the fiscal years ended 2007, 2008, and 2009.

The second page focuses on information gathered from the organization's Statement of Activities and Statement of Functional Expenses for the fiscal years ended 2007, 2008, and 2009. On both pages, graphs are provided to illustrate some key figures from the financial statements, and a description and analysis are provided next to each graph.

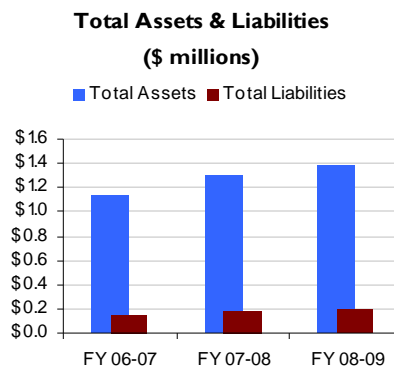
The following sections describe each of the financial indicators in more detail. Also see Appendix A for a **List of Grant Acronyms** and Appendix B for a **Glossary of Financial Terms**.

---

### Total Assets and Liabilities

Information about assets and liabilities is important to help determine how much an organization owns in relation to how much it owes. Each of the financial scans includes a graph showing **total assets** and **total liabilities** over the last three years (see Exhibit 3) and comments, where applicable, regarding the **net worth** of the organization.

#### Exhibit 3: Sample Graph of Total Assets & Liabilities



**Assets** are what the organization owns and uses. For example, assets include cash, investments, accounts receivables (money owed to the organization), buildings, property, and equipment. Some key questions that can be asked regarding an organization's assets include:

- What kind of assets does the organization have? Are its assets mostly cash or mostly buildings? How does the nature of its assets relate to its business model?
- Are assets growing or declining, and why?
- Do the amounts or percentages of major categories of assets differ significantly from year to year?
- Were there significant purchases of property and equipment during the year? Were there significant sales or purchases of investments during the year?

**Liabilities** are the debts of the organization, such as accounts payable (bills to be paid), notes or loans payable, unpaid employee salaries and vacation leave, and loans. Some key questions that can be asked regarding an organization's liabilities include:

- What kind of liabilities does the organization have? Does it have a large mortgage, for instance? How does the nature of its liabilities relate to its business model?
- Has short- and/or long-term debt increased or decreased since last year?
- Do the amounts or percentages of major categories of liabilities differ significantly from year to year?

### **Net Worth**

**Net Assets** are the resources ultimately available to the organization after paying all liabilities. In other words:  $Assets - Liabilities = Net Assets$ . Net assets are also the organization's **net worth**, or what would be left if the organization sold everything off today and paid all of its bills.

Net assets for nonprofits are typically divided into **unrestricted, temporarily restricted** (such as grants or contributions that are to be spent for a specific purpose or during a specified period of time based upon donor-imposed restrictions), and **permanently restricted** net assets (donor-imposed restriction that stipulates that those resources be maintained permanently, but permits organization to use up or expend part or all of the income or other benefits derived from such resources, such as an endowment).

Some key questions that can be asked by looking at an organization's net worth include:

- Did net worth increase or decrease, and is this a change from last year?
- Did unrestricted net assets increase or decrease, and is this a change from last year?
- Did temporarily restricted and permanently restricted net assets increase or decrease?

Exhibit 4 shows the net worth, as of the end of FY 2008-09, for the organizations included in the financial scan.

**Exhibit 4: Net Worth of Organizations Included in Financial Scan as of End of FY 2008-09\* (sorted from highest to lowest)**

San José/Evergreen Community College District	\$102,800,000
Health Trust	\$93,700,000
The Tech Museum of Innovation	\$42,300,000
Emergency Housing Consortium	\$21,300,000
Children's Discovery Museum of San José	\$19,400,000
Catholic Charities of Santa Clara County	\$16,900,000
Santa Clara Family Health Plan (CHI)	\$10,800,000
Sacred Heart Community Service	\$7,700,000
San José Conservation Corps	\$7,700,000
San José Museum of Art	\$7,500,000
Opportunity Fund	\$6,800,000
Family Supportive Housing Inc	\$4,300,000
Center for Training and Careers	\$2,700,000
Mexican American Community Services Agency	\$2,500,000
Pathway Society, Inc.	\$2,000,000
Fresh Lifelines for Youth	\$1,500,000
Law Foundation of Silicon Valley	\$1,300,000
Team San José	\$1,200,000
Next Door Solutions to Family Violence	\$1,200,000
Alum Rock Counseling Center	\$1,200,000
San José Downtown Association	\$658,000
Community Technology Alliance	\$538,000
Rebuilding Together Silicon Valley	\$515,000
Our City Forest	\$495,000
History San José	\$361,000
Health Mobile	\$209,000
Breakout Prison Outreach d.b.a. California Youth Outreach	\$81,000
San José Jazz Society	\$78,000
Community Partners for Youth, Inc.	\$10,000
San José Repertory Theatre	(\$369,000)

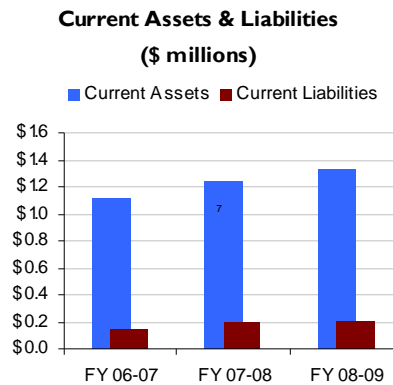
\* Numbers are rounded.

---

**Current Assets and Liabilities**

Included within total assets and liabilities (as described above) are current assets and current liabilities. **Current assets** include cash, cash equivalents, and other assets that can be converted to cash or consumed within one year, while **current liabilities** include all debts or other obligations that will be due within one year. Current assets and liabilities can be used to assess an organization's short-term liquidity, or its capacity to pay its bills as they come due. Each of the financial scans includes a graph showing current assets and liabilities over the last three years (see Exhibit 5) and comments, where applicable, regarding the organization's **working capital**.

**Exhibit 5: Sample Graph of Current Assets & Liabilities**



Some key questions that can be asked regarding an organization’s current assets and liabilities include:

- What kind of current assets does the organization have? Are its current assets mostly in cash?
- Does the organization have a significant amount in investments?
- Does the organization have a significant amount of receivables?
- What kind of current liabilities does the organization have? Are its current liabilities mostly in accounts payable or prepaid expenses?
- Does the organization have a significant amount of notes or loans payable?

**Working Capital**

Using current assets and liabilities (specifically, current assets minus current liabilities), we also calculated working capital, which describes the amount of liquidity an organization has at its disposal to continue operations; i.e. how much cash and near cash it has on hand or can readily access to meet its obligations as they come due.

**Exhibit 6: Working Capital of Organizations Included in Financial Scan as of End of FY 2008-09\* (sorted from highest to lowest)**

Health Trust	\$88,300,000
The Tech Museum of Innovation	\$15,800,000
Catholic Charities of Santa Clara County	\$12,700,000
Opportunity Fund	\$12,600,000
Santa Clara Family Health Plan (CHI)	\$8,200,000
Children's Discovery Museum of San José	\$2,900,000
San José Museum of Art	\$2,900,000
Pathway Society, Inc.	\$1,500,000
Sacred Heart Community Service	\$1,300,000
Fresh Lifelines for Youth	\$1,300,000
Law Foundation of Silicon Valley	\$1,200,000
Team San José	\$1,200,000
Alum Rock Counseling Center	\$1,100,000
San José Conservation Corps	\$1,000,000
Next Door Solutions to Family Violence	\$938,000
San José/Evergreen Community College District	\$600,000
Rebuilding Together Silicon Valley	\$471,000
Our City Forest	\$437,000
Center for Training and Careers	\$350,000
Community Technology Alliance	\$269,000
Health Mobile	\$209,000
San José Downtown Association	\$169,000
Family Supportive Housing Inc	\$98,000
San José Jazz Society	\$72,000
Breakout Prison Outreach d.b.a. California Youth Outreach	\$57,000
Community Partners for Youth, Inc.	\$7,000
History San José	(\$201,000)
Mexican American Community Services Agency	(\$2,000,000)
San José Repertory Theatre	(\$3,700,000)
Emergency Housing Consortium	(\$4,400,000)

\* Numbers are rounded.

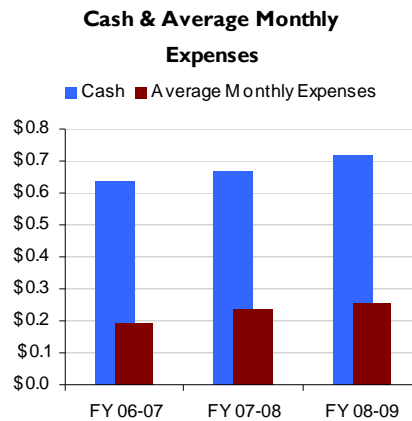
---

**Cash and Average Monthly Expenses**

**Cash** is listed as a current asset on the Statement of Financial Position and simply refers to how much cash the organization had on hand at end of the fiscal year. It is a snapshot in time of the particular day on which the Statement of Financial Position was issued. The financial scan includes a graph of cash compared to average monthly expenses (see Exhibit 7), which provides information about the organization's ability to pay its bills based on available funds.



**Exhibit 7: Sample Graph of Cash & Average Monthly Expenses**



It is important to note that the amount of cash on hand can change significantly at any time. In addition, some of an organization’s cash may have been restricted and therefore, not available to pay bills. It’s also worth noting that many City grants are provided to organizations on a reimbursement basis (typically monthly or quarterly) and therefore an organization may have accrued expenses for which they won’t receive cash until the next fiscal year.

Some key questions that can be asked regarding an organization’s cash include:

- How many months’ cash on hand does the organization have to cover expenses?
- Has the organization’s cash balance increased or decreased since the same time last year? Was this planned or not?
- Does the organization hold a cash reserve? Does the organization have access to other assets that can be quickly converted to cash if necessary?

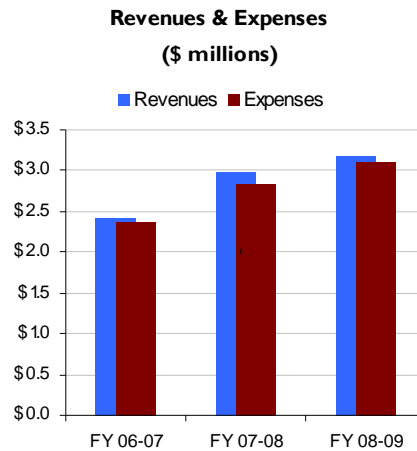
It also should be noted that organizations may or may not spend resources at the same pace throughout the operating year, depending on the organization’s funding stream or activities and services provided. Therefore, the average monthly expenses may not be as meaningful for some organizations as for others.

---

**Revenues and Expenses**

Information about revenues versus expenses shows the organization’s spending in relation to its revenues. Each of the financial scans includes a graph showing **revenues and expenses** over the last three years (see Exhibit 8) and comments, where applicable, regarding the organization’s **surplus or deficit** over the last three years.

### Exhibit 8: Sample Graph of Revenues & Expenses



The Statement of Activities includes all of the organization’s revenues (or income) and expenses over an accounting period. Revenues may include, but are not limited to: grants and contributions, donated services and materials, special events and benefits, fees from memberships, performances, and other fee-related services. Revenues may be listed as unrestricted, temporarily restricted, or permanently restricted. Expenses are divided into program services, administration or management, and fundraising. In some cases, this breakdown is provided in the organization’s Statement of Functional Expenses.

#### Surplus or Deficit

At the end of the fiscal year, an organization may have a **surplus**, which occurs when there is an excess of revenue over expenses during an accounting period. A **deficit** occurs when there is an excess of expenses over revenue during an accounting period. We calculated a surplus or deficit as: Total Revenues – Total Expenses = Surplus (if positive) or Deficit (if negative).

Some key questions that can be asked regarding an organization’s surplus or deficit include:

- Was the surplus or deficit planned or not? For example, was the surplus or deficit due to new programs or a new capital campaign during the fiscal year?
- What was the surplus or deficit compared to total expenses during the fiscal year?
- Were there any large one-time revenues or expenses that resulted in a surplus or deficit? It should be noted that organizations may recognize the entire value of a multi-year grant as revenue in the year that the grant is received, rather than in the year it is spent. In these instances, an

organization may show a surplus in the year it receives the grant and a deficit in subsequent years.

- o Did the organization have a surplus or deficit in prior fiscal years?

As shown in Exhibit 9, for the fiscal year ended FY 2008-09, 19 of the 30 organizations ran a deficit.

**Exhibit 9: Surplus or Deficit of Organizations Included in Financial Scan for FY 2008-09\* (sorted from highest to lowest)**

Family Supportive Housing Inc	\$1,900,000
San José Conservation Corps	\$1,000,000
Catholic Charities of Santa Clara County	\$523,000
Sacred Heart Community Service	\$337,000
Alum Rock Counseling Center	\$66,000
Pathway Society, Inc.	\$47,000
Our City Forest	\$32,000
San José Jazz Society	\$29,000
Health Mobile	\$29,000
Center for Training and Careers	\$25,000
Community Technology Alliance	\$13,000
San José Downtown Association	(\$16,000)
History San José	(\$51,000)
Rebuilding Together Silicon Valley	(\$51,000)
Next Door Solutions to Family Violence	(\$62,000)
Community Partners for Youth, Inc.	(\$72,000)
Breakout Prison Outreach d.b.a. California Youth Outreach	(\$171,000)
Team San José	(\$278,000)
Fresh Lifelines for Youth	(\$445,000)
San José Museum of Art	(\$465,000)
Opportunity Fund	(\$536,000)
Law Foundation of Silicon Valley	(\$569,000)
Mexican American Community Services Agency	(\$1,000,000)
San José Repertory Theatre	(\$1,200,000)
Children's Discovery Museum of San José	(\$1,400,000)
Emergency Housing Consortium	(\$1,700,000)
Santa Clara Family Health Plan (CHI)	(\$2,800,000)
The Tech Museum of Innovation	(\$4,800,000)
Health Trust	(\$7,100,000)
San José/Evergreen Community College District	(\$14,300,000)

\* Numbers are rounded.

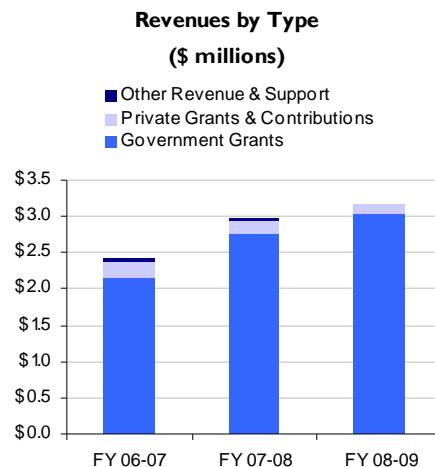
A recent survey of 84 health and human service nonprofits in Santa Clara County in January 2010 indicated that times continue to be difficult for nonprofits in general. As of July 1, 2009, Silicon Valley Council of Nonprofits survey respondents had lost approximately 8%, or \$14.5 million of local government revenue (Santa Clara County, FIRST 5, and City of San José) and much more in foundation, individual, and corporate financial support.

---

## Revenues by Type

Revenue is shown in three categories: 1) government grants, 2) private grants and contributions, and 3) all other revenue and support.<sup>4</sup> The purpose is to show the variety of funding types and sources that each organization may be dependent upon. Each of the financial scans includes a graph showing revenues by type over the last three years (see Exhibit 10) and comments, where applicable, regarding the percent of the organization's revenue that came from the City of San José in FY 2008-09.

**Exhibit 10: Sample Graph of Revenues by Type**



Some key questions that can be asked regarding an organization's revenue sources include:

- Does the organization have a good diversification of revenue sources?
- Is the organization particularly dependent on one type or source of revenue?
- What do the organization's revenue sources look like compared to last year? Is the organization becoming more or less dependent on one type of source of revenue?

---

<sup>4</sup> Some of the organizations' financial statements do not break out their revenues in these categories.

**Percent of Revenue Provided by the City**

The scan includes how much revenue (in dollars and percentage) was provided by the City of San José over the fiscal year. For the fiscal year ended 2009, the 30 organizations in this financial scan received from one percent to 87 percent of their total funding from the City. Exhibit II shows the percent of organizations' revenue that came from the City in FY 2008-09.

**Exhibit II: Percent of Organizations' Revenues That Came From the City of San José in FY 2008-09\* (sorted from highest to lowest)**

Team San José	87%
Center for Training and Careers	69%
Community Partners for Youth, Inc.	60%
History San José	55%
San José Downtown Association	47%
San José Museum of Art	40%
Rebuilding Together Silicon Valley	38%
Our City Forest	38%
San José Conservation Corps	30%
Breakout Prison Outreach d.b.a. California Youth Outreach	25%
Children's Discovery Museum of San José	23%
Community Technology Alliance	19%
San José Repertory Theatre	17%
The Tech Museum of Innovation	17%
Emergency Housing Consortium	15%
Fresh Lifelines for Youth	14%
Next Door Solutions to Family Violence	14%
Health Trust	14%
San José Jazz Society	11%
Health Mobile	10%
Alum Rock Counseling Center	9%
Sacred Heart Community Service	9%
San José/Evergreen Community College District	8%
Pathway Society, Inc.	7%
Mexican American Community Services Agency	7%
Opportunity Fund	6%
Catholic Charities of Santa Clara County	5%
Family Supportive Housing Inc	3%
Law Foundation of Silicon Valley	3%
Santa Clara Family Health Plan (CHI)	1%

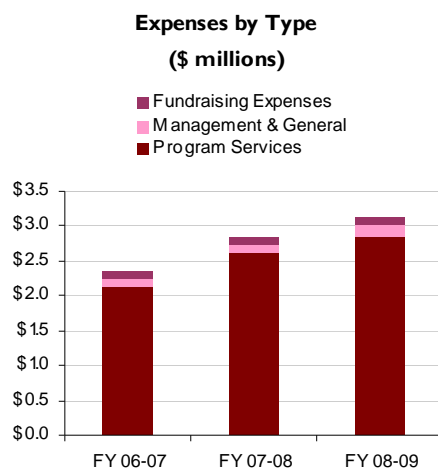
\* In-kind rent and below market leases/facilities provided by the City are included.

---

## Expenses by Type

Information about expenses by type is important because it shows the nature of the organization's spending. An organization's total expenses are typically allocated along three categories: program services, administration (for example, management and general), and fundraising. Each of the financial scans includes a graph showing **expenses by type** over the last three years (see Exhibit 12) and comments, where applicable, regarding the ratio or percentage of expenses allocated to **program services**.

**Exhibit 12: Sample Graph of Expenses by Type**



Some key questions that can be asked regarding an organization's expenses include:

- Have the total expenses for program services increased or decreased since last year?
- How much did the organization spend on management and fundraising expenses this year compared to last year?

### **Percentage of Expenses Allocated to Program Services**

Typically, the ratio or percentage of expenses allocated to **program services** measures the relationship between direct service(s) and total expenses, including administration, fundraising, or other areas.

Expenses that are not program related for nonprofits are categorized as management and fundraising expenses. The organization's financial statement auditors categorize spending into such categories and while generally accepted

accounting principles apply, such categorizations may not be consistent across organizations due to differences in the interpretations of financial statement auditors.

---

## Summary

This report builds on existing audited financial statements for FY 2006-07, 2007-08, and 2008-09. It provides insights into the financial condition of CBOs receiving significant City funding, but is not intended to be a complete assessment of financial condition. In addition to this report, other sources of public information regarding nonprofits include the organizations' websites (listed in Exhibit 2), the Form 990 that an organization files annually with the Internal Revenue Service available on [www.guidestar.org](http://www.guidestar.org), and Charity Navigator (an independent on-line information resource).

Any of the categories and questions listed above may have appropriate explanations that do not result in any cause for concern. However, making comparisons between categories and from year to year is helpful for developing further questions to ask about the organization and its financial condition.

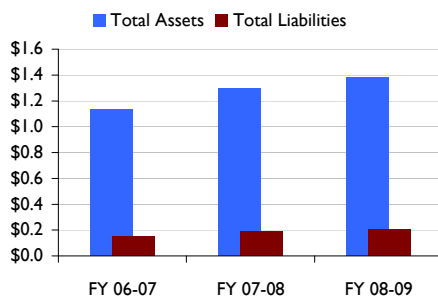
## ALUM ROCK COUNSELING CENTER, INC.

1245 E. Santa Clara St., San Jose, CA 95116 | www.alumrockcc.org

Alum Rock Counseling Center's (ARCC) mission is to empower youth, adults, families and communities in the East Santa Clara Valley to develop, enhance, and maintain healthy lifestyles. ARCC carries out this mission by providing a combination of multilingual and culturally sensitive services. Through staff, collaboration with other agencies, government grants, and with the assistance of public and private donations, ARCC is able to provide services to the community in three major program areas: counseling, crisis and curfew (Family Crisis Intervention Program), and prevention and education.

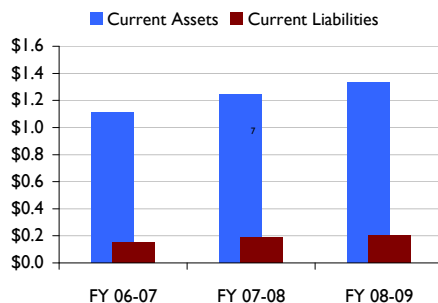
**City of San José Funding:** In FY 2009-10, the City awarded ARCC \$336,276 in funding. The funding came from the following sources: BEST, HNVF, and SSIG.

**Total Assets & Liabilities**  
(\$ millions)



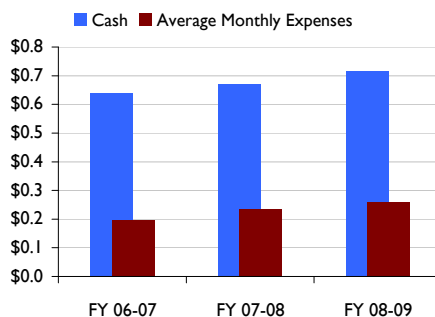
As of June 30, 2009, ARCC's assets totaled about \$1.4 million (consisting mostly of cash and grants receivable) and its liabilities totaled about \$203,000, resulting in a net worth of about \$1.2 million.

**Current Assets & Liabilities**  
(\$ millions)



As of June 30, 2009, ARCC's current assets totaled about \$1.3 million while its current liabilities totaled about \$203,000. Current assets include cash, cash equivalents, and assets that can be converted or consumed within one year. Current liabilities include debts or other obligations that will be due within one year. Cash and grants receivable accounted for 92% of the organization's total assets. The organization had no long-term liabilities. ARCC had approximately \$1.1 million in working capital.

**Cash & Average Monthly Expenses**  
(\$ millions)

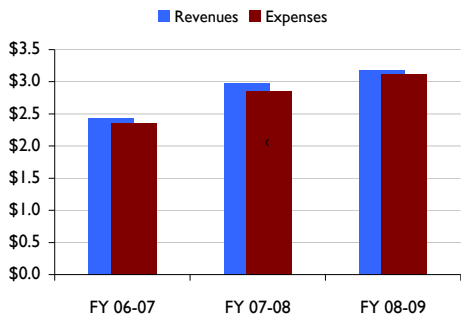


As of June 30, 2009, ARCC had about \$717,000 in cash (some of which may have been restricted), or enough to cover almost three months of average expenses. For FY 2009-10, monthly expenses averaged about \$259,000.



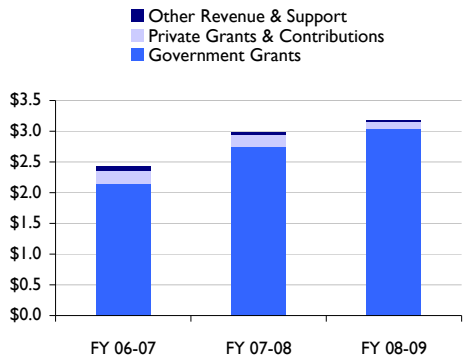
## ALUM ROCK COUNSELING CENTER, INC. (continued)

**Revenues & Expenses**  
(\$ millions)



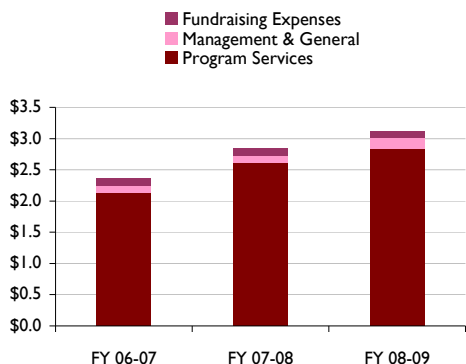
Revenues totaled about \$3.2 million at the end of FY 2008-09, while expenses totaled about \$3.1 million leaving a surplus of about \$66,000. ARCC also had surpluses of about \$70,000 and \$135,000 in FY 2006-07 and FY 2007-08, respectively.

**Revenues by Type**  
(\$ millions)



Total revenues increased 31% since FY 2006-07. From FY 2006-07 to FY 2008-09, government grants increased 42%, while support and other revenues decreased by 46% and 70%, respectively. Approximately 55% of the organization's operating revenue was derived from its four largest government contracts and grants. In FY 2008-09, the City awarded \$274,474 in funding to the organization. This accounted for about 9% of the organization's total revenues.

**Expenses by Type**  
(\$ millions)



Total expenses increased 32% since FY 2006-07. Program services accounted for 91% of ARCC's total expenses. From FY 2006-07 to FY 2008-09, program services expenses increased 34%. Program services included: counseling, crisis and curfew, and prevention and education programs.

Notes based on financial statements:

1) Alum Rock Counseling Center, Inc. external auditors issued an unqualified audit opinion for fiscal years ending 2007, 2008, and 2009.

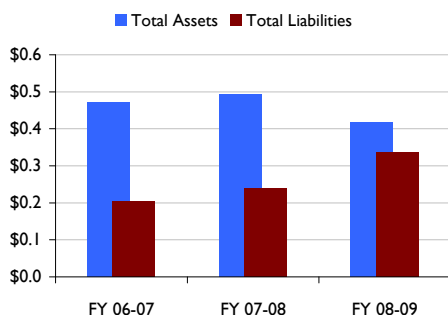
## BREAKOUT PRISON OUTREACH (dba California Youth Outreach)

224 N. 27th St., San Jose, CA 95116 (San Jose office) | www.cyoureach.org

Breakout Prison Outreach (dba California Youth Outreach) provides outreach to gang-impacted youth, families and their communities with education services, intervention programs and resource opportunities that support a healthy and positive lifestyle. The organization provides these services in homes, group homes, schools, the community and incarceration settings. The organization's services include: leadership development, school-based services, youth intervention/case management, incarcerated youth services, and training and consultation.

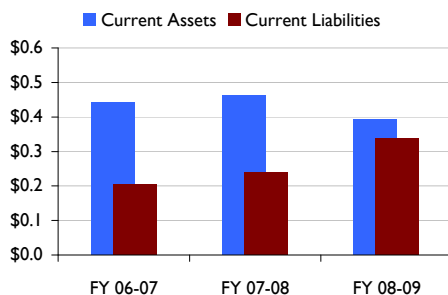
**City of San José Funding:** In FY 2009-10, the City of San José awarded Breakout Prison Outreach \$637,066. The awards included: \$560,000 (BEST), \$69,066 (GF), and \$8,000 (SSIG).

**Total Assets & Liabilities**  
(\$ millions)



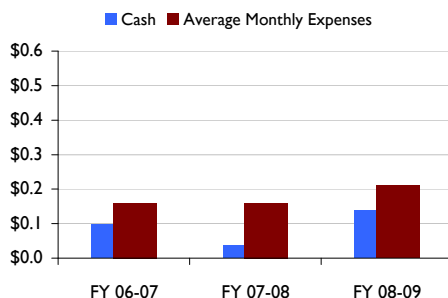
As of June 30, 2009, Breakout Prison Outreach's assets totaled about \$418,000 and its liabilities totaled about \$337,000 for a net worth of about \$81,000.

**Current Assets & Liabilities**  
(\$ millions)



As of June 30, 2009, Breakout Prison Outreach's current assets totaled about \$394,000, while current liabilities totaled about \$337,000. Current assets include cash, cash equivalents, and assets that can be converted or consumed within one year. Current liabilities include debts or other obligations that will be due within one year. Cash and accounts receivables totaled about \$391,000 while accounts payables and accrued liabilities totaled about \$184,000. The organization also owes \$99,000 on a line-of-credit which was used for payroll and operating expenses. Breakout Prison Outreach had about \$57,000 in working capital.

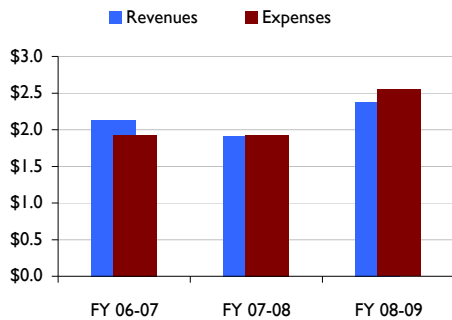
**Cash & Average Monthly Expenses**  
(\$ millions)



As of June 30, 2009, Breakout Prison Outreach had less than one month's average monthly expenses on hand, or about \$138,000 in cash (some of which may have been restricted) compared to about \$211,000 in average monthly expenses. According to the organization's management, it is a priority (for the Board of Directors and management) to increase operating reserves.

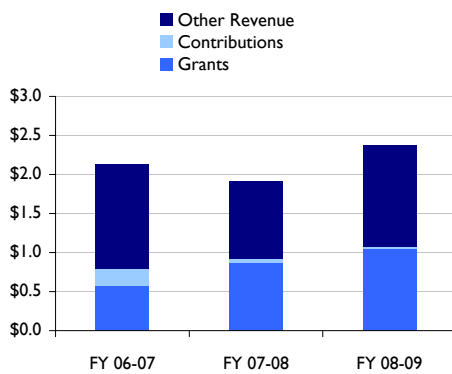
## BREAKOUT PRISON OUTREACH (continued)

**Revenues & Expenses**  
(\$ millions)



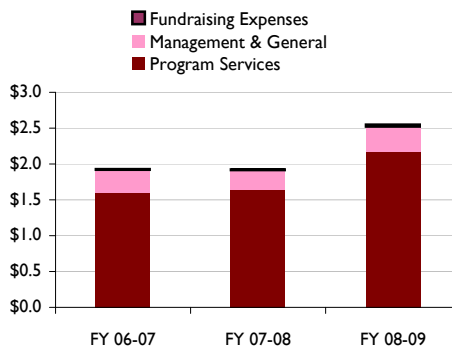
For the year ended June 30, 2009, Breakout Prison Outreach's revenues totaled about \$2.4 million and its expenses totaled about \$2.5 million, resulting in deficit of \$171,000, which was about 7% of the organization's total expenses. A significant portion of the deficit (84%) was caused by the release of restricted grant monies received in prior years. The organization also ran a deficit of about \$14,000 (0.7% of expenses) in FY 2007-08, but had a surplus in FY 2006-07 of about \$205,000.

**Revenues by Type**  
(\$ millions)



Breakout Prison Outreach's total revenues increased 11% since FY 2006-07. In FY 2008-09, other revenues (including contract services) accounted for 55% of total revenues. Total grants increased 81% from FY 2006-07 to FY 2008-09. In FY 2006-07, Breakout Prison Outreach received a three-year grant that was recorded in that year. The organization's contributions were about 89% lower in FY 2008-09 than in FY 2006-07. In FY 2008-09, the City of San José awarded Breakout Prison Outreach \$581,200 in funding. This accounted for 25% of the organization's total funding in FY 2008-09.

**Expenses by Type**  
(\$ millions)



In FY 2008-09, Breakout Prison Outreach's total expenses increased 32% since FY 2006-07, primarily due to growth in programs offered. Program services made up 85% of Breakout Prison Outreach's total expenses. The organization's programs included: leadership development, school-based services, youth intervention/case management, incarcerated youth services, and training and consultation.

Notes based on the financial statements:

1) Breakout Prison Outreach received an unqualified audit opinion for the fiscal years ending 2007, 2008, and 2009.

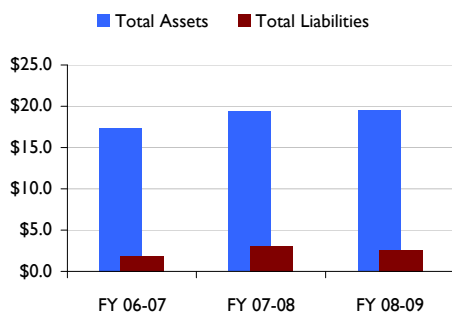
## CATHOLIC CHARITIES OF SANTA CLARA COUNTY

2625 Zanker Rd., San Jose, CA 95134 | <http://www.catholiccharitiesscc.org/>

Catholic Charities of Santa Clara County (Catholic Charities) provides multiple education, community and economic development, mental health, and social services to diverse residents of Santa Clara County, including children, youth, adults, seniors, families in need, refugees and immigrants, and other poor and vulnerable populations.

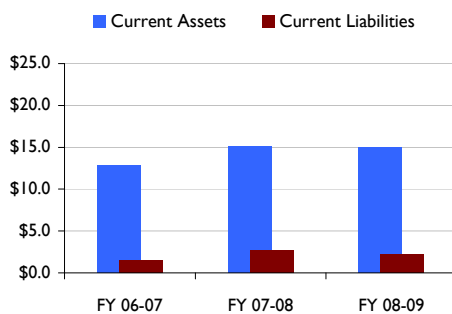
**City of San José Funding:** In FY 2009-10, Catholic Charities was awarded \$821,288 from the City. Catholic Charities also received \$396,864 for operating the Washington United Youth Center (a City facility) for a total of \$1,218,152 in City funding for FY 2009-10. The funding came from the following sources: CDBG, BEST, HNVF, GF, and SSIG.

**Total Assets & Liabilities**  
(\$ millions)



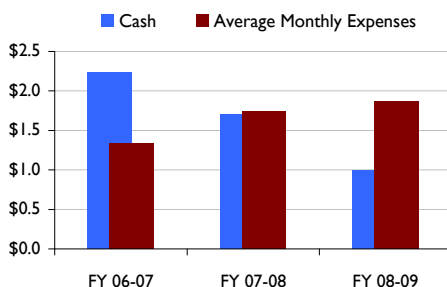
As of June 30, 2009, Catholic Charities had approximately \$19.5 million in total assets including \$3.6 million in unrestricted investments, \$2.5 million in permanently restricted investments (endowment), \$4.0 million in contributed support receivable, and \$4.2 million in property and equipment. Liabilities totaled about \$2.7 million including approximately \$2.2 million in accounts payable and accrued liabilities. As of June 30, 2009, the organization's net worth was \$16.9 million.

**Current Assets & Liabilities**  
(\$ millions)



As of June 30, 2009, Catholic Charities had about \$14.9 million in current assets including \$6.2 million in investments, \$4.0 million in accounts receivables, and \$2.3 million in contributed support receivables. Current liabilities totaled \$2.2 million, consisting primarily of accounts payable and accrued liabilities. Current assets include cash, cash equivalents, and assets that can be converted or consumed within one year. Current liabilities include debts or other obligations that will be due within one year. Catholic Charities had about \$12.7 million in working capital in FY 2008-09.

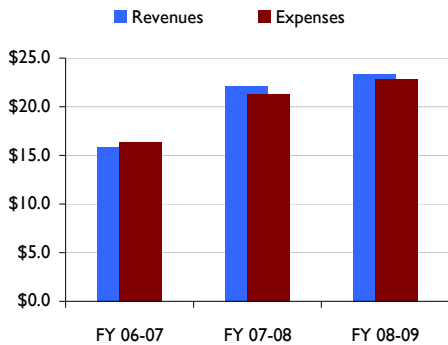
**Cash & Average Monthly Expenses**  
(\$ millions)



As of June 30, 2009, Catholic Charities had approximately \$995,000 in cash (some of which may have been restricted). Average monthly expenses totaled \$1.9 million, leaving the organization with less cash than would cover cover one month's expenses.

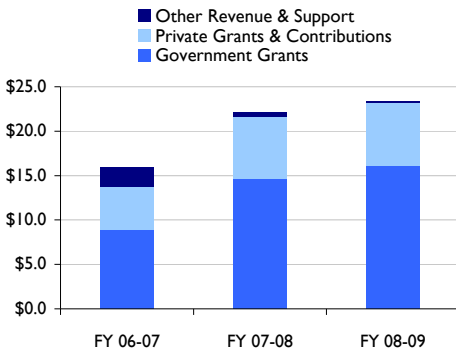
## CATHOLIC CHARITIES OF SANTA CLARA COUNTY (continued)

**Revenues & Expenses  
(\$ millions)**



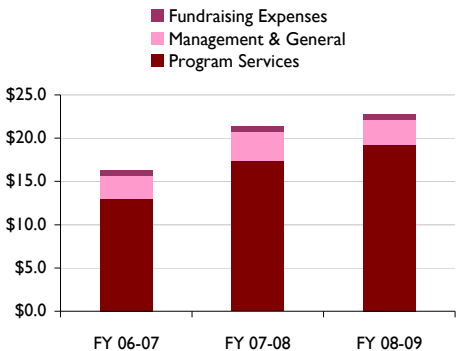
For the year ended June 30, 2009, Catholic Charities' revenues were \$23.3 million and expenses were \$22.8 million, resulting in a surplus of \$523,000. The organization had a surplus of \$809,000 in FY 2007-08. The surpluses were due in part to multiyear grants received in those years. The organization ran a deficit of \$463,000, or 3% of the organization's total expenses, in FY 2006-07. The deficit was covered by the release of grant monies received in prior years.

**Revenues by Type  
(\$ millions)**



Catholic Charities' revenues grew 47% from FY 2006-07 to FY 2008-09. For the year ended June 30, 2009, Catholic Charities received \$16.0 million in government funding, which was about 69% of the organization's total revenues that year. Government funding increased 80% while private grants increased 49%. Other revenues decreased 92% from FY 2006-07 largely due to a significant loss in investment income. In FY 2008-09, the City awarded Catholic Charities \$1.2 million in funding, which was about 5% of the organization's total revenues.

**Expenses by Type  
(\$ millions)**



From FY 2006-07 to FY 2008-09, total expenses increased 40%. For the year ended June 30, 2009, program services expense totaled \$19.2 million, which was about 84% of Catholic Charities' total expenses in FY 2008-09. This was a 48% increase from FY 2006-07. Overall expenses increased 40% over that same period. Program services included: older adult, behavioral health, economic development, youth, and education services as well its social policy programs.

Notes based on financial statements:

- 1) Catholic Charities of Santa Clara County received an unqualified audit opinion in the fiscal years ending 2007, 2008, and 2009. In a management letter accompanying the 2009 audit, the auditors identified an issue in government grant oversight and reporting. Management responded in the letter that it has taken action to address that issue.
- 2) Financial statement auditors noted (as a subsequent event to the audit) that Catholic Charities was in negotiations to acquire the program activities and related governmental funding of another organization that provides similar program services.

## CENTER FOR TRAINING AND CAREERS

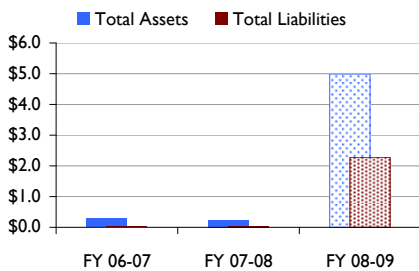
749 Story Road, Suite 10, San Jose, CA 95122 | www.ctcsj.org

Center for Training and Careers (CTC) is a nonprofit vocational skills training organization founded in 1977 to provide vocational training to residents of Santa Clara County. CTC was established to develop and enhance employment opportunities and job placement for the educationally and economically disadvantaged in the regional community. In August 2009, CTC moved into its own building on Story Road. The organization offers a number of programs and supporting services including: occupational training courses, basic life skills training, GED preparation, after school programs, Day Worker Center, and Native Voice TV.

**City of San José Funding:** In FY 2009-10, the City of San Jose awarded \$453,000 to Center for Training and Careers. These awards included \$390,000 (VIA) and \$63,000 (BEST). CTC also received stimulus funds of \$839,000 from the Department of Labor and \$60,000 from the Department of Transportation.

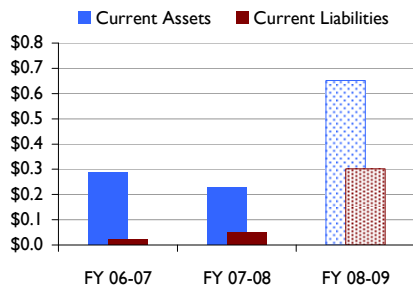
**As of the printing of this report, CTC's FY 2008-09 audit was not yet completed. Therefore, FY 2008-09 data is based on pro forma, unaudited financial statements.**

**Total Assets & Liabilities**  
(\$ millions)



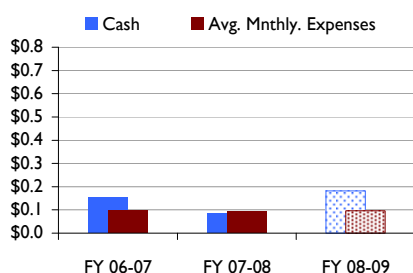
As of June 30, 2009, Center for Training and Careers' assets totaled about \$5.0 million while liabilities totaled about \$2.3 million, resulting in a net worth of about \$2.7 million. Property and land totaled \$4.2 million, or about 85%, of total assets. CTC purchased a building in December 2008 that significantly increased its total assets, liabilities, and net worth in comparison to FY 2007-08.

**Current Assets & Liabilities**  
(\$ millions)



Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. As of June 30, 2009, Center for Training and Careers' current assets totaled about \$652,000, of which about 27% was cash. Current liabilities totaled about \$302,000. Working capital was \$350,000.

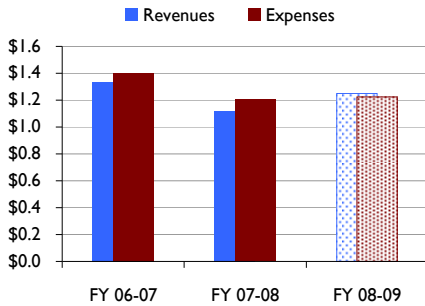
**Cash & Average Monthly Expenses**  
(\$ millions)



As of June 30, 2009, the organization's cash totaled about \$181,000, some of which may have been restricted. Average monthly expenses were about \$96,000.

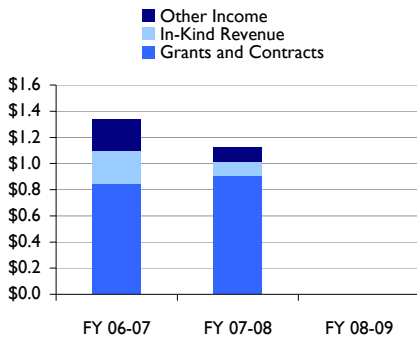
## CENTER FOR TRAINING AND CAREERS (continued)

**Revenues & Expenses**  
(\$ millions)



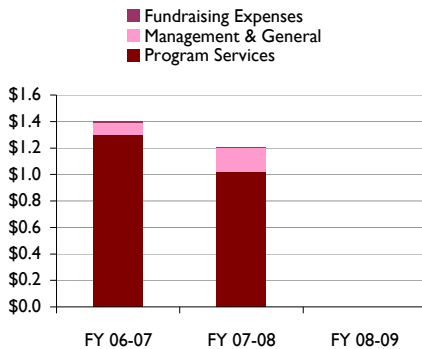
For the year ended June 30, 2009, CTC had a surplus of about \$25,000. In FY 2007-08, the organization ended the year with a deficit of about \$86,000, which was about 7% of expenses. In 2007, CTC had a deficit of \$62,000, which was about 4% of expenses.

**Revenues by Type**  
(\$ millions)



Revenue totaled \$1.2 million in FY 2008-09, an increase of 12% compared to FY 2007-08 but a decrease of about 7% compared to FY 2006-07. In FY 2008-09, the City of San José awarded \$862,424, which was about 69% of the organization's total revenues. The City also provided about \$1.5 million to help CTC purchase its building.

**Expenses by Type**  
(\$ millions)



Expenses totaled about \$1.2 million in FY 2008-09, 2% more than in FY 2007-08 and about 12% less than in FY 2006-07. A spending breakdown for FY 2008-09 was not yet available as of the printing of this report. CTC's program services in FY 2007-08 included occupational training courses, basic life skills training, GED preparation, after school programs, Day Worker Center, and Native Voice TV.

Notes based on the financial statements:

1) CTC received an unqualified audit opinion for fiscal years ending 2007, 2008, and 2009.

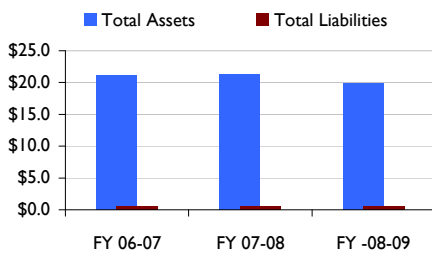
# CHILDREN'S DISCOVERY MUSEUM OF SAN JOSÉ

180 Woz Way, San Jose, CA 95110 | www.cdm.org

Children's Discovery Museum operates a children's museum which addresses the educational needs of youngsters and their families in Santa Clara County through participatory exhibits and programs that engage the senses and challenge the mind. Program services include: exhibits and educational programs.

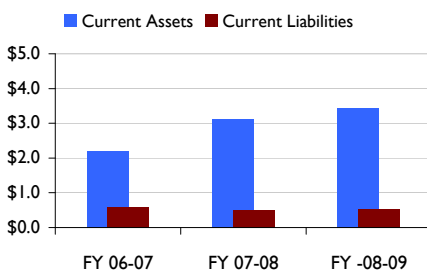
**City of San José Funding:** In FY 2009-10, the City awarded the Museum \$160,025 which came from the following sources: \$122,522 (Transient Occupancy Tax) \$35,003 (General Fund) and \$2,500 (Integrated Waste Management Grant). The City also provided the Museum an annual operating and maintenance subsidy of \$300,000. The Museum entered into a non-cancelable lease with the Redevelopment Agency (RDA) of the City of San Jose in 1987. Under this agreement, in exchange for no rental payments, the Museum operates, maintains and manages the facility. The estimated fair market value of the rent is about \$720,000 annually. The City of San José maintains the facility's structural components and operating systems and the site around it. In January 2010, the Museum's Board of Directors issued a letter notifying the Mayor and City Council of current facility maintenance issues estimated to range from about \$6 million to \$8 million. These issues were part of the RDA's 5-year capital budget. Major budget reductions, however, have eliminated these projects from the current 5-year proposed budget.

**Total Assets & Liabilities**  
(\$ millions)



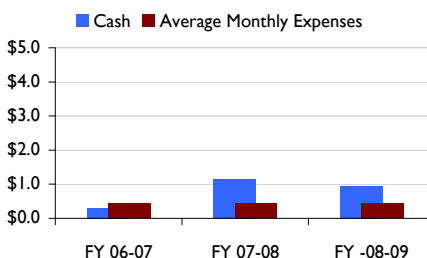
As of August 31, 2009 (the Museum's fiscal year end), assets totaled about \$19.9 million. Significant assets included: donated rent receivable (\$9.5 million), investments (\$4.1 million), property and equipment (\$2.9 million), and contributions receivable (\$2.0 million). The fair market value of the lease was \$720,000 per year. Liabilities totaled \$541,000, resulting in a net worth of about \$19.4 million as of August 31, 2009.

**Current Assets & Liabilities**  
(\$ millions)



As of August 31, 2009, the Museum's current assets totaled \$3.4 million, while current liabilities totaled \$541,000. Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. Cash and the current portion of contributions receivable (the portion expected to be received within the next year) accounted for 92% of the Museum's current assets. As of August 31, 2009, the Museum had \$2.9 million in working capital, up from \$1.6 million as of August 31, 2007.

**Cash & Average Monthly Expenses**  
(\$ millions)

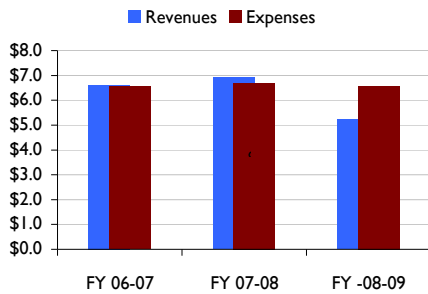


As of August 31, 2009, the Museum had \$1.2 million in cash, of which \$945,000 was unrestricted. Monthly expenses averaged about \$432,000, resulting in cash on hand equal to about two months' expenses.



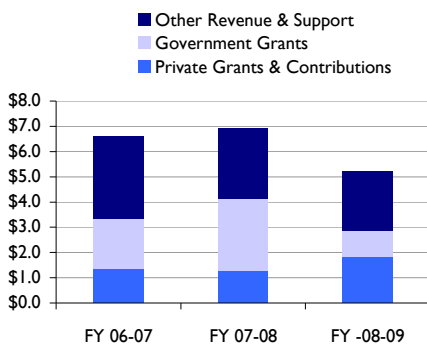
## CHILDREN'S DISCOVERY MUSEUM OF SAN JOSÉ (continued)

**Revenues & Expenses**  
(\$ millions)



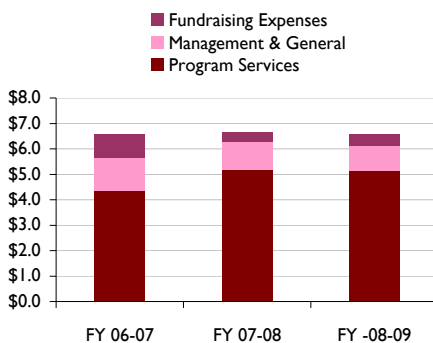
For the year ended August 31, 2009, the Museum's revenues totaled \$5.2 million. Expenses totaled \$6.6 million, resulting in a deficit of about \$1.4 million, or about 21% of total expenses. The deficit was due primarily to investment losses (\$735,000) and the release of temporarily restricted funds (\$655,000). In FY 2006-07 and FY 2007-08, the Museum had surpluses of \$64,000 and \$235,900, respectively.

**Revenues by Type**  
(\$ millions)



The Museum's total revenues decreased by 21% from FY 2006-07 to FY 2008-09. For the year ended August 31, 2009, the Museum received \$1.8 million in private grants. The Museum received about \$1.0 million in government funding and about \$2.4 million from other revenues, including from admissions (\$1.5 million), membership (\$710,000), and retail services (\$297,000). Contributions from two donors accounted for 44% of the Museum's grant support. The City of San Jose's support (excluding in-kind rent) totaled \$460,025 and was about 9% of the Museum's total revenues. With in-kind rent included, the City's contribution was about 23%.

**Expenses by Type**  
(\$ millions)



The Museum's overall expenses decreased by about one percent from FY 2006-07 to FY 2008-09. Spending on program service expenses totaled about \$5.1 million and included exhibits, educational programs, and retail services. Program service expenses increased about 18% since FY 2006-07, mainly due to increases in salaries and benefits.

Notes based on 2009 financial statement audit:

1) The Children's Discovery Museum received an unqualified audit opinion on its financial statements for the fiscal years ending 2007, 2008, and 2009.

## COMMUNITY PARTNERS FOR YOUTH, INC.

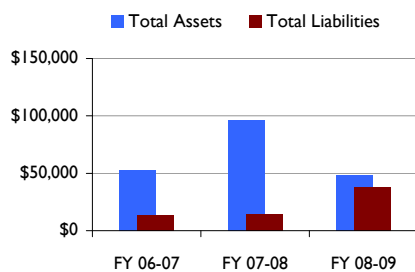
1835 Cunningham Avenue, G-12, San Jose, CA 95122-1712 | www.ccpy.org

Community Partners for Youth, Inc. (CCPY) helps communities implement a responsive strategy with local high-potential, at risk teens and their families. Through this training and mentoring program, teens learn to make life-changing choices. The organization helps facilitate individual turnarounds in a community context.

CCPY provides services on-site at two San José high schools, including the program Step-Up to Brighter Futures, which provides youth with a life skills coach for weekly session and pairs at-risk 9th graders with adult mentors who can help them develop personal responsibility, as well as academic and social skills. Most youth continue in sequential leadership programs after Step-Up to Brighter Futures.

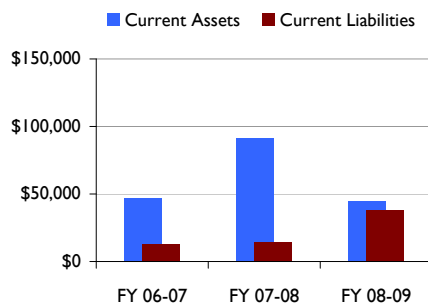
**City of San José Funding:** In FY 2009-10, the City of San José awarded \$253,920 to Community Partners for Youth. These awards included \$98,370 (CDBG), \$50,000 (BEST), \$91,250 (HNVF), \$13,000 (SSIG), \$1,300 (GF).

### Total Assets & Liabilities



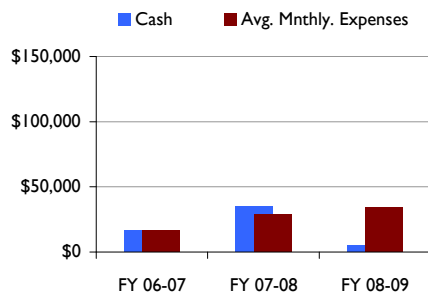
As of June 30, 2009, CCPY's assets totaled about \$48,000 while liabilities totaled about \$38,000. Total assets decreased 50% from June 30, 2008 levels, due to decreases in cash and accounts receivable. Cash accounted for 10% of total assets. The organization's net worth as of June 30, 2009 was about \$10,000.

### Current Assets & Liabilities



As of June 30, 2009, CCPY's current assets totaled about \$45,000, of which about 11% was cash. Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. Current liabilities totaled about \$38,000. Current assets decreased 51% while current liabilities increased about 161%. Working capital was \$7,000 as of June 30, 2009..

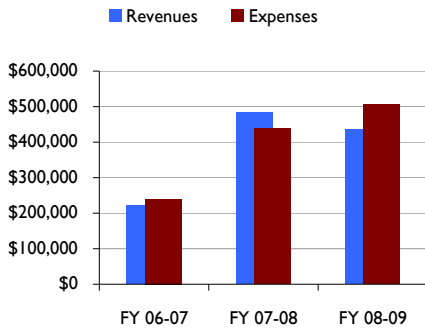
### Cash & Average Monthly Expenses



As of June 30, 2009, the organization's cash totaled about \$5,000 (some of which may have been restricted). Average monthly expenses were about \$34,000 and have increased about 102% since 2007, primarily due to increases in salaries and related expenses.

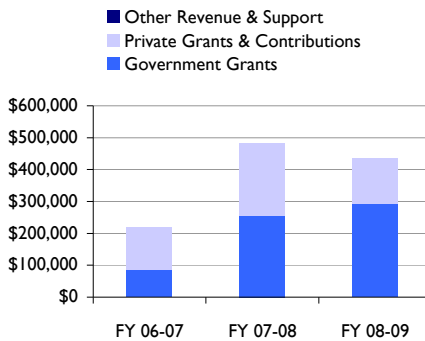
## COMMUNITY PARTNERS FOR YOUTH, INC. (continued)

### Revenues & Expenses



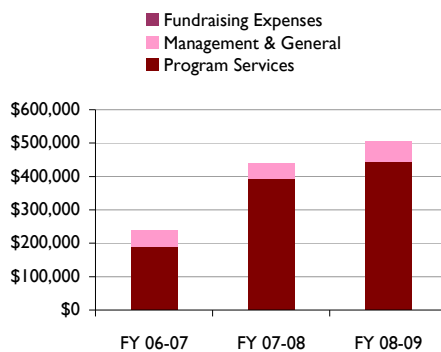
The organization ended FY 2008-09 with an operating deficit of about \$72,000, which was about 14% of expenses. CCPY's management advises that the deficit was due to a significant reduction in corporate, foundation, and individual contributions due to the severe recession. This compares to a surplus of about \$43,000 in FY 2007-08 and a deficit of \$12,000 in FY 2006-07.

### Revenues By Type



Revenue totaled \$435,000 in FY 2008-09, a decrease of 10% compared to FY 2007-08 but an increase of about 97% compared to FY 2006-07. Since FY 2006-07, government grants as a percentage of total funding have increased from 39% to 67%. CCPY's management advises that this is because the organization received four additional government grants. Private grants and contributions as a percentage have decreased from 61% to 33%; CCPY's management advises that this is due to the current recession. The organization's financial statement auditors noted in FY 2008-09 that the organization was heavily dependent on city and county governments for grants. In FY 2008-09, the City of San José awarded CCPY \$261,936, which accounted for about 60% of CCPY's total revenues.

### Expenses By Type



Expenses totaled about \$506,000 in FY 2008-09, 15% more than in FY 2007-08 and more than double in FY 2006-07. The increase in expenses was primarily due to the increase in salaries and related expenses and an increase in the number of clients served. Spending on program services was about 88% of total spending. Program services include Step-Up to Brigher Futures, a program that helps at-risk high school students develop life skills and personal responsibility.

#### Notes based on financial statement audits:

1) CCPY received an unqualified audit opinion on its financial statements for fiscal years ending 2007, 2008, and 2009.

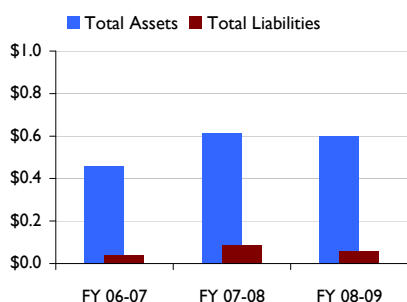
## COMMUNITY TECHNOLOGY ALLIANCE

115 East Gish Road, San José, CA 95112 | www.ctagroup.org

The mission of the Community Technology Alliance is to end and prevent homelessness by linking and networking communities through technology. The Alliance provides technology tools primarily to other nonprofit agencies, and has services and tools available directly to homeless and at risk community members. CTA's services to homeless service providers include data management systems, Internet-based information on community services, and voice messaging services (see Notes).

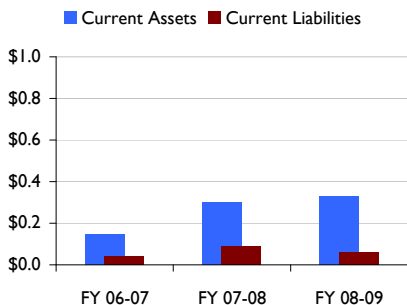
**City of San José Funding:** In FY 2009-10, the City of San José awarded \$463,018 in grant funding to the Community Technology Alliance, including \$307,500 in stimulus funding from the Homeless Prevention & Rapid Rehousing Program to be spent over three years, \$105,518 in Community Development Block Grant funds, and \$50,000 from the Low & Moderate Income Fund.

**Total Assets & Liabilities**  
(\$ millions)



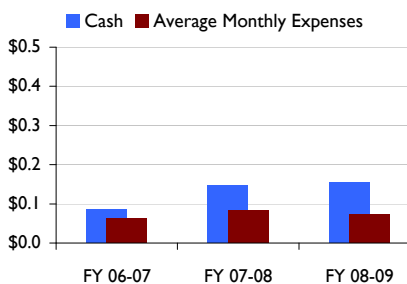
The Community Technology Alliance's assets totaled about \$597,000 as of June 30, 2009, of which property, building, and equipment made up about 45%. As of June 30, 2009, the Alliance's liabilities totaled about \$59,000 and included payroll payable, accrued vacation, and deferred revenue for services to be performed in the next fiscal year. The Alliance's total debt was about 10% of its total assets at the end of FY 2008-09. The Alliance's net worth at the end of June 30, 2009, was about \$538,000, which was a 28% increase from FY 2006-07.

**Current Assets & Liabilities**  
(\$ millions)



Current assets are those that the organization expects to convert to cash within one year. Current liabilities are amounts owed by the organization that will be due within one year. As of June 30, 2009, the Community Technology Alliance had about \$328,000 in current assets and about \$59,000 in current liabilities. In other words, the Alliance had about \$6 in current assets for every \$1 in current liabilities; by comparison, in FY 2006-07 the organization had \$3 for every \$1 in current liabilities. The Alliance had about \$153,000 in cash at the end of FY 2008-09, or about 47% of current assets. The Alliance also had an additional \$118,930 in grants receivable as of June 30, 2009. Working capital has increased each year since FY 2006-07. In FY 2008-09, working capital was about \$269,000, a 162% increase since FY 2006-07.

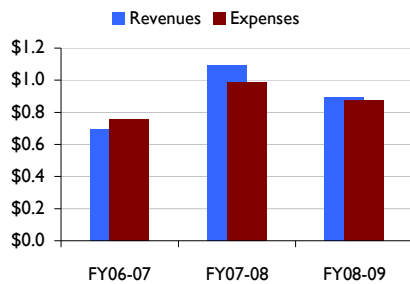
**Cash & Average Monthly Expenses**  
(\$ millions)



As of June 30, 2009, the Community Technology Alliance had about two months' worth of cash available to cover average monthly expenses. The Community Technology Alliance had about \$153,000 in cash, some of which may have been restricted. In terms of cash and other liquid assets, the Alliance had about \$5 in hand for every \$1 owed at the end of FY 2008-09.

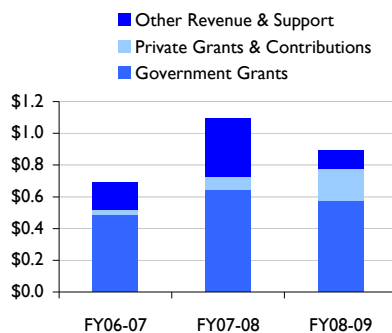
## COMMUNITY TECHNOLOGY ALLIANCE (continued)

**Revenues & Expenses**  
(\$ millions)



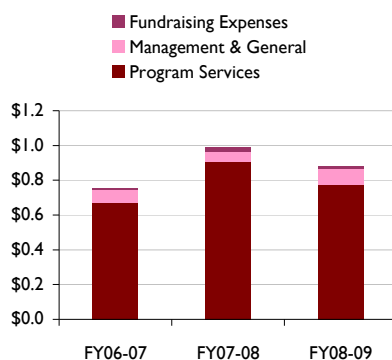
Revenues have exceeded expenses for the Community Technology Alliance for the past two years. For the year ending June 30, 2009, the Alliance had an operating surplus of \$13,144. In FY 2007-08, the Community Technology Alliance had a surplus of \$105,776. Revenues and expenses have increased by 28% and 16%, respectively, since FY 2006-07. Both revenues and expenses increased significantly in FY 2007-08.

**Revenues by Type**  
(\$ millions)



The Community Technology Alliance's revenues in FY 2008-09 totaled \$890,969, a 28% increase since FY 2006-07 and a 19% decrease since FY 2007-08. Private grants and contributions have more than quadrupled since FY 2006-07, from \$35,573 to \$195,271 in FY 2008-09. The Alliance's other income sources combined have fluctuated since FY 2006-07. For example, program contract service fees went from \$149,265 in FY 2006-07, to \$333,600 in FY 2007-08, and back down to \$91,180 in FY 2008-09. Sixty-five percent (\$578,975) of revenues in FY 2008-09 came from government grants. In FY 2008-09, the Community Technology Alliance received \$169,153 in grants from the City of San José, or 19% of all revenues that year.

**Expenses by Type (\$ millions)**



The Community Technology Alliance's expenses totaled \$877,825 in FY 2008-09, a 16% increase since FY 2006-07 and an 11% decrease since FY 2007-08. About 88% (\$773,416) of all expenses were related to program services. Program expenses were as high as 91% (\$905,322) of all FY 2007-08 expenses; one possible reason for this was about \$159,000 in professional fees used for programs in FY 2007-08, while only about \$27,000 in professional fees were used for programs in FY 2008-09.

Notes based on financial statements:

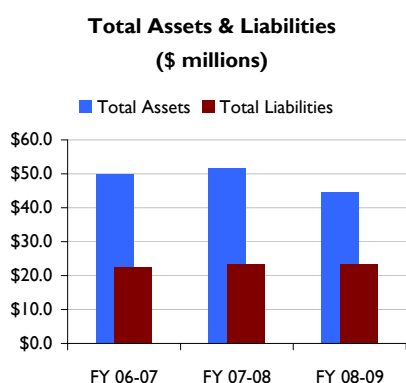
- 1) The Community Technology Alliance received an unqualified opinion from their external auditors for their financial statements in 2007, 2008, and 2009.
- 2) Data management services are provided for programs under the category of Homeless Management Information Systems (HMIS), including one specific to Santa Clara County. Voice messaging services include Community Voice Mail and the Shelter Bed Hotline. Internet-based online services include HousingSCC and HelpSCC.

## EMERGENCY HOUSING CONSORTIUM

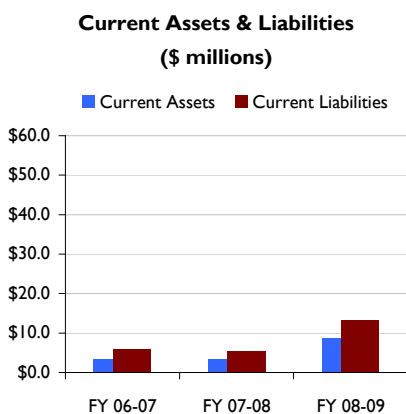
507 Valley Way, Milpitas, CA | www.ehclifebuilders.org

Emergency Housing Consortium (EHC) is the largest provider of shelter and support services to the homeless and those at risk of homelessness in Santa Clara County, California, establishing a nationally recognized continuum of care, ranging from prevention services and emergency shelter to transitional housing and permanent affordable housing. Each year, EHC serves more than 10,000 homeless families, single adults, and runaway and homeless youth.

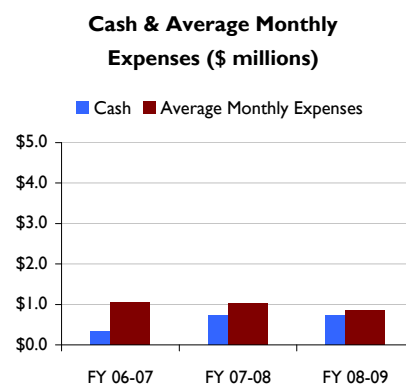
**City of San José Funding:** In FY 2009-10, the City of San José awarded \$4,113,661 in grant funding to EHC, including \$2,626,994 from Homelessness Prevention and Rapid Rehousing Program (HPRP) stimulus funds to be spent over a two-year period, \$1,331,340 from the Housing Trust Fund, an \$80,000 Environmental Services Grant, a \$50,327 Community Development Block Grant, and \$25,000 from the Metro Transportation Commission.



The Emergency Housing Consortium had \$44.7 million in total assets as of June 30, 2009, including about \$33 million in property and equipment. EHC had \$23.4 million in total liabilities as of June 30, 2009, including \$7.7 million in long-term mortgages and notes payable and \$2.2 million in accrued interest. EHC's net worth at the year ended June 30, 2009, was \$21.3 million, a 22% (\$5.9 million) decrease from FY 2006-07. A major cause of this reduction in net worth was \$6 million in non-cash charges relating to a loss on the sale of assets and a write-down of the value of investment in two limited partnerships.



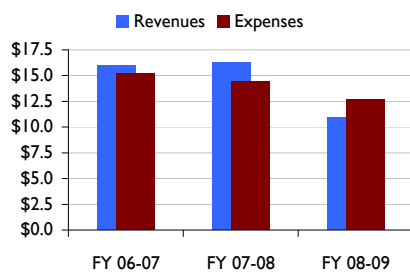
The Emergency Housing Consortium had about \$8.9 million in current assets and about \$13.3 million in current liabilities for the year ended June 30, 2009. Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. Current assets included about \$6 million designated as assets available for sale as of June 30, 2009. Current liabilities as of June 30, 2009 included \$7.1 million in debts and \$2.1 million in accrued interest, each related to assets available for sale. In addition, a \$1.1 million line of credit and a \$0.6 million bridge loan were outstanding in each year since FY 2006-07. EHC has had negative working capital since FY 2006-07 (see Notes) including negative working capital of \$4.4 million in FY 2008-09; significant contributing factors to this include the liabilities related to assets being held for sale, as well as loans in default in FY 2007-08 that have since been resolved through a Forbearance Agreement (see Notes). Excluding assets held for sale and their related liabilities, all of which were eliminated as of January 31, 2010, EHC's working capital would have been \$0.4 million as of June 30, 2009.



As of June 30, 2009, EHC did not have enough cash available to cover average monthly operating expenses (excluding depreciation and donated rent, goods, and services). Excluding the figures associated with the assets available for sale (see Notes), EHC had just over \$1 in cash and receivables for every \$1 in current liabilities in FY 2008-09.

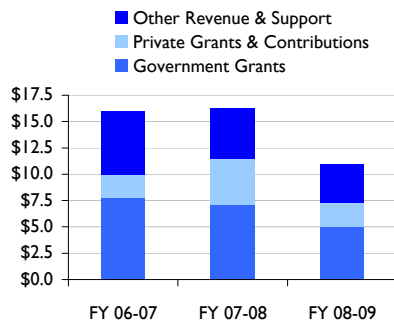
## EMERGENCY HOUSING CONSORTIUM (continued)

**Revenues & Expenses**  
(\$ millions)



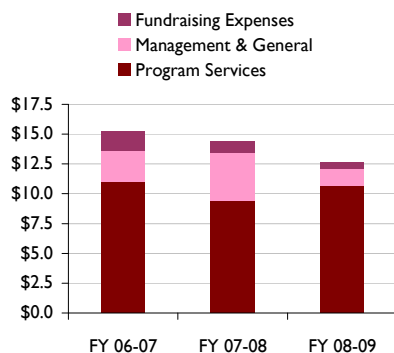
At the end of FY 2008-09, EHC had an operating deficit for the first time in three years. In FY 2008-09, EHC had a deficit of \$1.7 million, which was about 14% of total expenses that year. EHC had run operating surpluses in each of the previous two years; about \$759,000 in FY 2006-07 and about \$1.8 million in FY 2007-08.

**Revenues by Type**  
(\$ millions)



EHC revenues at the end of FY 2008-09 totaled \$10.9 million, a 32% decrease since FY 2006-07. Government grants made up about 46% (\$5 million) of total revenues in FY 2008-09. However, revenues from government grants have decreased by 35% since FY 2006-07, mostly due to the completion of a construction project in 2009 largely funded from government sources (\$4.5 million in 2007). In FY 2008-09, the City of San José awarded \$1.7 million in grant funding to the EHC, which was about 15% of all revenues that year. In addition, federal funds awarded in prior years required continuing compliance from the City of San José in FY 2008-09 (about \$3.1 million in CDBG pass-through loans and \$3.0 million in HOME Partnership pass-through loans). Twenty-one percent (\$2.3 million) of revenues in FY 2008-09 came from private grants and contributions. The remainder of FY 2008-09 revenues came from a combination of other sources, including donated goods and services and rental income. These other sources combined have also decreased 39% since FY 2006-07.

**Expenses by Type (\$ millions)**



EHC expenses in FY 2008-09 totaled \$12.6 million; about 84% (\$10.7 million) of expenses were related to program services. Management and general expenses accounted for about \$1.5 million of total expenses in FY 2008-09, while fundraising expenses were about \$0.5 million. Since FY 2006-07, management and general and fundraising expenses have decreased by 44% and 67%, respectively.

### Notes based on financial statements:

- 1) EHC received an unqualified opinion on their financial statements for the years ended 2007, 2008 and 2009. In a management letter accompanying the audit, auditors identified various issues, including potential ineligibility of clients for a specific program. Management responded in the letter that it has taken action to address these issues.
- 2) Pursuant to the Forbearance Agreement, Comerica, the City of San José, and the County of Santa Clara had agreed to forbear from exercising their rights for a period of two years under their loan agreements in the principal amounts of \$3.4 million, \$3.0 million and \$0.1 million, respectively. As of January 31, 2010, all elements of the executed Forbearance Agreement were completely fulfilled. This resulted in a reduction of about \$10.7 million in corporate liabilities, as well as a reduction of about \$5.4 million in assets for a net gain of \$5.3 million to EHC's net worth and the elimination of assets (various properties) held for sale and their related liabilities from EHC's balance sheet. Excluding assets held for sale and their related liabilities, all of which were eliminated as of January 31, 2010, EHC's working capital would have been \$0.4 million as of June 30, 2009.

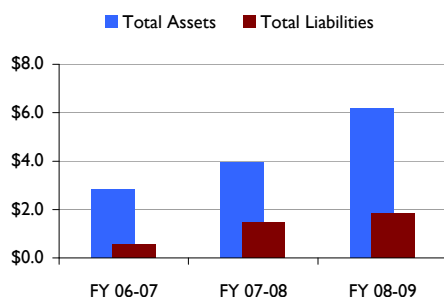
## FAMILY SUPPORTIVE HOUSING, INC.

1590 Las Plumas Avenue, San Jose, CA 95133 | www.sjfamilyshelter.org

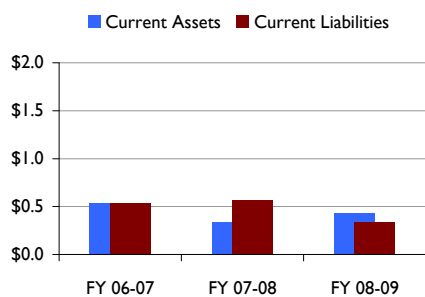
Family Supportive Housing, Inc. provides temporary shelter and supportive services for homeless families at any given time in Santa Clara County to empower families to move out of homelessness to independent, self-sufficient living in the community. Families receive a private room and three meals a day for 90 days at the organization's location at 1590 Las Plumas Avenue. Case and health care management services are provided. Families are offered continued case management for nine months after they leave the shelter. Family Supportive Housing, Inc. also provides housing assistance through the Transitional Housing Program.

**City of San José Funding:** In FY 2009-10, the City of San José awarded \$271,486 in grants to Family Supportive Housing. This included: \$127,500 (HNVF), \$75,986 (Housing Trust Fund), \$50,000 (Emergency Shelter Grant), \$18,000 (SJAS).

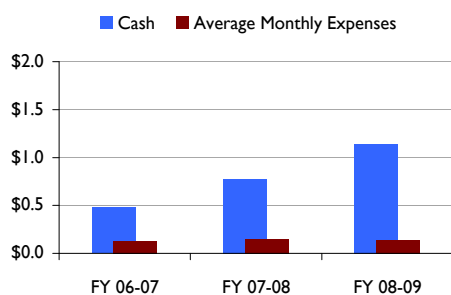
**Total Assets & Liabilities**  
(\$ millions)



**Current Assets & Liabilities**  
(\$ millions)



**Cash & Average Monthly Expenses**  
(\$ millions)



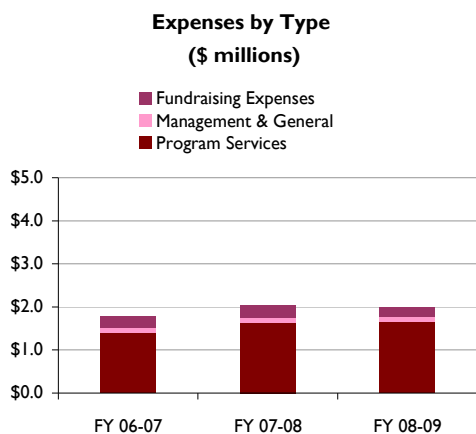
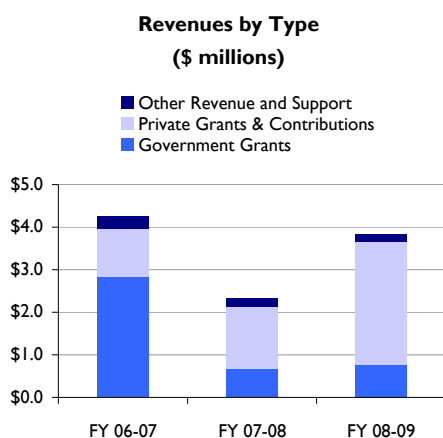
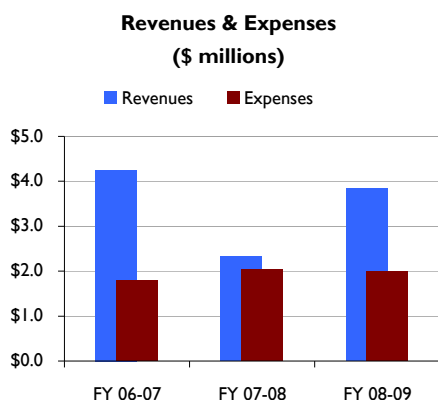
As of September 30, 2009 (the organization's fiscal year end), Family Supportive Housing, Inc.'s assets totaled about \$6.2 million while liabilities totaled about \$1.8 million, for a net worth of about \$4.3 million. Total assets increased 56% from September 30, 2008 levels, primarily due to construction underway of a new shelter residence. Cash totaled \$1.1 million, of which about \$241,000 was unrestricted. In 2008, the City of San José allocated conditional grant funds (auditors noted it as a forgivable loan) of \$6.3 million to Family Supportive Housing for the development of new 36-unit shelter for extremely low-income families. As of September 30, 2009, Family Supportive Housing had received \$1.5 million of the total amount. Upon completion of the project, the funds will be recognized as a grant.

As of September 30, 2009, Family Supportive Housing, Inc.'s current assets totaled about \$437,000 while current liabilities totaled about \$339,000. Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. Current assets increased 28% while current liabilities decreased about 41% compared to September 30, 2008. Working capital was \$98,000.

As of September 30, 2009, the organization had \$1.1 million in cash. However, about \$872,000 of that was for a long-term capital campaign and so only \$241,000 was unrestricted. Monthly expenses averaged \$140,000. If only unrestricted cash is considered, the organization had about one-and-three quarters months' cash to cover expenses.



## FAMILY SUPPORTIVE HOUSING, INC. (continued)



For the year ended September 30, 2009, Family Supportive Housing, Inc. had a surplus of nearly \$1.9 million. The organization ended the prior two fiscal years with surpluses as well. Revenues in FY 2008-09 and in FY 2006-07 were significantly higher than in FY 2007-08. In FY 2008-09, the reason for this was that the organization received an in-kind contribution of land valued at about \$1.3 million for the new shelter residence. In FY 2006-07, revenues were higher because the City of San José forgave a \$2.1 million loan for the organization's shelter on Las Plumas Avenue.

Revenue totaled \$3.8 million in FY 2008-09, an increase of 65% compared to FY 2007-08, primarily due to the donation of land for a new shelter residence. The share of government income in FY 2006-07 was higher than in subsequent years due to the forgiveness of a \$2.1 million loan by the City of San José. In FY 2008-09, the City of San José provided \$95,736 to Family Supportive Housing consisting of \$50,000 (ESG), \$29,986 (HTF), \$15,000 (SJAS), and \$750 (General Fund). In FY 2008-09, funding from the City of San Jose accounted for about 3% of the organization's total funding and 25% of its government funding. In August 2008, the City allocated \$6.3 million through a conditional grant agreement (forgivable loan) for the development of a new 36-unit shelter to assist extremely low-income families.

Expenses totaled nearly \$2 million in for FY 2008-09, slightly less than in FY 2007-08 and about \$202,000 greater than in FY 2006-07. In FY 2008-09, about 83% of total spending was for program services, a slightly larger percentage than in the two prior years. Program services include spending for the Shelter Program, Transitional Housing Program, Voyager Child Development Program. Management and general expenses totaled about \$107,000 in FY 2008-09, about 4% less than in FY 2007-08. Fundraising expenses totaled about \$226,000, about 24% less than in FY 2007-08.

Notes based on financial statement audits:

1) Family Supportive Housing, Inc. received an unqualified audit opinion on its financial statements for the fiscal years ending 2007, 2008, and 2009.

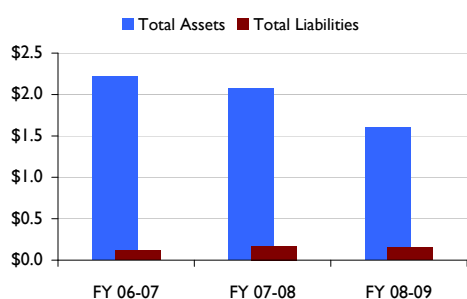
## FRESH LIFELINES FOR YOUTH, INC.

120 W. Mission St., San Jose, CA 95110 | <http://www.flyprogram.org/>

Fresh Lifelines for Youth, Inc.'s (FLY) was founded is to reduce juvenile crime and incarceration through legal education, mentoring and leadership training. FLY provides the most marginalized and underserved youth with the life skills and character needed to avoid the criminal justice system and transform from delinquent youth into positive community leaders. The principal offices for FLY are in Santa Clara County, however the organization serves communities in both Santa Clara and San Mateo Counties.

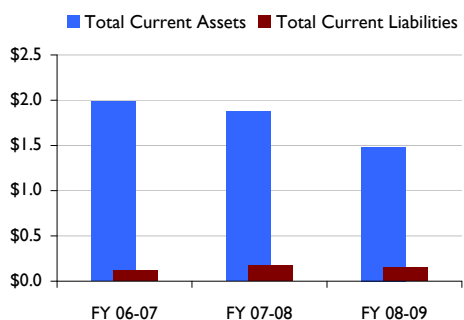
**City of San José Funding:** In FY 2009-10, the City of San José awarded FLY \$293,522 in funding. These awards included: \$75,522 (CDBG), \$133,000 (BEST), \$10,000 (SSIG) , \$75,000 (HNVF).

**Total Assets & Liabilities**  
(\$ millions)



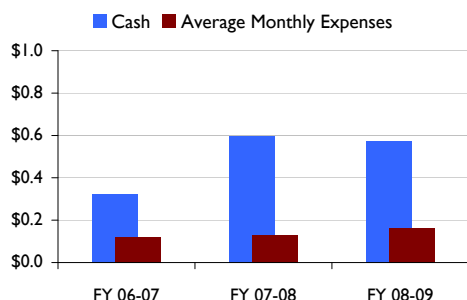
As of June 30, 2009, FLY's assets totaled about \$1.6 million and its liabilities totaled about \$150,000, resulting in a net worth of about \$1.5 million. FLY had no long-term liabilities.

**Current Assets & Liabilities**  
(\$ millions)



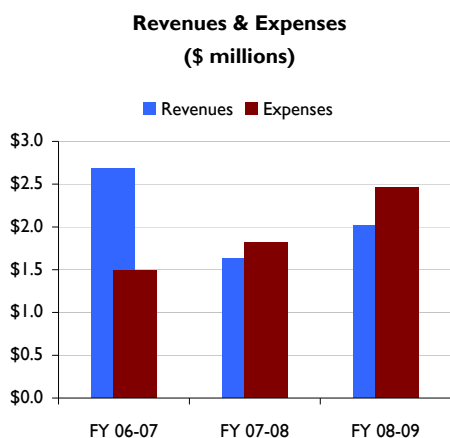
As of June 30, 2009, FLY's current assets totaled about \$1.5 million while its current liabilities totaled about \$150,000. Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities include debts or other obligations that will be due within one year. As of June 30, 2009, current assets included \$575,000 in cash, \$655,000 in investments, and \$226,000 in receivables. Combined, they were about 91% of FLY's total assets. FLY had about \$1.3 million in working capital.

**Cash & Average Monthly Expenses**  
(\$ millions)

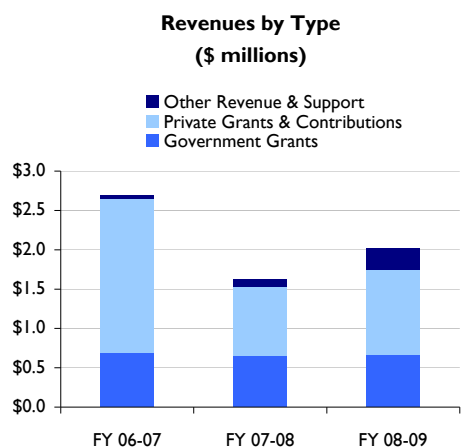


As of June 30, 2009, FLY had about \$575,000 in cash (some of which may have been restricted) compared to about \$164,000 in average monthly expenses. FLY had enough cash to cover more than three month's average expenses. (FLY's management noted that the organization also had \$655,000 in liquid investments, as well.) The organization's average monthly expenses grew 64% from FY 2006-07.

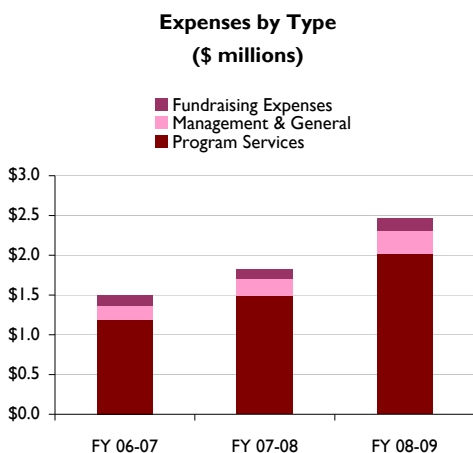
## FRESH LIFELINES FOR YOUTH, INC. (continued)



For the year ended June 30, 2009, FLY's revenues totaled about \$2.0 million and expenses totaled about \$2.5 million, resulting in a deficit of about \$445,000 (or 18% of the organization's total expenses that year). In FY 2007-08, FLY had a deficit of about \$196,000, or about 11% of expenses. FLY's management advises that the deficits were caused by the accounting requirement that the entire value of a multi-year grant be booked in the year it was received rather than in the year it is spent. For this reason, FLY had a large surplus of \$1.2 million in FY 2006-07 when it received several multi-year grants that were allocated and spent in FY 2007-08 and FY 2008-09 (but could not be shown as revenue in those years).



FLY's total revenues decreased by 25% (\$667,000) from FY 2006-07 to FY 2008-09. Government and private grants decreased by 4% and 45%, respectively. FLY was the recipient of multiple year foundation grants recognized in prior fiscal years. During FY 2008-09, there were no multi-year gifts recognized. Other revenues increased by about \$233,000, since FY 2006-07. Also, in FY 2008-09, FLY recorded in-kind contributions of \$423,000, which were 21% of total revenues. In FY 2008-09, City of San José awarded \$287,030 in funding which accounted for 14% of the organization's total revenues.



FLY's total expenses increased 65% since FY 2006-07. Program services were 82% of FLY's total expenses in FY 2008-09. Expenses for program services, management and general, and fundraising increased by 69%, 68%, and 21%, respectively since FY 2006-07. Program services include law, mentoring, and leadership training programs.

### Notes based on financial statements:

- 1) Fresh Lifelines for Youth, Inc. received an unqualified audit opinion for fiscal years ending 2007, 2008, and 2009.
- 2) The auditors noted, "A significant reduction in volunteers or these sources of support and revenue, if this would occur, may adversely affect the programs and activities of FLY." According to FLY's management, "FLY has been operating as an organization for 10 years and has successfully recruited, trained, and retained volunteers every year of our organization's history."

## HEALTH MOBILE

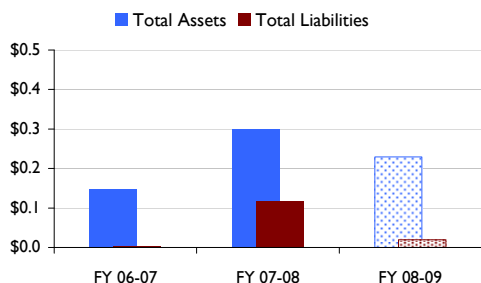
1659 Scott Blvd. #4, Santa Clara, CA 95050 | <http://healthmobile.org/>

Health Mobile is a non-profit organization whose mission is to relieve pain and suffering and to make available, to those with the least access, comprehensive dental care and preventable oral hygiene education. The organization has three mobile dental units equipped to deliver dental care. In addition, it leases premises for providing dental care to handicapped patients.

**City of San José Funding:** In FY 2009-10, the City of San José awarded Health Mobile \$255,000 in funding from HNVF. Health Mobile's financial audit is based on a calendar year.

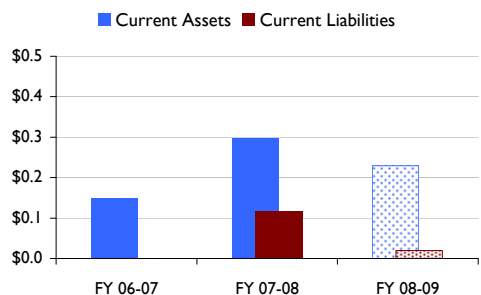
**As of the printing of this report, Health Mobile's 2008-09 audit was not yet completed. Therefore, FY 2008-09 data is based on pro forma, unaudited financial statements.**

**Total Assets & Liabilities**  
(\$ millions)



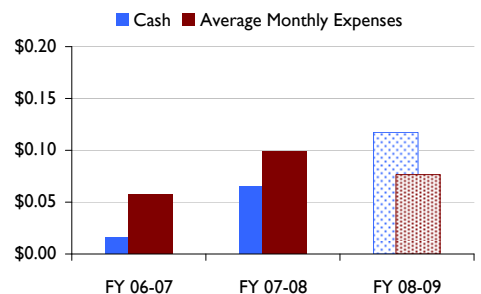
As of December 31, 2009, Health Mobile's assets totaled about \$229,000 and its liabilities totaled about \$20,000 resulting in a net worth of about \$209,000.

**Current Assets & Liabilities**  
(\$ millions)



As of December 31, 2009, Health Mobile's current assets totaled about \$229,000 while its current liabilities totaled about \$20,000. Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities include debts or other obligations that will be due within one year. Cash and funds receivables accounted for nearly all of Health Mobile's total assets. The organization has no long-term liabilities. As of December 31, 2009, its working capital was about \$209,000.

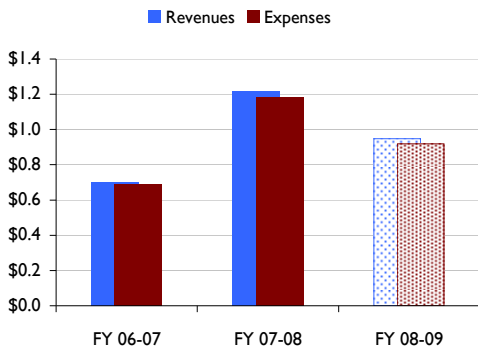
**Cash & Average Monthly Expenses**  
(\$ millions)



As of December 31, 2009, Health Mobile had about \$117,000 in cash (some of which may have been restricted) compared to average monthly expenses of about \$77,000, enough to cover one-and-a-half months' average expenses.

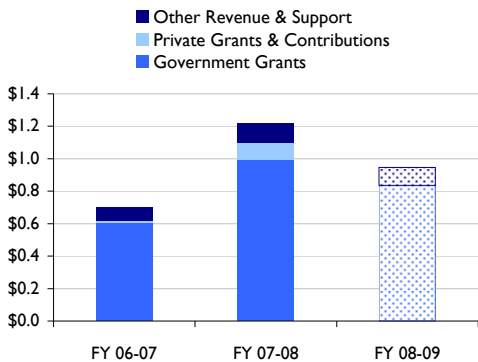
## HEALTH MOBILE (continued)

**Revenues & Expenses**  
(\$ millions)



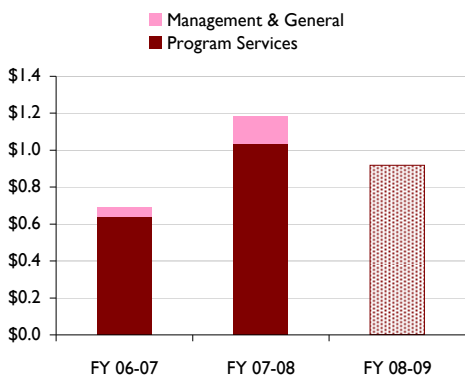
For the year ended December 31, 2009, Health Mobile's revenues totaled about \$947,000 and its expenses totaled about \$918,000, resulting in a surplus of \$29,000. The organization also had surpluses of \$9,000 and \$34,000 in 2006-07 and 2007-08, respectively.

**Revenues by Type**  
(\$ millions)



Total revenues increased 36% from FY 2006-07 to FY 2008-09. For the year ended December 31, 2009, government grants accounted for 88% of Health Mobile's total revenues. Government grants and other revenues increased from FY 2006-07 to FY 2008-09 by 37% and 40%, respectively. Private grants have fluctuated from about \$8,000 in FY 2006-07 to \$109,000 in FY 2007-08 and \$500 in FY 2008-09. In FY 2008-09, the City of San José awarded Health Mobile \$97,000 in funding which was 10% of the organization's total revenues.

**Expenses by Type**  
(\$ millions)



Total expenses increased 33% from FY 2006-07 to FY 2008-09. At the time of this review, expenses by type were not available for FY 2008-09. For the year ended December 31, 2008, program services accounted for 87% of total expenses. In comparing FY 2006-07 to FY 2007-08, expenses for program services grew 62%. Program service expenses were for dental services.

Notes based on financial statements:

1) Health Mobile received an unqualified audit opinion for years ending 2007 and 2008.

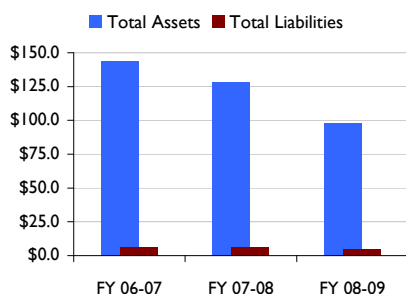
## HEALTH TRUST

2105 South Bascom Avenue, Suite 220, Campbell, CA 95008 | www.healthtrust.org

The Health Trust is a charitable foundation that has been a catalyst in the Silicon Valley for community partnerships that identify health issues and work together to find innovative solutions. The Health Trust makes grants for programs and projects that advance specific strategies under their three initiatives: Healthy Living, Healthy Aging, and Healthy Communities. The Health Trust also engages in policy and advocacy and provides services including Meals On Wheels, AIDS Services, and health education and insurance enrollment assistance, and provides financial and administrative support services and back-office accounting to other independent nonprofit corporations.

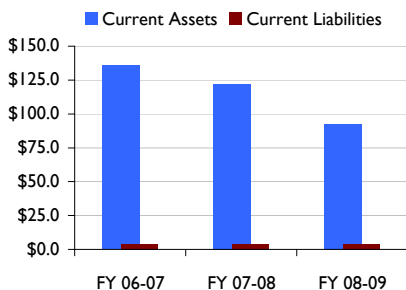
**City of San José Funding:** In FY 2009-10, the City of San José awarded The Health Trust \$1,167,103 in grant funding, including \$1,141,153 in federal pass-through funds for Housing Opportunities for Persons with AIDS and \$25,950 for Meals on Wheels.

**Total Assets & Liabilities**  
(\$ millions)



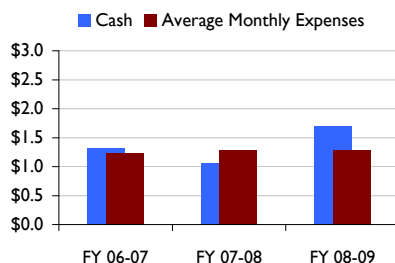
The Health Trust's assets totaled \$98.2 million as of June 30, 2009, including \$2 million in property and equipment, \$3.4 million in land and buildings held for investment, and \$89.2 million in investments. The Health Trust's investments made up about 91% of total assets at the end of FY 2008-09. The Health Trust's liabilities totaled \$4.5 million, including about \$2.6 million in grants payable and \$1.9 million in accounts payable and current and long-term accrued expenses. The Health Trust's total debt was about 5% of its total assets at the end of FY 2008-09. The Health Trust's net worth as of June 30, 2009, was \$93.7 million, a 32% decline since FY 2006-07 (see Note on investments).

**Current Assets & Liabilities**  
(\$ millions)



As of June 30, 2009, current assets included \$89.2 million in investments. Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. The fair value of The Health Trust's investments has declined by 25% since FY 2007-08 and by 33% (or \$43.6 million) since FY 2006-07. The Health Trust's working capital at the end of FY 2008-09 was \$88.3 million. The Health Trust also had \$76.8 million in board-designated funds to be used for medically related services and expenditures provided within Santa Clara County.

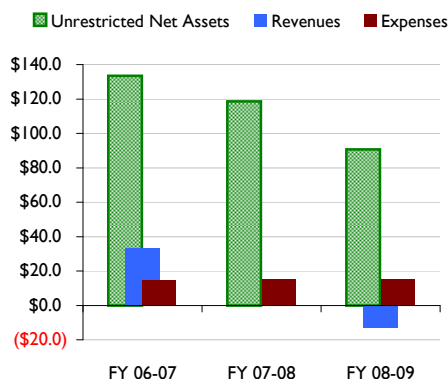
**Cash & Average Monthly Expenses**  
(\$ millions)



As of June 30, 2009, The Health Trust had enough cash to cover over one month of average monthly expenses. The Health Trust had \$1.7 million in cash at the end of FY 2008-09, 29% more than in FY 2006-07. In addition to cash, The Health Trust had \$89.2 million in investments. The Health Trust uses its investments as a source of cash for its operational purposes. As such, The Health Trust holds minor amounts of cash in cash and cash equivalent banking accounts (due to FDIC limits). As additional cash is required to fund operations, The Health Trust sells securities to fund its operations and transfers the cash to its operating cash accounts.

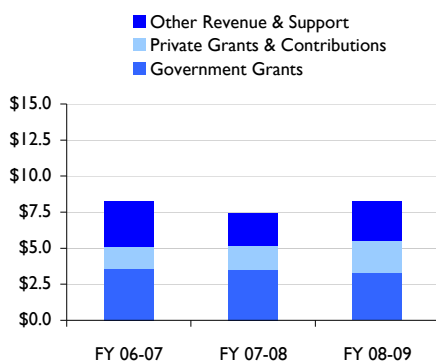
## HEALTH TRUST (continued)

**Revenues & Expenses (\$ millions)**



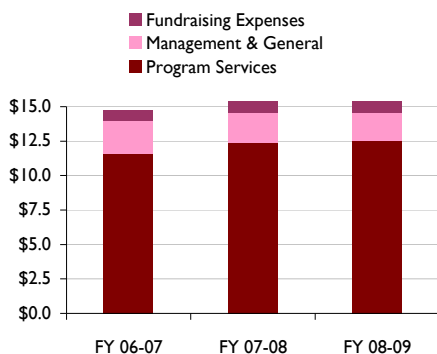
As a charitable foundation, The Health Trust typically depends on investment activities as a source of operating revenue. The value of The Health Trust's unrestricted net assets (including investments) has declined in the past three years, from \$133.4 million in FY 2006-07 to \$90.7 million in FY 2008-09, mostly due to net investment losses. As of June 30, 2009, The Health Trust had an operating loss of \$28.1 million. Excluding the \$21 million in net investment losses, the deficit totaled \$7.1 million. By comparison, The Health Trust had net investment gains of about \$25 million in FY 2006-07, resulting in an operating gain of about \$18.4 million that year.

**Revenues\* by Type (\$ millions)**



The Health Trust's revenues for FY 2008-09 (\*excluding net investment gains or losses as noted above) totaled \$8.2 million, compared to \$8.3 million in 2007 and \$7.4 million in FY 2007-08. In FY 2008-09 The Health Trust received a total of \$3.3 million in government funding. The City of San José awarded The Health Trust about \$26,000 to fund the Meals for Low Income Senior Program and \$1.1 million as a federal pass-through for Housing Opportunities for Persons with AIDS; in total this was about 14% of total revenues in FY 2008-09. The Health Trust also received about \$2.1 million in private grants and contributions in FY 2008-09; this revenue source has increased by 41% since FY 2006-07. The Health Trust received about \$2.8 million in other revenues combined in FY 2008-09, including its fee-for-service activities.

**Expenses by Type (\$ millions)**



The Health Trust's expenses in FY 2008-09 totaled about \$15.4 million, about a 4% increase since FY 2006-07. About 82% (\$12.5 million) of The Health Trust's expenses in FY 2008-09 were related to program services, including about \$5.0 million in salaries and related expenses, \$4.6 million in services and supplies, and about \$2.9 million in grants. Management and general expenses were about \$2 million in FY 2008-09, a 17% decrease since FY 2006-07.

Notes based on financial statements:

- 1) The Health Trust received an unqualified opinion from their external auditors for financial statements for 2007, 2008 and 2009.
- 2) To further its mission to provide funding and support for health care services and community health programs, The Health Trust provides financial and administrative support services to other independent nonprofit corporations. The related revenue and expenses are recorded as fees for service revenue and program expenses on the Statement of Activities.
- 3) The fair value of Health Trust's investment portfolio declined from \$132.8 million in 2007 to \$119.2 million in 2008 to \$89.2 million in 2009. The Health Trust portfolio of investments is professionally managed by various institutional fund managers and monitored by an outside consultant. The Health Trust has periodic Finance/Investment Committee meetings that monitor the portfolio performance and investment policy guidelines in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and current investment guidelines.

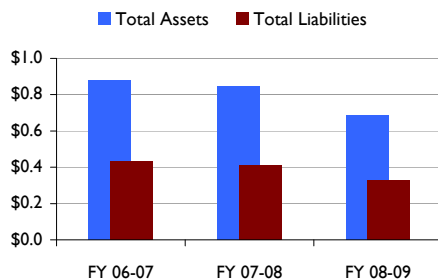
# HISTORY SAN JOSÉ

1650 Senter Road, San Jose, CA 95112 | www.historysanjose.org

The City of San José owns various historic assets related to the City and Santa Clara Valley, including History Park with its historic and reconstructed structures; the Peralta-Fallon Historic Site; and the Collection Center, which houses a permanent museum collection, hereafter referred to as the Museum. In 1995, the City council approved a plan to transfer the operation and maintenance of the above facilities to a nonprofit corporation. History San José (HSJ) was formed for the purpose of preserving these historic sites through a support agreement with the City, membership, fund raising and educational and volunteer services.

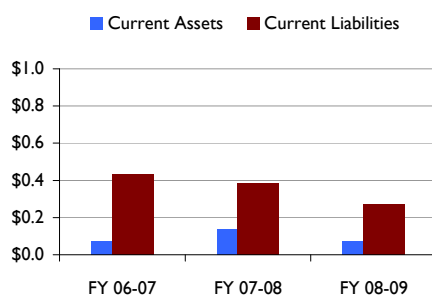
**City of San José Funding:** In 1998, the City entered into an agreement whereby the City retained HSJ to operate and maintain the Museum. In FY 2009-10, City of San José grants to HSJ included \$875,000 for operating and maintenance \$3,000, in-kind support included the donation of facilities at 1661 Senter Road valued at \$48,000, for a total of a \$926,000.

**Total Assets & Liabilities**  
(\$ millions)



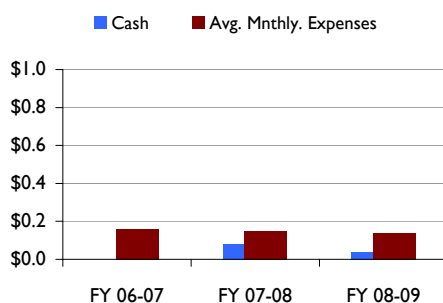
As of June 30, 2009, HSJ's assets totaled about \$686,000 while liabilities totaled about \$326,000. Cash accounted for about 6% of total assets while leasehold improvements and equipment accounted for about 89%. The organization's net worth as of June 30, 2009 was about \$361,000. HSJ had borrowed, inconsistent with the donor restrictions, from permanently restricted net assets (the endowment) and as of June 30, 2009 the unpaid balance was \$135,398. Additionally, as of June 30, 2009, the amount borrowed from temporarily restricted net assets totaled \$83,493, also inconsistent with donor-imposed restrictions. (See notes for more information.)

**Current Assets & Liabilities**  
(\$ millions)



As of June 30, 2009, HSJ's current assets totaled about \$70,000, of which about 55% was cash. Current assets include cash, cash equivalents, and assets that can be converted to cash within one year. Current liabilities are debts or other obligations that will be due within one year. Current liabilities totaled about \$271,000. Working capital was negative \$201,000.

**Cash & Average Monthly Expenses**  
(\$ millions)

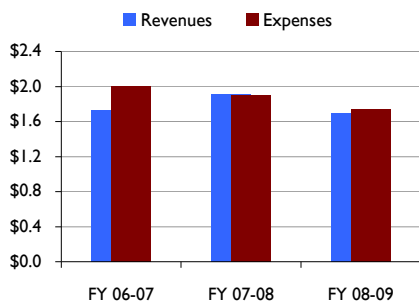


As of June 30, 2009, the organization's cash totaled about \$39,000 (some of which may have been restricted). However, average monthly expenses were about \$138,000 and have decreased about 13% since FY 2006-07 primarily due to decreases in staffing and related costs. The operating agreement with City requires that HSJ build and maintain a cash reserve equal to 25% of its annual operating budget, which totaled about \$1.7 million in FY 2009-10. The agreement requires HSJ to contribute 3% of current operating budget to the cash reserve unit it reaches the required amount. However, this requirement is suspended from 2010 through 2012 while HSJ works on repaying the endowment and temporarily restricted net assets.



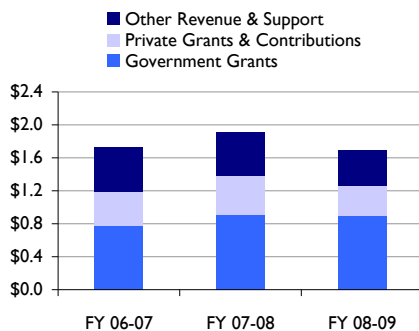
## HISTORY SAN JOSÉ (continued)

**Revenues & Expenses**  
(\$ millions)



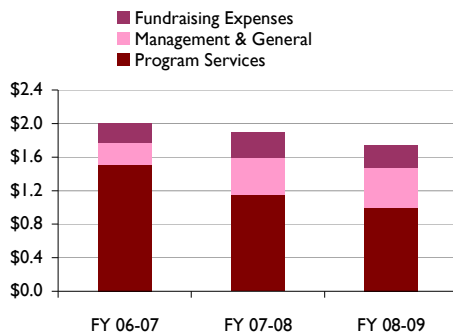
HSJ ended FY 2008-09 with a deficit of about \$51,000, or about 3% of expenses. HSJ's management advises that the deficit was due to decreased foundation and individual contributions. In FY 2007-08, the organization ended the year with a surplus of about \$15,000 but in FY 2006-07 also had a deficit of about \$272,000, or about 14% of expenses.

**Revenues by Type**  
(\$ millions)



Revenue totaled about \$1.7 million in FY 2008-09, a decrease of 12% compared to FY 2007-08 but a decrease of about 3% compared to FY 2006-07. Since FY 2006-07, government grants as a percentage of total funding have increased from 48% to 56% while private grants and contributions as a percentage have decreased from 29% to 18%. The City of San José provided about 55% of the organization's total revenues.

**Expenses by Type**  
(\$ millions)



Expenses totaled about \$1.7 million in FY 2008-09, about 8% less than in FY 2007-08 and about 13% less than in FY 2006-07. Spending on program services was about 57% of total spending, down from about 76% in FY 2006-07. HSJ's management advises that the lower percentage for program services in FY 2007-08 and FY 2008-09 was due to a methodology change related to the allocation of certain costs. Management further advises that they believe the FY 2006-07 allocation method was more accurate and anticipate using a similar model going forward.

Notes based on financial statement audits:

- 1) For the fiscal years ending 2007, 2008, and 2009,, HSJ received an unqualified audit opinion but the audit noted (quote from FY 2008-09): "History San Jose will need to seek additional financial support or reduce its cost structure in future years in order to meet its future financial obligations. This raises substantial doubt about History San Jose's ability to continue as a going concern."
- 2) Auditors noted that the operating agreement with the City of San Jose states that the City will provide \$875,000 to HSJ in each of the next three fiscal years and in exchange, HSJ will: (1) replenish the endowment fund (the permanently restricted net assets it borrowed against) (2) replenish unearned temporarily restricted net assets to required level and (3) reduce accounts payable to under sixty days outstanding.
- 3) Auditors noted "Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was: The disclosure of the Organization continuing as a going concern in Note 3 to the financial statements."

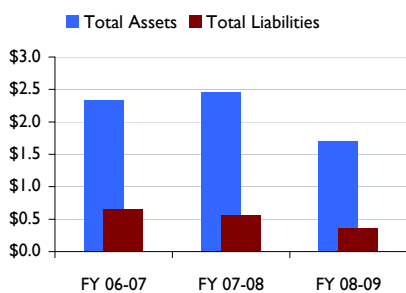
## LAW FOUNDATION OF SILICON VALLEY

152 North 3rd Street, San José, CA 95112 | [www.lawfoundation.org](http://www.lawfoundation.org)

The Law Foundation of Silicon Valley has provided legal services to over 100,000 individuals affected by discrimination, disabilities and civil injustice impacting people of all ages, genders and races. The Law Foundation provides free legal services through five programs: Fair Housing Law Project, Health Legal Services, Legal Advocates for Children & Youth, Mental Health Advocacy Project, and the Public Interest Law Firm.

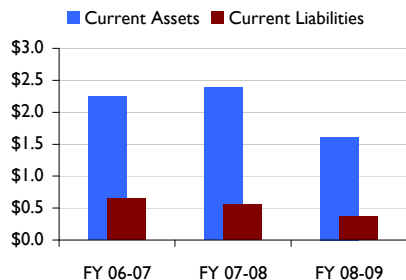
**City of San José Funding:** In FY 2009-10, the City of San José awarded the Law Foundation \$285,089 in pass-through CDBG funding from the U.S. Department of Housing and Urban Development.

**Total Assets & Liabilities**  
(\$ millions)



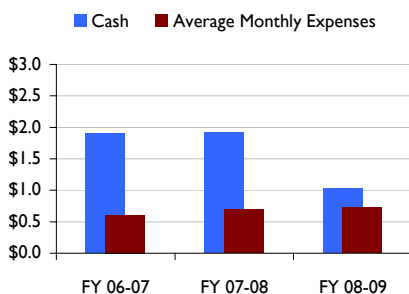
The Law Foundation of Silicon Valley's assets totaled \$1.7 million at the end of FY 2008-09, a 27% decrease since FY 2006-07. About 5% of total assets consisted of property and equipment. The Law Foundation's liabilities totaled \$372,000 in FY 2008-09, of which about 81% was accrued vacation and other staff expenses that have not yet been paid. At the end of FY 2008-09, the Law Foundation's total debt was about 22% of its total assets. The Law Foundation's net worth as of June 30, 2009, was \$1.3 million, which was down about \$0.3 million from FY 2006-07.

**Current Assets & Liabilities**  
(\$ millions)



Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. As of June 30, 2009, the Law Foundation of Silicon Valley had \$1.6 million in current assets and about \$370,000 in current liabilities. In other words, the Law Foundation had over \$4 for every \$1 owed; by comparison, in FY 2006-07 the Law Foundation had over \$3 available for every \$1 they owed. Current assets in FY 2008-09 included about \$1 million in cash and just over \$500,000 in accounts receivable. At the end of FY 2008-09, working capital for the Law Foundation totaled more than \$1.2 million, a decrease of about 23% since FY 2006-07.

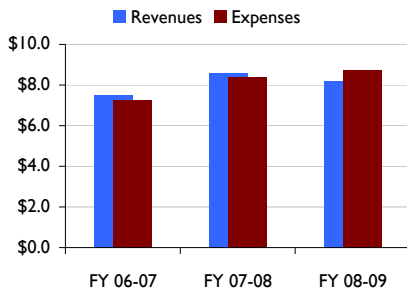
**Cash & Average Monthly Expenses**  
(\$ millions)



As of June 30, 2009, the Law Foundation had enough cash to cover over one month's worth of expenses. Cash, some of which may be restricted, went from \$1.9 million in FY 2006-07 and FY 2007-08 to about \$1 million in FY 2008-09, reflecting a 46% decrease. Meanwhile, accounts receivable have increased from about \$286,000 in FY 2006-07 to about \$500,000 in FY 2008-09, an 79% increase, due mostly to \$170,000 in start-up costs for the Legal Advocates for Children & Youth (LACY) Dependency program that were paid after the end of the fiscal year.

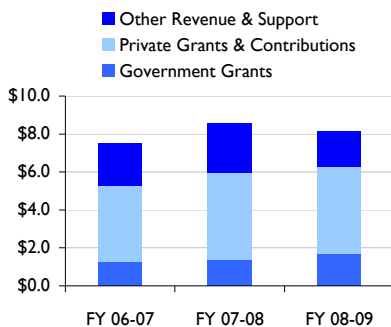
## LAW FOUNDATION OF SILICON VALLEY (continued)

**Revenues & Expenses  
(\$ millions)**



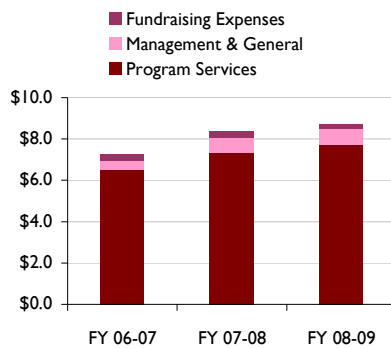
For the year ending June 30, 2009, the Law Foundation of Silicon Valley had a deficit of \$569,218, which was about 7% of expenses in that year. The deficit came after two years of operating surpluses (\$254,818 and \$219,357 in FY 2006-07 and FY 2007-08, respectively). Since FY 2006-07, total revenues for the Law Foundation increased by 9%, while total expenses have increased by 20%.

**Revenues by Type  
(\$ millions)**



The Law Foundation's revenues in FY 2008-09 totaled nearly \$8.2 million, a 9% increase since FY 2006-07 but a 5% decrease since 2007-08. In FY 2008-09, 56% (\$4.6 million) of the Law Foundation's revenues came from private grants and contributions; most of these contributions were donated services (see Notes below). About 23% (\$1.9 million) of revenues in FY 2008-09 came from all other revenue sources combined. Included in this category were about \$373,000 worth of fee awards; these fee awards were down 56% since FY 2007-08. Government grants and contracts were about 21% (\$1.7 million) of FY 2008-09 revenues. In FY 2008-09, the City of San José awarded the Law Foundation \$281,844 in grant funding, which made up about 3% of total revenues that year. Ninety-one percent (\$256,755) of this funding was allocated towards the San José Fair Housing Consortium; the remaining funding was allocated to the Mental Health Advocacy Project.

**Expenses by Type (\$ millions)**



The Law Foundation's expenses in FY 2008-09 totaled about \$8.7 million, about a 20% increase since FY 2006-07. About 88% (\$7.7 million) of all expenses in FY 2008-09 were related to program services, an increase of 18% since FY 2006-07. At the same time, management and general expenses have increased by 73%, while fundraising-related expenses have decreased by 20%. Expenses for the Mental Health Advocacy Project have remained steady at about \$1.2 million each year since FY 2006-07, while expenses for the Fair Housing Law Project have decreased in FY 2008-09 to about \$1 million, a 53% decrease since FY 2007-08.

Notes based on financial statements:

- 1) The Law Foundation of Silicon Valley received an unqualified opinion from their external auditors for their financial statements for the years ended 2007, 2008 and 2009.
- 2) The Law Foundation of Silicon Valley reported receiving \$3,936,915 in donated materials and services (in-kind contributions) for the year ended June 30, 2009. About 95% (\$3.75 million) consisted of donated service hours from attorneys, law students, paralegals, and other clerical services.

## MEXICAN AMERICAN COMMUNITY SERVICES AGENCY

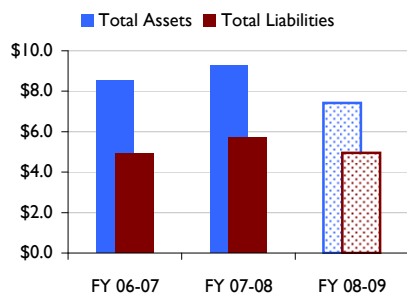
130 North Jackson Avenue, San José, CA 95116 | www.macsa.org

The Mexican American Community Services Agency, Inc. (MACSA) incorporated in 1966 and has a history of providing community services for youth, families and seniors in Santa Clara County. Major programs include youth program services and the MACSA Youth Center. Prior to June 2009, MACSA operated the El Portal Leadership Academy and the Academia Calmecac Chartered School. (See Notes for more information.) MACSA is undergoing a restructuring as its management and Board of Directors were replaced in mid-2009.

**City of San José Funding:** In FY 2009-10, the City of San Jose awarded \$737,959 to MACSA including \$250,750 (General Fund), \$229,400 (CDBG), \$148,000 (BEST), and \$109,809 (HNVF).

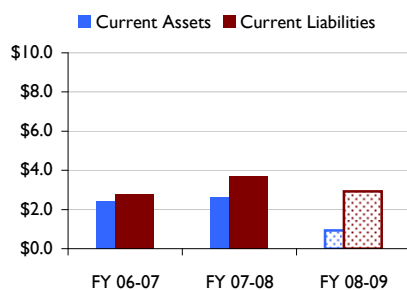
**As of the printing of this report, MACSA's FY 2008-09 audit was not yet completed. Therefore, FY 2008-09 data is based on pro forma, unaudited financial statements.**

**Total Assets & Liabilities**  
(\$ millions)



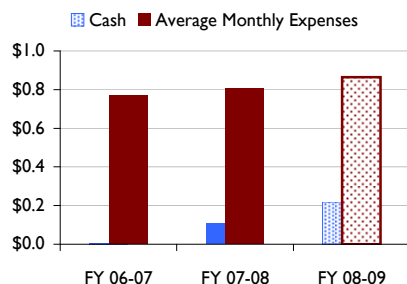
MACSA's assets totaled about \$7.4 million as of June 30, 2009, including \$6.5 million in building, property and equipment. MACSA's liabilities totaled about \$5.0 million in 2009, including about \$2.0 million in loans payable to NCB Development Corporation. MACSA's net worth as of June 30, 2009, was about \$2.5 million, down 32% compared to June 30, 2007. City staff advises that in May 2009, the IRS filed a federal tax lien of \$244,061. In addition, a Fiscal Crisis and Management Team (FCMAT) commissioned by the Santa Clara County Office of Education, determined that MACSA owed approximately \$400,000 in unpaid contributions to the California State Teachers' Retirement System (STRS) and the California Public Employees' Retirement system (PERS). (See Notes below.) As of the writing of this report, MACSA was in the process of selling assets.

**Current Assets & Liabilities**  
(\$ millions)



Current assets include cash, cash equivalents, assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. As of June 30, 2009, MACSA had about \$934,000 in current assets, including about \$1.7 million in grants receivable, offset by a \$1.1 million allowance for doubtful accounts. MACSA had about \$2.9 million in current liabilities as of June 30, 2009. MACSA had negative working capital of \$2.0 million in 2009.

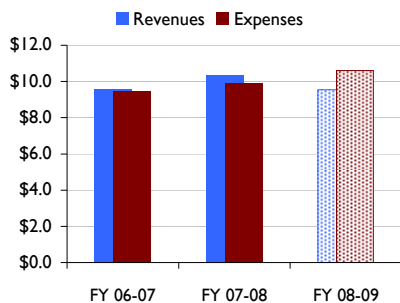
**Cash & Average Monthly Expenses**  
(\$ millions)



As of June 30, 2009, MACSA had about \$219,000 in cash (some of which may have been restricted), which was not enough to cover one month of average operating expenses. MACSA's auditors noted in the 2008 financial statements that MACSA had been experiencing cash flow problems. City staff advises that MACSA's management is working on plans to improve the organization's cashflow through the sale of properties. As of the writing of this report, those transactions were expected to close soon.

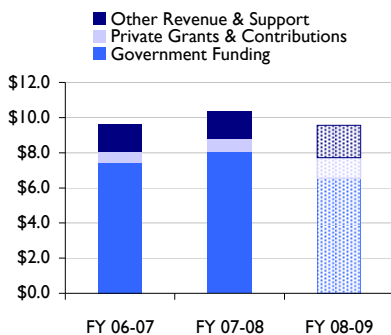
## MEXICAN AMERICAN COMMUNITY SERVICES AGENCY(continued)

**Revenues & Expenses**  
(\$ millions)



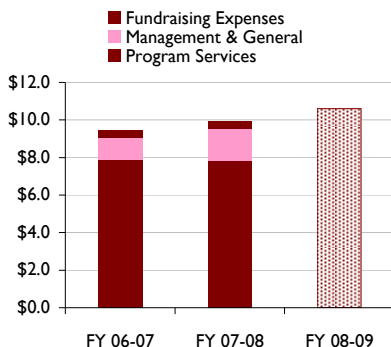
For the year ended June 30, 2009, MACSA had a deficit of about \$1.0 million, which was about 10% of total expenses that year. By comparison, in FY 2006-07 and FY 2007-08 MACSA had a surplus of about \$143,000 and \$475,000, respectively.

**Revenues by Type**  
(\$ millions)



For the year ended FY 2008-09, MACSA's revenues totaled about \$9.6 million, reflecting no change compared to FY 2006-07 and an eight percent decrease compared to FY 2007-08. About 44% (\$4.2 million) of all revenue in FY 2008-09 was reported as government grants. MACSA also received government funding related to MACSA's charter schools' operations (see Notes). MACSA's auditors noted on the FY 2007-08 financial statements that 77% of the agency's support was through grants and contracts with state and local governments, and that non-renewal of these contracts could have an adverse effect on the agency's ability to continue in operations. In FY 2008-09, the City of San José awarded \$669,185 in grants, about 7% of MACSA's total revenues.

**Expenses by Type**  
(\$ millions)



MACSA's expenses in FY 2008-09 totaled \$10.6 million; MACSA's pro forma financial statements for FY 2008-09 did not break out program and support services. In FY 2007-08, MACSA's expenses totaled \$9.9 million. About 80% (\$7.8 million) of expenses in FY 2007-08 were related to program services, including \$2.9 million for the charter schools, \$2.3 million for youth and after-school programs, \$1.4 million for early childhood education, and \$1.2 million for adult day health care. A number of these programs have since been discontinued. For FY 2009-10, MACSA's management expects that administrative costs will be high due to the discontinuation of several programs. Management further anticipates that in FY 2010-11, administrative costs will decrease due to property sales and improved cost controls.

### Notes based on the financial statements:

- 1) MACSA received an unqualified audit opinion on its financial statements for the fiscal years ended 2007 and 2008; the 2009 audit had not yet been completed as of the printing of this report. MACSA's management advises that the organization has retained a new auditor for the 2009 audit.
- 2) The Fiscal Crisis and Management Team report states: "During 2008-09, the Santa Clara County Office of Education received information alleging that, for more than a year, employee deductions and employer contributions to PERS and STRS had not been paid for employees of the Academia Calmecac and the El Portal Leadership Academy charter schools. It was also alleged that these funds had been used by MACSA to pay operating costs." Subsequent to the report, the authorizing school district rescinded the charter for El Portal Leadership Academy in June 2009. Later that month, the charter for Academia Calmecac was also revoked by the authorizing school district. MACSA's management advises that the proceeds from the anticipated sale of two parcels of land will be used to pay the portion of employee retirement contributions (about \$293,000). However, the employer portion will still be owed.

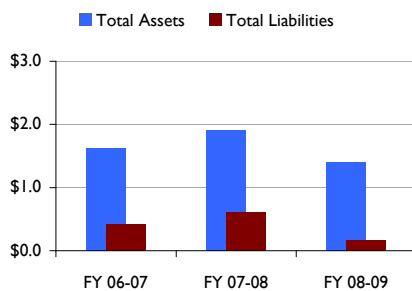
## NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE

234 East Gish Road, Suite 200, San Jose, CA 95112 | www.nextdoor.org

Next Door Solutions to Domestic Violence is a multi-cultural, public benefit agency dedicated to providing proactive and progressive solutions to domestic violence through embedded advocates in multiple community entry points. Next Door Solutions to Domestic Violence educates groups of all ages, genders, and ethnicities to create an environment for change to a "violence is not acceptable" community. The organization offers a range of culturally and linguistically appropriate, wrap around services to meet the unique and diverse needs of families impacted by domestic violence. In fiscal years 2007-08 and 2008-09, the organization served 7,789 clients through a variety of programs and services.

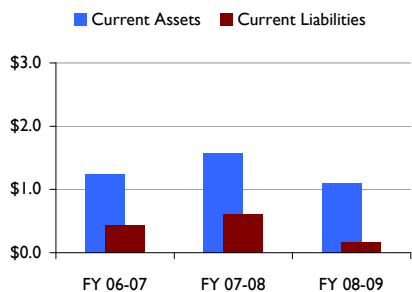
**City of San José Funding:** In FY 2009-10, the City of San José awarded \$366,556 in grants, including federal Community Development Block Grant (CDBG) pass through funds totaling \$108,073; \$72,000 in Health Neighborhoods Venture Fund (HNVF), \$113,073 in Family Violence Center funds, and \$46,410 in Bringing Everyone's Strengths Together (BEST) funds; and a \$27,000 Emergency Shelter Grant.

### Total Assets & Liabilities (\$ millions)



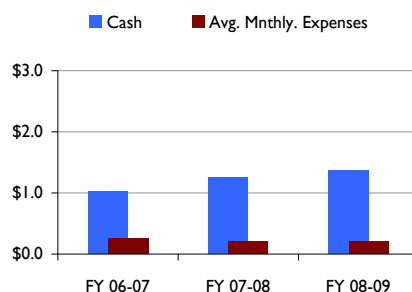
As of June 30, 2009, the organization's assets totaled about \$1.4 million while liabilities totaled about \$162,000, for a net worth of \$1.2 million. Cash accounted for 53% of total assets.

### Current Assets & Liabilities (\$ millions)



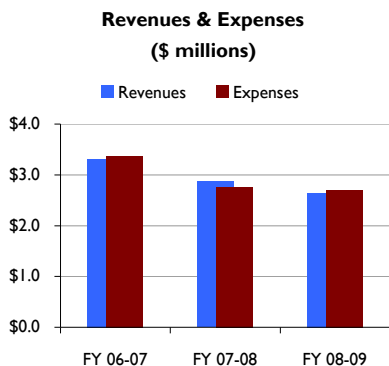
As of June 30, 2009, Next Door Solutions to Domestic Violence's current assets totaled about \$1.1 million, of which about 68% was cash. Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. Current liabilities totaled about \$162,000. Working capital was about \$938,000.

### Cash & Average Monthly Expenses (\$ millions)

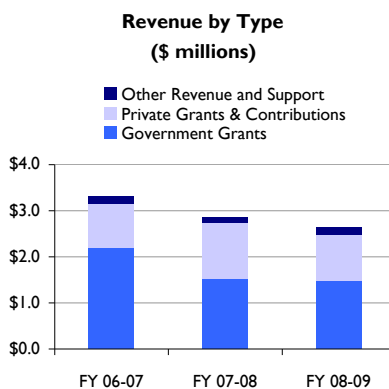


As of June 30, 2009, Next Door Solutions to Domestic Violence's cash totaled \$744,000. This included a board-designated operating reserve of \$620,000, which is equivalent to about three months' operating expenses.

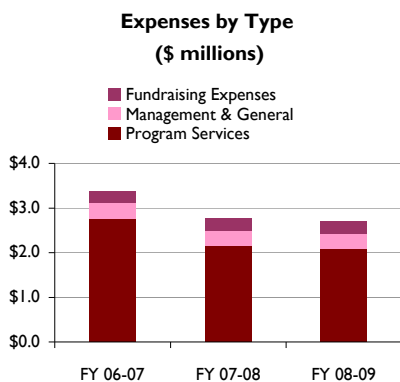
## NEXT DOOR SOLUTIONS TO DOMESTIC VIOLENCE (continued)



For the year ended June 30, 2009, Next Door Solutions to Domestic Violence had a deficit of about \$62,000, which equaled about 2% of total expenses. Next Door Solutions' management advises that the deficit was due to the timing of the receipt of grant revenue as well as significant investments in the administrative infrastructure of the organization. For the year ended June 30, 2008, the organization had a surplus of about \$99,000 but for the year ended June 30, 2007 also had a deficit of \$63,000.



Revenue totaled \$2.6 million in FY 2008-09, a decrease of 8% compared to FY 2007-08 and a decrease of about 20% compared to FY 2006-07. Since FY 2006-07, government grants as a percentage of total funding have decreased from 66% to 56% while private grants and contributions as a percentage have increased from 28% to 38%. In FY 2008-09, revenues included in-kind contributions totaling about \$316,000. In FY 2008-09, the City of San José awarded \$360,273 to Next Door Solutions to Domestic Violence. In FY 2008-09, funding from the City of San José accounted for 14% of the organization's total funding and 24% of its government grants.



Expenses totaled about \$2.7 million in FY 2008-09, slightly less than in FY 2007-08 and about 20% less than in FY 2006-07. In FY 2008-09, about 78% of total spending was for program services, compared to 77% in FY 2007-08 and 82% in FY 2006-07. Fundraising expenses totaled about \$290,000 and were about 11% of total spending compared to about 8% in FY 2006-07.

Notes based on financial statement audits:

1) Next Door Solutions to Domestic Violence received an unqualified audit opinion on its financial statements for the fiscal years ending 2007, 2008, and 2009.

## OPPORTUNITY FUND

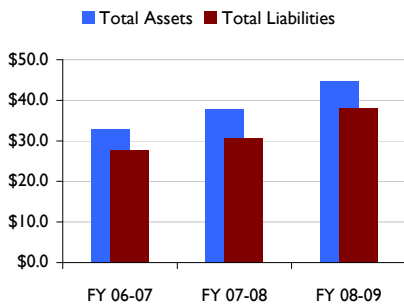
111 West St. John Street, Suite 800, San José, CA 95113 | [www.opportunityfund.org](http://www.opportunityfund.org)

Opportunity Fund (formerly Lenders for Community Development) advances the economic well-being of working people by helping them earn, save, and invest in their future. Opportunity Fund provides Bay Area working families with loans to finance affordable homes and savings for homeownership, financial education, matched savings plans and incentives, microfinance loans, and loans to finance community facilities such as healthcare clinics and schools. To accomplish this, Opportunity Fund originates loans to small businesses and non-profit organizations, as well as serves as fund administrator for various affordable housing funds.

**City of San José Funding:** In FY 2009-10, the City of San José awarded Opportunity Fund \$258,677 in grant funding from a pass-through CDBG program.

### Total Assets & Liabilities

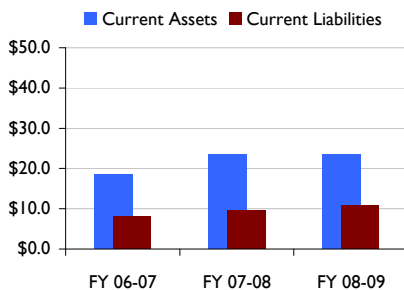
(\$ millions)



Opportunity Fund's assets totaled \$44.7 million as of June 30, 2009 including \$27 million in current and long-term loans receivable (61% of total assets) and \$12.6 million in restricted cash (28%). The Opportunity Fund's liabilities totaled about \$38 million as of June 30, 2009 including \$30.3 million (about 80% of total liabilities) of current and long-term loans payable (see Notes) and about \$5 million in notes payable. At the end of FY 2008-09, Opportunity Fund's total debt was about 85% of its total assets. Opportunity Fund's net worth was \$6.8 million as of June 30, 2009; this was a 34% increase since FY 2006-07 but down slightly since FY 2007-08.

### Current Assets & Liabilities

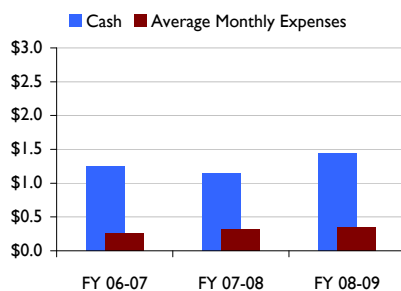
(\$ millions)



Current assets are those that the organization could convert to cash within one year. Current liabilities are amounts owed by the organization that will be due within one year. As of June 30, 2009, current assets totaled \$23.4 million and current liabilities totaled \$10.9 million. Current assets consisted primarily of \$12.6 million in restricted cash and about \$8 million in current loans receivable. Current liabilities consisted primarily of \$9.4 million in current funds provided for programs without recourse. At the end of FY 2008-09, working capital for Opportunity Fund totaled about \$12.6 million.

### Cash & Average Monthly Expenses

(\$ millions)

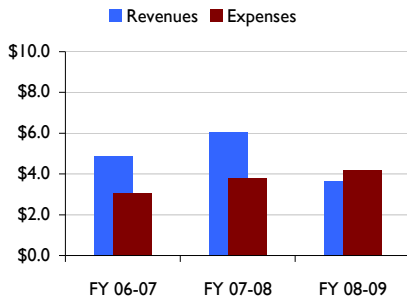


As of June 30, 2009, Opportunity Fund had enough unrestricted cash to cover four months of average monthly expenses. Cash had increased from \$1.2 million in FY 2006-07 to \$1.4 million at the end of FY 2008-09. In addition, Opportunity Fund had \$12.6 million in restricted cash at the end of FY 2008-09.



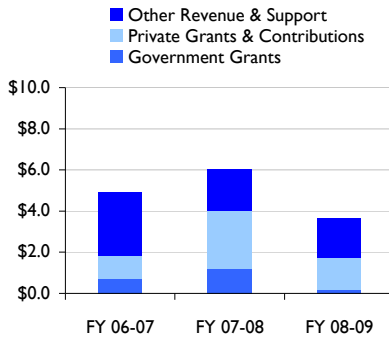
## OPPORTUNITY FUND (continued)

**Revenues & Expenses**  
(\$ millions)



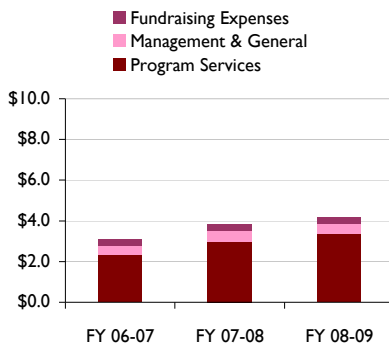
Opportunity Fund typically receives grants and contributions in one year that are intended to be spent over multiple years (see Overview). For example, Opportunity Fund received \$3.1 million in restricted contributions in FY 2007-08 to be used over multiple years, which resulted in a significant total surplus that year. For the year ended June 30, 2009, Opportunity Fund had a deficit of about \$536,000. In FY 2008-09, about \$1.3 million in temporarily restricted revenues from prior years was released from restrictions and went towards specific programs and services. To note, Opportunity Fund had enough unrestricted revenues to cover expenses for the years ended FY 2006-07, FY 2007-08, and FY 2008-09.

**Revenues by Type**  
(\$ millions)



Opportunity Fund's revenues in FY 2008-09 totaled \$3.7 million; this included about \$3.1 million in unrestricted revenue and about \$605,000 in temporarily restricted contributions. Of the \$3.7 million in total revenue in FY 2008-09, 53% (\$2.0 million) came from earned revenue and other support combined, which included contract income (\$748,000) and interest from loan programs (\$413,000). Private contributions were about 41% (\$1.5 million) of revenues in FY 2008-09. The City of San José provided about \$212,000 in grant funding from a pass-through CDBG program to Opportunity Fund in FY 2008-09, or about 6% of all revenues in FY 2008-09; about \$207,000 was used by the end of the fiscal year.

**Expenses by Type**  
(\$ millions)



Opportunity Fund's expenses in FY 2008-09 totaled about \$4.2 million, about a 36% increase since FY 2006-07. About 81% (\$3.4 million) of all expenses in FY 2008-09 were related to program services. Expenses for program services have increased by 44% since FY 2006-07. Management and general expenses totaled about \$486,000 in FY 2008-09, up 16% from FY 2006-07. Fundraising expenses totaled about \$326,000 in FY 2008-09, up 8% from FY 2006-07.

Notes based on financial statements:

- 1) Opportunity Fund received an unqualified opinion from their external auditors for their financial statements for the fiscal years ended 2007, 2008 and 2009.
- 2) Included within current and long-term loans payable are "funds provided for programs without recourse"; this refers to funds provided to Opportunity Fund by various Member Banks, Sobrato Affordable Housing Fund and the Housing Trust of Santa Clara County. These entities committed to provide funds to enable Opportunity Fund to originate loans and have agreed that their recourse is limited to the loans made by Opportunity Fund with their funds, plus any cash that has not yet been disbursed.

## OUR CITY FOREST

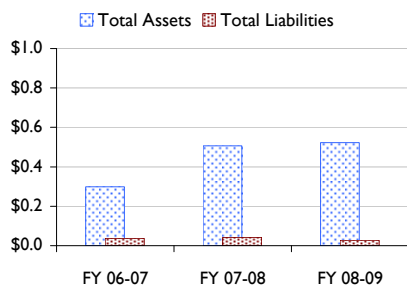
151 West Mission Street, San José, CA 95110 | [www.ourcityforest.org](http://www.ourcityforest.org)

The mission of Our City Forest (OCF) is to cultivate a green and healthy San José metropolis by engaging community members in the appreciation, protection, growth and maintenance of our urban ecosystem, especially our urban forest. OCF's core services include the provision of trees, tree installations, tree establishment, and tree care for public properties such as streets, parks, medians and City facilities. OCF also provides public education services relating to City tree laws, tree benefits and proper tree care.

**City of San José Funding:** In FY 2009-10, the City of San José awarded Our City Forest with \$490,784 worth of financial assistance, which included a \$149,000 leveraging grant from the Storm Sewer Fund, \$126,000 in first-time State pass-through grants, \$120,000 for general operations, and \$95,784 worth of in-kind office space.

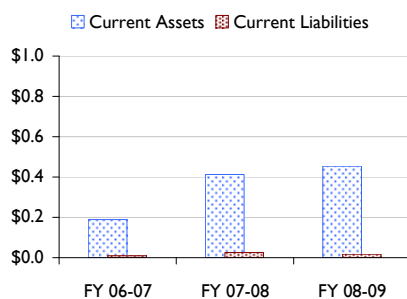
**OCF did not have its financial statements audited in the three years included in this report. Rather, OCF issued compilations in FY 2008-09 and FY 2007-08 and pro forma statements in FY 2006-07.**

**Total Assets & Liabilities**  
(\$ millions)



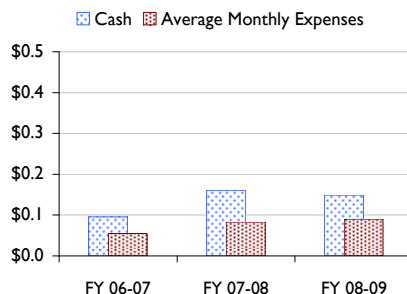
Our City Forest's assets totaled \$523,455 as of June 30, 2009, including \$268,000 (51%) in accounts receivable. Our City Forest's liabilities totaled about \$28,000 as of June 30, 2009, including about \$11,000 for a long-term auto loan (39% of total liabilities). Our City Forest's net worth as of June 30, 2009, was about \$495,000, which was a 90% increase since FY 2006-07.

**Current Assets & Liabilities**  
(\$ millions)



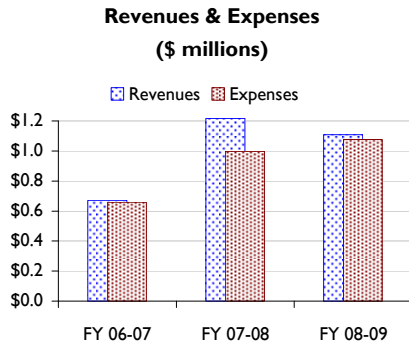
Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. Our City Forest's current assets as of June 30, 2009 totaled about \$454,000, including about \$149,000 in cash, or about 33% of all current assets. As noted above, about \$268,000 of all current assets were designated as accounts receivable. Since the end of FY 2006-07, working capital has increased by 143%, totaling about \$437,000 at the end of FY 2008-09.

**Cash & Average Monthly Expenses**  
(\$ millions)

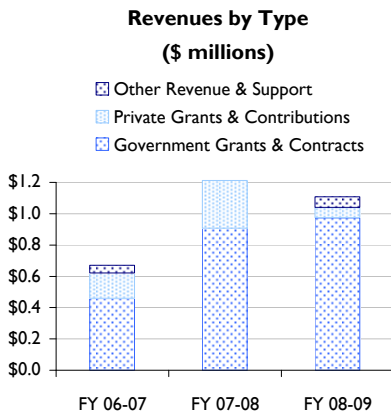


As of June 30, 2009, Our City Forest had about \$149,000 in cash, enough to cover over one month of average monthly expenses. In terms of cash and other liquid assets, OCF had about \$24 for every \$1 in current debt at the end of FY 2008-09, up from \$19 for every \$1 at the end of FY 2006-07.

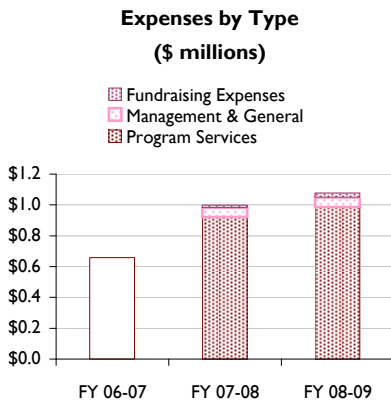
## OUR CITY FOREST (continued)



Revenues have exceeded expenses for Our City Forest each of the last three years. For the year ending June 30, 2009, OCF had an operating surplus of \$32,000, or about 3% of all expenses that year. By comparison, OCF had an operating surplus of about \$13,000 in FY 2006-07 and \$219,000 in FY 2007-08. The surplus in FY 2007-08 was due in part to about \$201,000 in mitigation fees received by OCF, including a significant amount from one developer for a substantial mitigation effort.



Our City Forest's revenues in FY 2008-09 totaled \$1.1 million, a 65% increase from FY 2006-07. Over the past three years, the revenue mix of Our City Forest has significantly changed. Since FY 2006-07, private grants and contributions have decreased by about 60% while government grants and contracts have more than doubled. According to OCF, this increase in government grants resulted from its new federal AmeriCorps program and a new State grant to provide tree pruning. In FY 2008-09, OCF had about \$65,000 in private grants and contributions and about \$973,000 in government grants and contracts. In addition to receiving grants from government agencies, OCF also has fees and contracts from government agencies for urban forestry services. Including grants and fee contracts, the City of San José provided about \$332,500 to OCF in FY 2008-09, or about 30% of all revenue. The City also provided a below market lease to OCF for office space in the City-owned building at an estimated market value of \$84,240 in FY 2008-09. If the value of this lease is also included, the City's contributions account for about 38% of OCF's total revenues.



Our City Forest's expenses in FY 2008-09 totaled about \$1.1 million, about an 8% increase since FY 2007-08 (details of expenses were not provided for FY 2006-07). About 91% (\$984,181) of expenses in FY 2008-09 were related to program services.

Notes based on financial statements:

- 1) An unaudited income statement and balance sheet were provided for the year ending June 30, 2007. Accountant's Compilation Reports were provided with financial statements for Our City Forest for the years ending June 30, 2008 and 2009. A compilation is limited to presenting management's information in the form of financial statements and supplementary schedules. The accompanying financial statements have not been audited or reviewed; accordingly, the accountant did not provide an opinion or any form of assurance on them.
- 2) Funding from the City of San José for FY08-09 was as follows: \$159,000 from the Department of Transportation (for the Urban Forest program), \$120,000 from the Storm Sewer Fund, \$38,500 from the RDA General Fund, \$10,000 from the Environmental Services Department, and \$5,000 from the Treatment Plant Operating Fund. The City also provided \$84,420 in in-kind rent for office space in FY 2008-09.

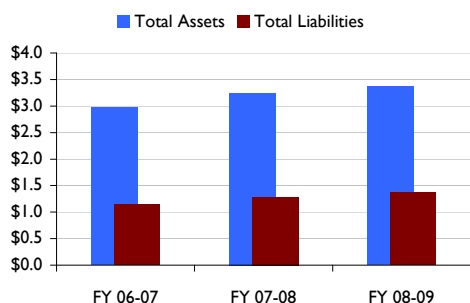
# PATHWAY SOCIETY, INC.

1659 Scott Blvd #30, Santa Clara, CA 95050 | www.pathwayinc.com

Pathway Society, Inc. provides programs and services to residents of Santa Clara County in substance abuse prevention and education, intervention, and treatment. Its major programs include: Residential Services, Outpatient Counseling and Relapse Prevention, Youth Counseling and Intervention, and Public Awareness & Education.

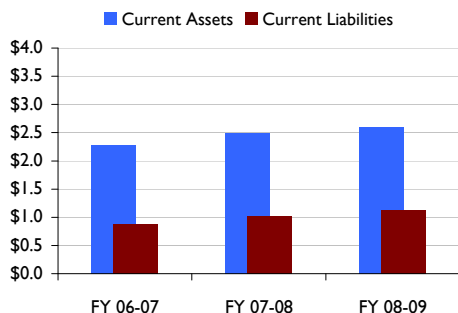
**City of San José Funding:** In FY 2009-10, Pathway Society was awarded \$358,670 in City funding. These awards included \$312,837 (BEST), \$10,833 (SSIG), \$35,000 (HNVF).

**Total Assets & Liabilities**  
(\$ millions)



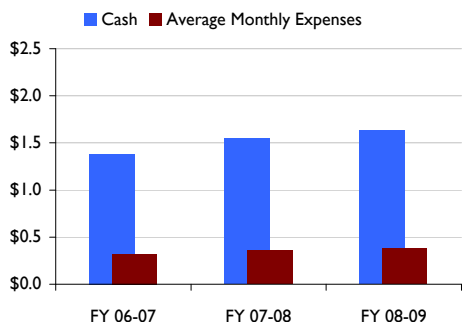
As of June 30, 2009, Pathway Society's assets totaled about \$3.4 million and liabilities totaled about \$1.4 million, resulting in a net worth of about \$2.0 million.

**Current Assets & Liabilities**  
(\$ millions)



As of June 30, 2009, Pathway Society's current assets totaled about \$2.6 million while current liabilities totaled about \$1.1 million. Current assets includes cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. Cash and grants receivables accounted for 96% (\$2.5 million) of Pathway Society's current assets. Accounts payable and accrued expenses accounted for 39% (\$444,000) of current liabilities. As of June 30, 2009, working capital was about \$1.5 million.

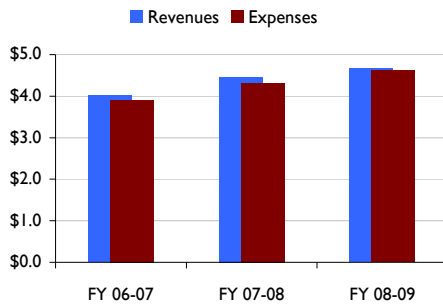
**Cash & Average Monthly Expenses**  
(\$ millions)



As of June 30, 2009, Pathway Society had approximately \$1.6 million in cash, which is equal to about four months of average expenses of \$380,000.

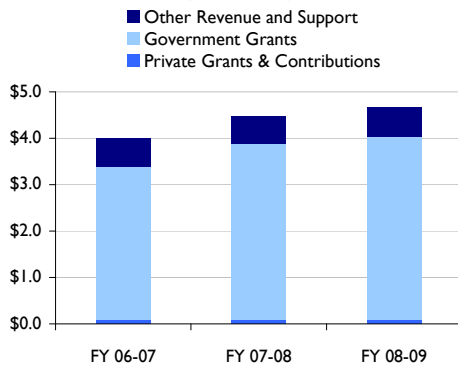
## PATHWAY SOCIETY, INC. (continued)

**Revenues & Expenses**  
(\$ millions)



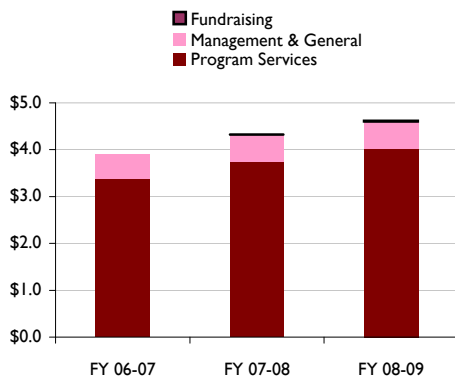
Pathway Society's revenues exceeded expenses in each of the last three years. For the year ended June 30, 2009, the organization had a surplus of about \$47,000. The organization also had surpluses in FY 2006-07 and FY 2007-08 of \$99,000 and \$138,000, respectively.

**Revenues by Type**  
(\$ millions)



For the year ended June 30, 2009, total revenues increased 16% compared to FY 2006-07. Pathway Society's government grant revenues accounted for 84% of the organization's total revenue. In FY 2008-09, the City of San José awarded \$358,670 in grants to the Pathway Society, Inc. City of San José financial assistance accounted for 7% of the organization's total revenues. Total revenues have increased 16% from FY 2006-07 to FY 2008-09.

**Expenses by Type**  
(\$ millions)



For the year ended June 30, 2009, Pathway Society's total expenses increased 18% compared to FY 2006-07. Program services were 87% of the organization's expenses. These services included: residential services, outpatient counseling and relapse prevention, youth counseling and intervention, and public awareness and education programs. Fundraising expenses accounted for less than 1% of total expense for all three years.

Notes based on financial statements:

1) Pathway Society, Inc. received an unqualified audit opinion for fiscal years ending 2007, 2008, and 2009.

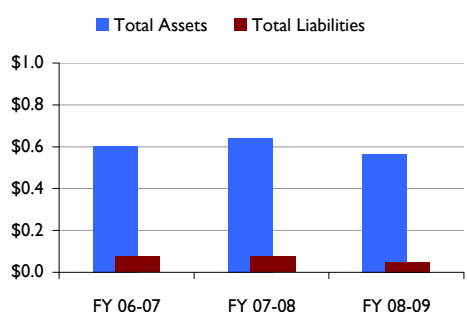
## REBUILDING TOGETHER SILICON VALLEY

P.O. Box 21996, San Jose, CA 95151-1996 | www.rebuildingtogether-sv.org

Rebuilding Together Silicon Valley, formerly known as Christmas in April - South Bay, is a local volunteer organization that rehabilitates the houses of low-income homeowners and repairs nonprofit facilities, at no cost to the recipient.

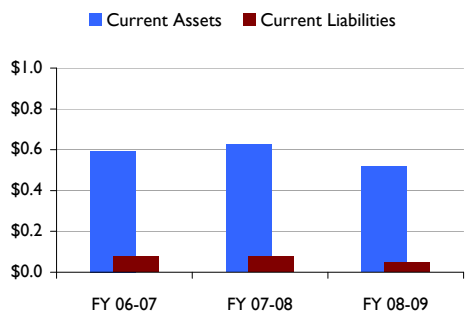
**City of San José Funding:** In FY 2009-10, the City of San José awarded \$303,268 in CDBG funds to Rebuilding Together Silicon Valley for the Rebuilding Housing Repair Program.

### Total Assets & Liabilities (\$ millions)



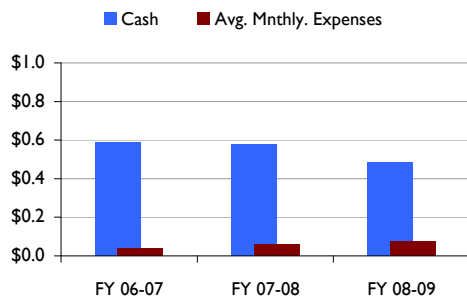
As of July 31, 2009 (the organization's fiscal year end), Rebuilding Together Silicon Valley's assets totaled about \$564,000 while liabilities totaled about \$48,000. Cash accounted for 85% of total assets. The organization's net worth as of July 31, 2009 was about \$515,000.

### Current Assets & Liabilities (\$ millions)



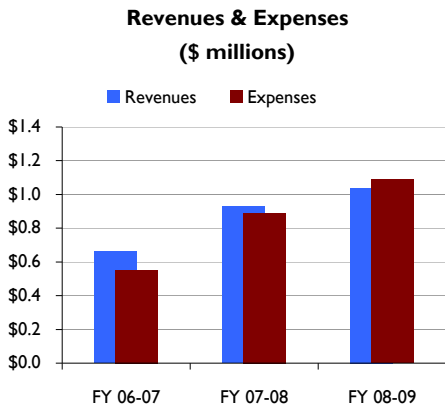
As of July 31, 2009, Rebuilding Together Silicon Valley's current assets totaled about \$519,000. Current assets are those that the organization could convert to cash within one year. Current liabilities are amounts owed by the organization that will be due within one year. Current liabilities totaled about \$48,000. Working capital was about \$471,000.

### Cash & Average Monthly Expenses (\$ millions)

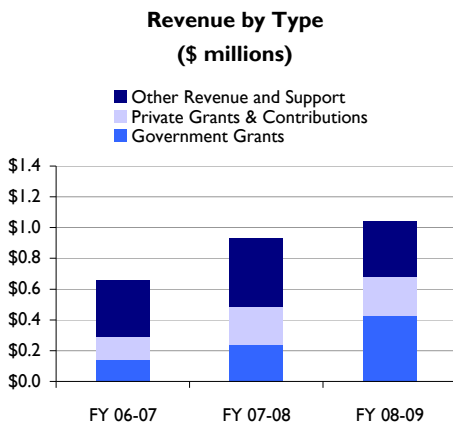


As of July 31, 2009, the organization's cash totaled about \$482,000. Average monthly expenses were about \$75,000 and have almost doubled since FY 2006-07. The financial statements noted that in FY 2008-09 the organization's Board of Directors designated \$40,000 of the organization's \$515,188 in unrestricted net assets for future general operating expenses and as a management planning tool.

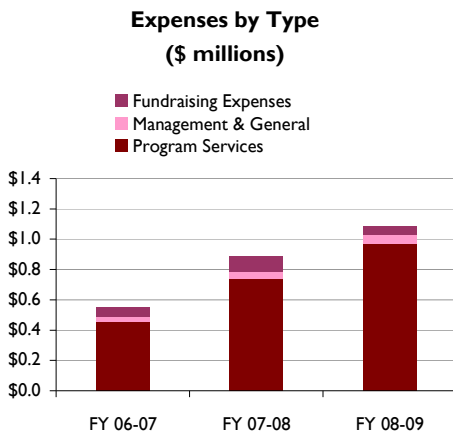
## REBUILDING TOGETHER SILICON VALLEY (continued)



The organization ended FY 2008-09 with a deficit of about \$51,000, or about 5% of expenses. The deficit was due primarily to increased program services expenses. Rebuilding Together's management advises that during the year it became clear that revenues would not be as much as had been anticipated but that the Board of Directors wanted to maintain a level of service to which the organization had already committed and therefore, made a conscious decision to run a deficit for the year. In both FY 2007-08 and FY 2006-07, the organization ended the year with a surplus of about \$38,000 and \$107,000, respectively.



Revenue totaled about \$1.0 million in FY 2008-09, an increase of 12% compared to FY 2007-08 and an increase of about 57% compared to FY 2006-07. Since FY 2006-07, government grants as a percentage of total funding doubled from 21% to 42% while private grants and contributions as a percentage remained constant at about 24%. In FY 2008-09, The City of San José provided \$396,500 in funding, which accounted for about 38% of the organization's total revenues. This funding included \$221,500 from CDBG funding for housing repair and rehabilitation of homes of low-income homeowners as well as \$85,000 from the Housing Trust Fund.



Expenses totaled about \$1.1 million in FY 2008-09, 22% more than in FY 2007-08 and almost double FY 2006-07 levels. Rebuilding Together's management advises that the increase in expenses was primarily due to extensive program expansion including 137% increase in the number of home repair projects in FY 2008-09 compared to FY 2006-07. Spending on program services was about 89% of total spending. Program services included home and facility repairs.

Notes based on financial statement audits:

1) Rebuilding Together Silicon Valley received an unqualified audit opinion for the fiscal years ending 2007, 2008, and 2009.

## SACRED HEART COMMUNITY SERVICE

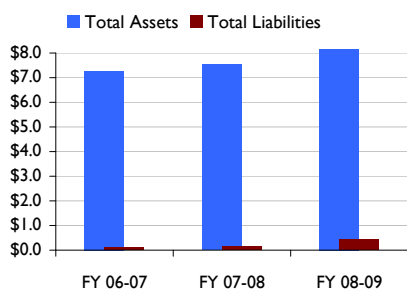
1381 South First Street, San José, CA 95110 | www.shcstheheart.org

Sacred Heart Community Service's mission is to change lives and impact poverty by providing essential services and offering tools for self-sufficiency. The Organization provides the following lines of service: Essential Services (such as Louise's Pantry, Gracie's Clothes Closet), Self-Sufficiency Programs (youth and adult education), Policy and Organizing, and Community Outreach and Education.

**City of San José Funding:** In FY 2009-10, the City of San José awarded \$1,270,559 in grant funding to Sacred Heart Community Service, including \$1,088,281 from Homelessness Prevention & Rapid Rehousing (HPRP) stimulus funds, \$110,000 from the Housing Trust Fund, \$45,278 from the Healthy Neighborhood Venture Fund, \$15,000 for the After School Program, an \$8,000 Safe Summer Initiative Grant, and \$4,000 from the General Fund.

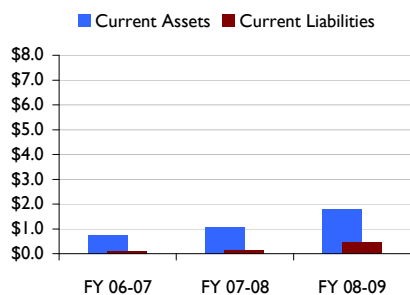
*(Subsequent event: from July through September 2009, Sacred Heart was awarded multiple grants with federal American Recovery & Reinvestment Act (ARRA) funds totaling up to \$17.3 million to be spent over the next few years. See Notes for more details.)*

**Total Assets & Liabilities**  
(\$ millions)



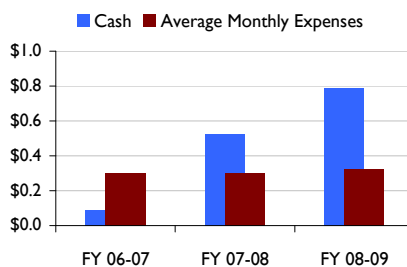
Sacred Heart Community Service's assets totaled \$8.2 million as of June 30, 2009. About 63% (\$5.2 million) of these total assets consisted of the property, land, and equipment; about 15% (\$1.2 million) of total assets consisted of cash restricted for facility improvements or investments held for endowment purposes. Sacred Heart's liabilities totaled about \$448,000 as of June 30, 2009; this consisted mostly of accounts payable, accrued expenses, and deferred revenue. In FY 2008-09, Sacred Heart's total debt was about 5% of its total assets. Sacred Heart's net worth as of June 30, 2009, was \$7.7 million, an 8% increase since FY 2006-07.

**Current Assets & Liabilities**  
(\$ millions)



Current assets cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. As of June 30, 2009, Sacred Heart Community Service had \$1.8 million in current assets and about \$448,000 in current liabilities (same as described above). In other words, Sacred Heart had \$4 for every \$1 owed in 2009. Current assets in FY 2008-09 included \$792,000 in cash and \$739,000 in grants receivables. As of June 30, 2009, working capital for Sacred Heart was about \$1.3 million, more than twice what it was as of June 30, 2007.

**Cash & Average Monthly Expenses**  
(\$ millions)

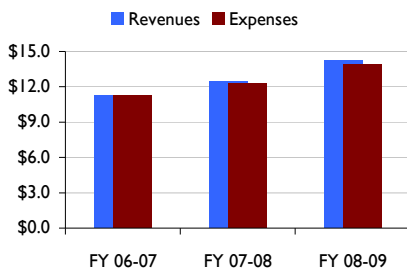


As of June 30, 2009, Sacred Heart Community Service had enough cash to cover more than two months of average monthly expenses, excluding the \$7 to \$10 million worth in donated items that Sacred Heart has used each year. Sacred Heart had about \$792,000 in cash at the end of FY 2008-09, nearly eight times the amount it had at the end of FY 2006-07.



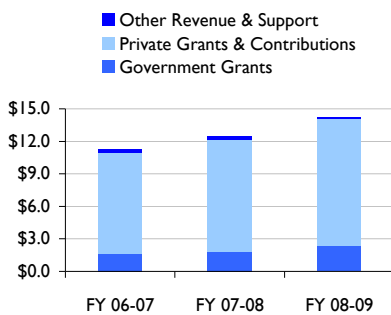
## SACRED HEART COMMUNITY SERVICE (continued)

**Revenues & Expenses**  
(\$ millions)



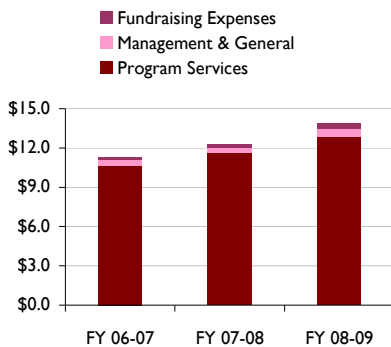
For the year ending June 30, 2009, Sacred Heart Community Service had a surplus of \$336,717, which was about 2% of expenses in that year. Sacred Heart also had a surplus of \$233,899 in FY 2007-08 and a deficit in FY 2006-07 of about \$46,000 (less than 1% of expenses that year). Since FY 2006-07, total revenues and expenses for Sacred Heart have increased by 26% and 23%, respectively.

**Revenues by Type**  
(\$ millions)



Sacred Heart's revenues in FY 2008-09 totaled nearly \$14.2 million, a 26% increase since FY 2006-07. Private grants and contributions were about 82% of all revenues (\$11.7 million) in FY 2008-09; this included about \$10 million of donated food, clothing, and household items from the community that are distributed as part of its Essential Services programs. Sacred Heart also received \$2.4 million in government grants in FY 2008-09, a 46% increase since FY 2006-07. In FY 2008-09, the City of San José awarded Sacred Heart Community Service about \$1.3 million in grant funding, or about 9% of revenues that year; \$330,223 was spent by the end of June 30, 2009.

**Expenses by Type (\$ millions)**



Sacred Heart's expenses in FY 2008-09 totaled about \$13.9 million, a 23% increase since FY 2006-07. Including all items donated and distributed through the Essential Services programs, about 92% (\$12.8 million) of all expenses in FY 2008-09 were related to program services. In general, expenses for program services have increased by 21% since FY 2006-07. Management and general expenses were about \$627,000 in FY 2008-09, a 45% increase since FY 2006-07. Fundraising expenses were about \$427,000 in FY 2008-09, a 90% increase since FY 2006-07.

Notes based on the financial statements:

- 1) Sacred Heart Community Service received an unqualified opinion from their external auditors for their financial statements for the years ended 2007, 2008 and 2009. In a management letter accompanying the audit, auditors identified various issues, one of which was accounting for government grants. Management responded in the letter that it has taken action to address this and other issues.
- 2) The organization also received donated services in addition to food, clothing, and other items. Sacred Heart Community Service received approximately 69,200 hours of volunteer time during the year ended June 30, 2009. The estimated value of volunteer services was approximately \$1,401,000; the value of these services is not reflected in the financial statements or in the graphs above.
- 3) Subsequent Event: Sacred Heart's stimulus (ARRA) funding awarded in FY 2009-10 to be spent over the next few years included: Temporary Assistance for Needy Families Contingency Funding (through Santa Clara County and originally up to \$12 million; Sacred Heart advises that contract was recently reduced to \$8 million), \$3.4 million in HPRP funds (including HPRP through the City of San Jose), and \$2 million from Community Service Block Grant Funds.

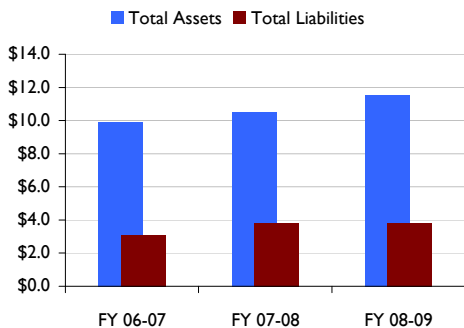
# SAN JOSÉ CONSERVATION CORPS

2650 Senter Road, San Jose, CA 95111 | <http://www.sjcccharterschool.org/>

The San José Conservation Corps' (SJCC) mission is to provide youth with a quality high school education and teach valuable work and life skills that empower them to become responsible, productive, and caring citizens. SJCC operates the San José Conservation Corps Charter School which provides vocational training as well as academic hands-on learning.

**City of San José Funding:** The City of San José awarded SJCC \$1,615,871 in funding in FY 2009-10. These sources of this award included: GF, WIA, CDBG, IWM, and RDA. The organization also currently leases a City facility at below-market. The City estimated the fair market value of this lease to be \$88,431. SJCC also received \$346,000 in federal stimulus money (pass-through) from non-City sources.

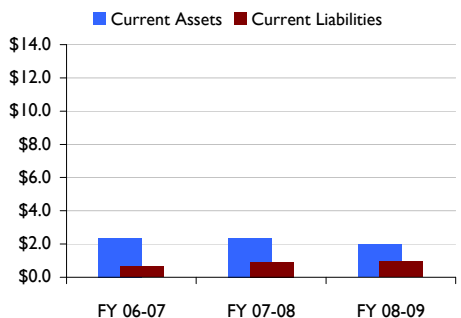
**Total Assets & Liabilities**  
(\$ millions)



As of June 30, 2009, SJCC's assets totaled about \$11.5 million and liabilities totaled about \$3.8 million, resulting in a net worth of about \$7.7 million. Property and equipment accounted for 60% (\$7.0 million) of the organization's total assets.

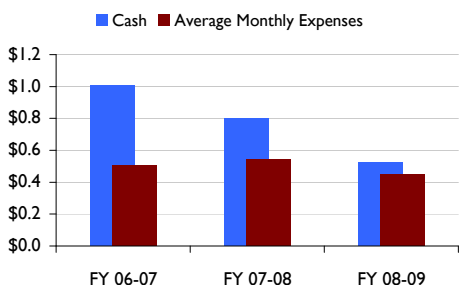
Construction-in-progress accounted for another 22% (\$2.5 million). SJCC acquired land and buildings in 2003 and 2004 that are currently under renovation. The organization owed \$3 million on a non-revolving line-of-credit (secured by properties) that accounted for 78% of its total liabilities. However, the credit line was converted into a commercial mortgage in FY 2008-09.

**Current Assets & Liabilities**  
(\$ millions)



As of June 30, 2009, SJCC's current assets totaled almost \$2.0 million while current liabilities totaled about \$938,000. Current assets include cash, cash equivalents, and assets that can be converted or consumed within one year. Current liabilities include debts or other obligations that will be due within one year. Current assets included about \$1.2 million in contracts and grants receivable (59% of total current assets). SJCC had about \$1 million in working capital.

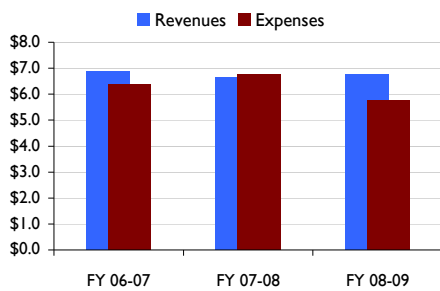
**Cash & Average Monthly Expenses**  
(\$ millions)



As of June 30, 2009, SJCC had about \$525,000 in cash. Its average monthly expenses were about \$452,000, leaving SJCC with enough cash to cover one month's average expenses. As of June 30, 2009, SJCC also had about \$66,000 in restricted cash and \$94,000 in investments.

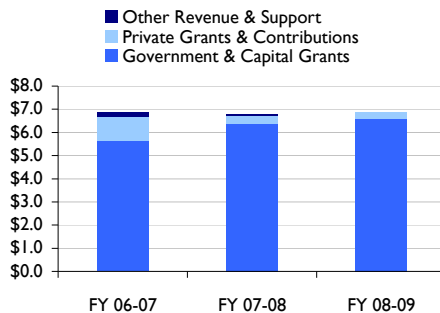
## SAN JOSÉ CONSERVATION CORPS (continued)

**Revenues & Expenses**  
(\$ millions)



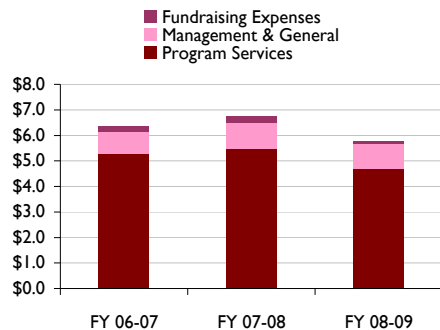
For the year ending June 30, 2009, SJCC's revenues totaled about \$6.8 million while expenses totaled about \$5.8 million, resulting in a surplus of \$1 million largely due to capital grants (\$1.2 million) for the ongoing property construction at 1560 and 1534 Berger Drive. In FY 2007-08, SJCC had a deficit of about \$76,000, or 1% of total expenses which was covered by the release of grant monies received in prior years. However, in FY 2006-07, the organization had a surplus of about \$500,000.

**Revenues by Type**  
(\$ millions)



For the year ended June 30, 2009, SJCC's revenues totaled about \$6.8 million, a decrease of 2% since FY 2006-07, including a decrease of 74% in contributions and a decrease of 146% in other revenues. Government and capital grant income accounted for 98% (\$6.5 million) of the organization's total revenues in FY 2008-09. In FY 2008-09, the City of San José awarded SJCC about \$2.0 million (not including the below-market lease value) in funding and this accounted for about 30% of the organization's total funding in FY 2008-09.

**Expenses by Type**  
(\$ millions)



For the year ended June 30, 2009, expenses totaled about \$5.8 million. Total expenses decreased 10% from FY 2006-07 to FY 2008-09. For the year ended June 30, 2009, program services expenses were about \$4.7 million, or 81% of SJCC's total expenses. From FY 2006-07 to FY 2008-09, program service expenses decreased 12%. Program services expenses included corpmember training and expenses related to the charter school.

Notes based on financial statements:

- 1) The San Jose Conservation Corps received an unqualified audit opinion for fiscal years ending 2007, 2008, and 2009.
- 2) In a management letter accompanying the 2009 audit, the auditors identified issues in the following area: Allocation of interest, depreciation, and fundraising costs. Management is currently working with the external auditors to resolve this issue .
- 3) SJCC's external auditors stated, "In February 2009, the City of San José performed an independent audit of certain of the Organization's contracts with the City for four fiscal years ending June 30, 2008. As a result of that audit, the City requested reimbursement for claimed overpayments on some of the contracts, which the Organization disputed. In December 2009, the parties reached a non-monetary resolution of the issues." The City audit report can be found online at [www.sanjoseca.gov/auditor/AuditReports/Memos.asp](http://www.sanjoseca.gov/auditor/AuditReports/Memos.asp). In January 2010, the City Council approved a settlement agreement with the SJCC. Subject to compliance with the terms of the settlement agreement, the City will accept \$160,000 worth of in-kind services and improved fiscal management capacity as repayment.

# SAN JOSÉ DOWNTOWN ASSOCIATION

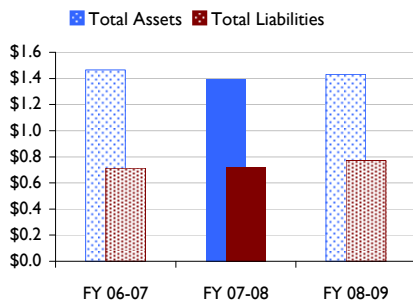
28 North First Street #1000, San José, CA 95113 | www.sjdowntown.com

Among the primary purposes of the Association are to encourage, stimulate, and improve the business conditions in downtown San José, beautify the downtown area, produce and promote public events, and promote a positive identity for the area. The Association operates and administers activities within the Downtown San José Business Improvement District (BID), which is funded by assessments levied on businesses located within its boundaries.

**City of San José Funding:** In FY 2009-10, the City of San José awarded \$676,200 in financial assistance to the Association, including \$625,000 in contract services with the Redevelopment Agency (RDA) and \$51,200 from the Office of Cultural Affairs.

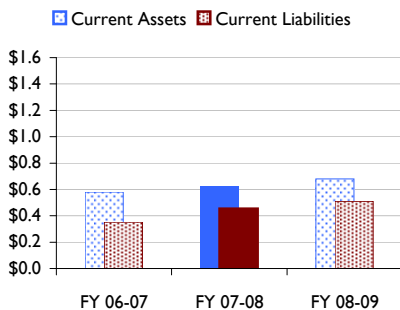
(FY 2006-07 & FY 2008-09 figures below are from a review; The most recent audit was in FY 2007-08. See Notes.)

**Total Assets & Liabilities**  
(\$ millions)



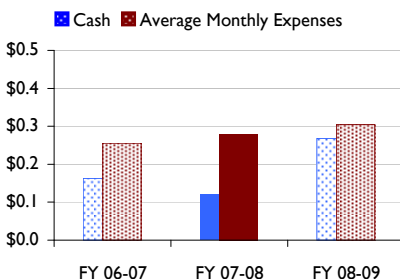
The Association's assets totaled \$1.4 million as of June 30, 2009; more than half of total assets from FY 2006-07 through FY 2008-09 consisted of property and equipment (\$751,000), which included ice rink equipment for the annual winter Ice Rink. Liabilities as of June 30, 2009 totaled about \$773,000; a portion of this debt was related to a long-term mortgage payable for the Association's office condominium for about \$243,000, with final payment due in May 2012. In addition, about \$167,000 represented unearned revenue related to grants, contracts, and sponsorship revenue received for specific events scheduled in the following fiscal year. The Association's total debt was about 54% of its total assets at the end of FY 2008-09. As of June 30, 2009, the Association's net worth was about \$658,000, a 13% decrease since FY 2006-07.

**Current Assets & Liabilities**  
(\$ millions)



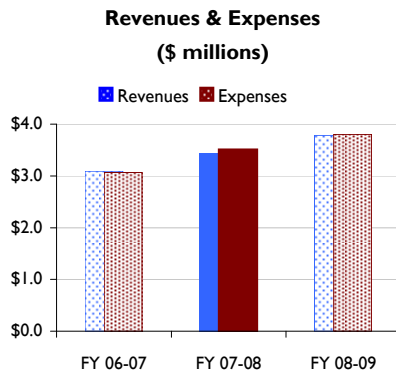
Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. As of June 30, 2009, the Association had about \$680,000 in current assets and about \$511,000 in current liabilities. Current assets as of June 30, 2009 also included about \$268,000 in cash and \$325,000 in accounts and contracts receivable; this has fluctuated from about \$364,000 in FY 2006-07 to as much as \$457,000 in FY 2007-08 due to the Association's BID reimbursement contract and the timing of cash collections each year. In terms of cash and other liquid assets, the Association had \$1.16 on hand for every \$1 in current debt as of June 30, 2009. The Association had about \$169,000 in working capital at the end of FY 2008-09, a 25% decrease since FY 2006-07.

**Cash & Average Monthly Expenses**  
(\$ millions)

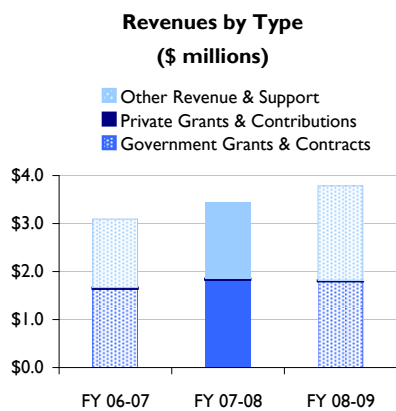


As of June 30, 2009, the Association had about \$268,000 in cash, which was not enough to cover one month of average expenses, excluding depreciation. The Association also had about \$310,000 in receivables at the end of 2009. Cash flows vary throughout the year due to the Association's summer concert series and the timing of cash collections in accounts and contracts receivable; some of the event-related expenses are paid in the following fiscal year.

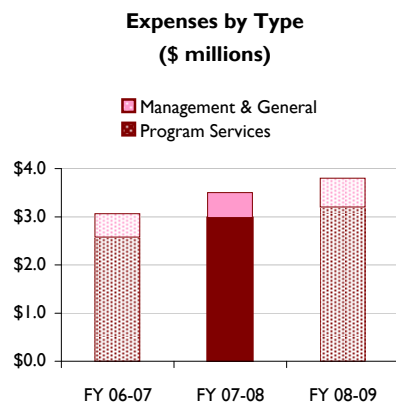
## SAN JOSÉ DOWNTOWN ASSOCIATION (continued)



The year ending June 30, 2009, was the second time in three years that the Association ran an operating deficit. At the end of FY 2008-09, the Association had a deficit of \$16,341, or less than 1% of expenses that year. The deficit for the year ending June 30, 2008 was \$58,139, or 2% of expenses that year. (The Association notes depreciation in excess of \$100,000 in FY 2007-08 and FY 2008-09.) As noted below, revenues and expenses have increased 22% and 24%, respectively, since FY 2006-07.



The Downtown Association's revenues in FY 2008-09 totaled \$3.8 million, a 22% increase since FY 2006-07. The Association ended the fiscal year with a nearly even split between government grants and contracts and earned income, such as sponsorships, sales, concessions, and admission fees. Earned income sources totaled nearly \$2.0 million in FY 2008-09, a 38% increase since FY 2006-07. The City of San José awarded about \$1.8 million in grants and contract reimbursements in FY 2008-09, or about 47% of all revenues. This included \$644,000 in Redevelopment Agency (RDA) contract reimbursements (see Notes), \$611,000 in reimbursements from BID assessments, \$355,000 in contracts for the DASH shuttle and Ice Rink, and \$88,000 in City grants. The Association also received \$15,400 in private grants and contributions in FY 2008-09.



Expenses in FY 2008-09 totaled \$3.8 million, an 8% increase since FY 2007-08 and a 24% increase since FY 2006-07. About 84% (\$3.2 million) of expenses in FY 2008-09 were related to various programs and events such as Music in the Park, the Ice Rink, Farmers' Market, the DASH Shuttle, and various public events and promotions. Since FY 2006-07, management and general costs have remained steady at 15% to 16% of total expenses. The accountant's review reports did not separate fundraising expenses (see Notes).

Notes based on financial statements:

- 1) The San José Downtown Association issued reviewed financial statements for the years ending June 30, 2007 and 2009. A review is substantially less in scope than an audit in accordance with generally accepted auditing standards. As a result, the accounting firm conducting the review did not express an opinion regarding the financial statements as a whole. Audited statements were available for 2008; an unqualified opinion was given and no management letter was issued.
- 2) In addition to the Downtown San Jose Business Improvement District (BID), the Association also has a service contract with the San José Redevelopment Agency (RDA) for promotional activities and the management and coordination of such activities. The agreement with the RDA provided for up to \$519,739 of reimbursements for the year ended June 30, 2009; these funds are currently included above with "Government Grants and Contracts."

## SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT (Workforce Institute)

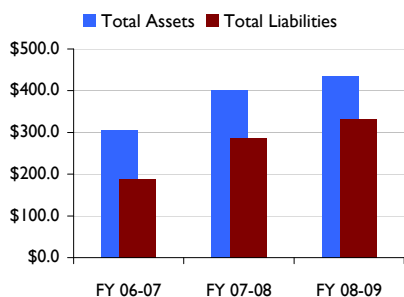
600 South Bascom Avenue, Suite T-101, San José, CA 95128 | <http://sjeccd.edu>

As a division of the San José/Evergreen Community College District (SJECCD), the Workforce Institute has been providing customized education, professional development, and skills upgrade training for business in Silicon Valley since 1988. The Workforce Institute provides intensive services under its Workforce Investment Act (WIA) contract with work2future, the local workforce investment board, from greater San José south through Gilroy. Last year the Institute provided workforce development workshops to 10,000 participants through its WIA contract.

**City of San José Funding:** In FY 2009-10, the City of San José awarded \$3,800,000 in Workforce Investment Act (WIA) grant funding to the Workforce Institute. This included \$1,860,000 in contracts for adult case management, \$1,300,000 in contracts for providing workshops to WIA-eligible adults, and \$640,000 to provide WIA-eligible youth between the ages of 17-21 with case management and training and job placement assistance.

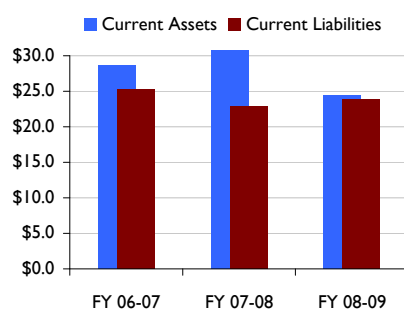
( All figures below reflect SJECCD financial statements unless otherwise indicated; see Notes. Separate financial statements for Workforce Institute are not available.)

**Total Assets & Liabilities**  
(\$ millions)



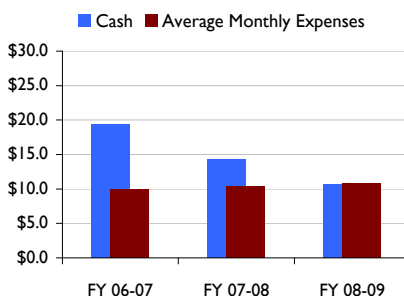
The San José/Evergreen Community College District's (SJECCD) assets totaled \$434.5 million as of June 30, 2009. About 65% (\$281.3 million) of these total assets consisted of land, construction-in-progress, buildings, leasehold improvements, and equipment. SJECCD's liabilities totaled \$331.7 million as of June 30, 2009. About 92% (\$306.6 million) of these total liabilities consisted of current and long-term bonds and notes payable. SJECCD's net worth as of June 30, 2009, was \$102.8 million.

**Current Assets & Liabilities**  
(\$ millions)



Current assets are cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. As of June 30, 2009, SJECCD had \$24.4 million in current assets and \$23.8 million in current liabilities. Current assets at the end of FY 2008-09 included \$12.9 million in accounts receivable from federal and state government and other local sources. Current liabilities at the end of FY 2008-09 included \$12.6 million in accounts and accrued interest payable. SJECCD had working capital of about \$600,000 as of June 30, 2009.

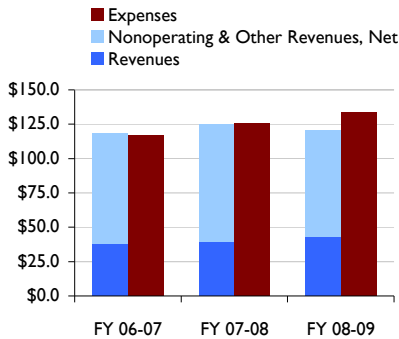
**Cash & Average Monthly Expenses**  
(\$ millions)



SJECCD had about \$10.7 million in cash and cash equivalents at the end of FY 2008-09. SJECCD also had about \$83.1 million in restricted cash and cash equivalents at the end of FY 2008-09; these funds were restricted by external sources for grants and contracts or specifically restricted for the repayment of capital debt.

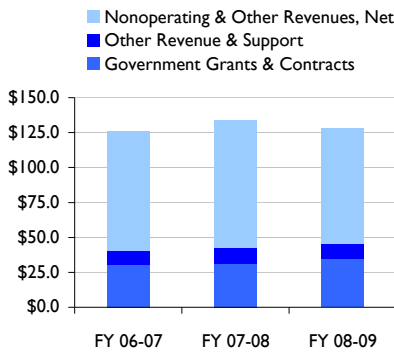
**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT (Workforce Institute; continued)**

**Revenues & Expenses  
(\$ millions)**



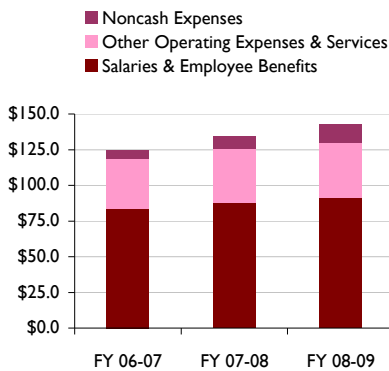
For the year ending June 30, 2009, SJECDD received about \$45.8 million in revenues and incurred \$142.8 million in operating expenses, for an operating loss of about \$97.1 million (see graph on left). In addition, SJECDD had nonoperating activities resulting in about \$82.8 million in net revenues in FY 2008-09, due mostly to local property taxes, state apportionments and taxes, and state revenues. Including both operating and nonoperating activities, SJECDD showed a total deficit of about \$14.3 million in FY 2008-09.

**Revenue by Source  
(\$ millions)**



SJECDD's operating revenues for the year ended June 30, 2009, totaled \$45.8 million, a 14% increase since FY 2006-07. About \$34.8 million, or 76% of SJECDD's revenues in FY 2008-09, consisted of government grants and contracts, including about \$19.9 million in federal contracts and \$13.1 million in state contracts. In FY 2008-09, the City of San José awarded \$3,757,459 in grant funding to operate the Workforce Institute, accounting for about 8% of SJECDD's total revenues. This included \$2,146,500 in contracts for adult case management, \$897,224 in contracts for providing workshops to WIA-eligible adults, and \$713,735 to provide WIA-eligible youth between the ages of 17-21 with case management and training and job placement assistance. The Workforce Institute is a cost-recovery center within SJECDD and as such, funds direct services through contracts and fees charged for services provided. SJECDD supports the Institute by providing facilities and administrative costs.

**Expenses by Type (\$ millions)**



SJECDD's operating expenses in for the year ended June 30, 2009, totaled about \$142.8 million, a 15% increase since FY 2006-07. About 64% (\$91.3 million) of operating expenses in FY 2008-09 consisted of salaries and employee benefits. In FY 2008-09, the Institute spent its contract funds except for about \$71,000 for the WIA adult contract, \$105,000 for the WIA workshops contract, and \$197,000 for the WIA older youth contract.

Notes based on financial statements:

- 1) The San José/Evergreen Community College District received an unqualified opinion from their external auditors for their financial statements for the years ended 2007, 2008 and 2009.
- 2) As a division of the San José/Evergreen Community College District, the Workforce Institute does not produce its own financial statements and is included in the District's financial statements. The City uses the District's financial statements when making its funding decisions.

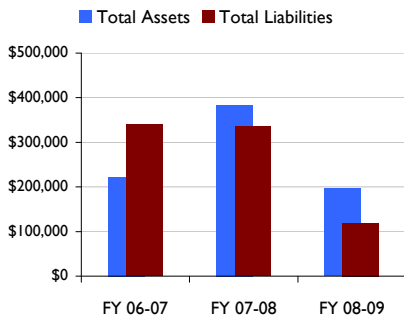
# SAN JOSÉ JAZZ

145 West San Carlos Street, San José, CA 95113 | [www.sanjosejazz.org](http://www.sanjosejazz.org)

San José Jazz is committed to encouraging, promoting and educating the community about jazz music. San José Jazz informs the community about current jazz music events, develops and organizes activities for community jazz musicians, conducts educational workshops and clinics for music students, and organizes jazz concerts for the community, including the annual San José Jazz Festival in the summer.

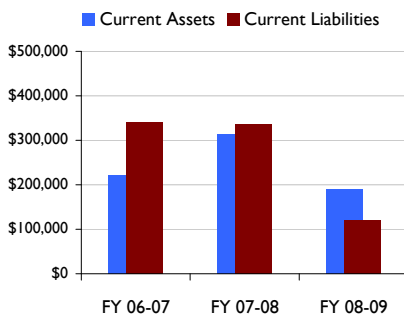
**City of San José Funding:** In FY 2009-10, the City of San José awarded San José Jazz \$311,261 in grant funding.

## Total Assets & Liabilities



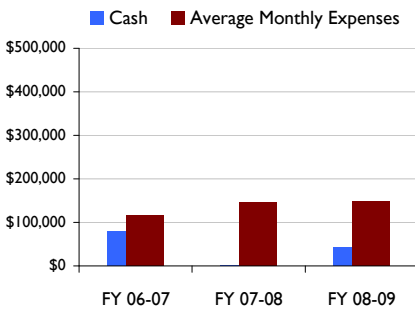
As of March 31, 2009 (the organization's fiscal year end), San José Jazz's assets totaled about \$197,000, including about \$129,000 in contracts and grants receivable, most of which were due from the William and Flora Hewlett Foundation. San José Jazz's liabilities totaled about \$119,000 in 2009, including about \$72,000 in deferred revenue from membership dues, sponsorship agreements, and other sources. San José Jazz's net worth as of March 31, 2009, was about \$78,000.

## Current Assets & Liabilities



Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. As of March 31, 2009, San José Jazz had about \$191,000 in current assets and about \$119,000 in current liabilities (same as described above). Current assets in 2009 included about \$129,000 in contracts and grants receivable, about \$42,000 in cash, and about \$18,000 in prepaid expenses. Working capital was about \$72,000 as of March 31, 2009.

## Cash & Average Monthly Expenses

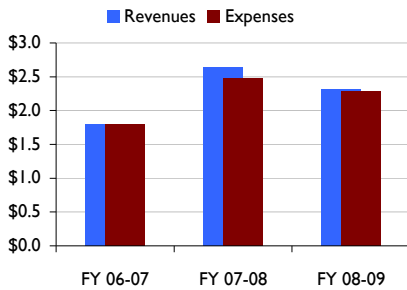


As of March 31, 2009, unrestricted cash totaled about \$42,000. In addition, temporarily donor restricted net assets included \$70,000 for general operating expenses. San José Jazz's management advises that for 10 months of the year, monthly operating expenses average about \$40,000 but for July and August (the period of the Jazz Festival), expenses can be about \$500,000 each month. Due to this aspect of the organization's business model, average monthly expenses compared to cash may not be so meaningful.



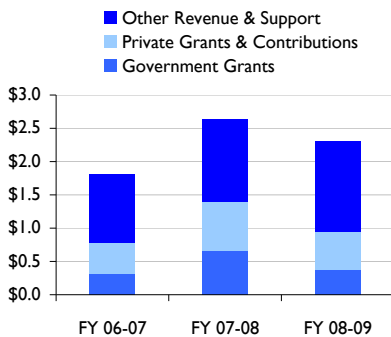
## SAN JOSÉ JAZZ (continued)

**Revenues & Expenses  
(\$ millions)**



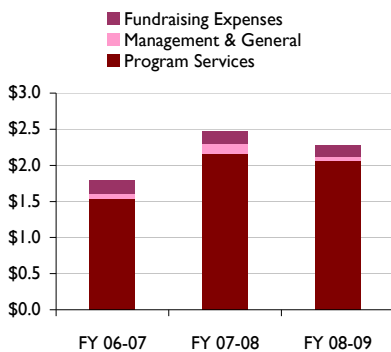
For the year ended March 31, 2009, San José Jazz had a surplus of about \$29,000. By comparison, San José Jazz had a surplus of about \$11,000 in FY 2006-07 and about \$165,000 in FY 2007-08. Since FY 2006-07, total revenues and expenses for San José Jazz have increased by 28% and 27%, respectively.

**Revenues by Type  
(\$ millions)**



San José Jazz's revenues in FY 2008-09 totaled \$2.3 million, a 28% increase compared to FY 2006-07 and a 12% decrease compared to FY 2007-08. San José Jazz's management advises that FY 2007-08 included two additional concerts compared to FY 2006-07 and FY 2008-09 that provided about \$100,000 in additional revenue in FY 2007-08. About \$1.3 million (59%) of revenues in FY 2008-09 came from programming activities, including about \$714,000 in festival revenue, \$443,000 in sponsorships, and about \$122,000 in membership dues. About \$574,000 (25%) of revenues in FY 2008-09 came from private grants and contributions. In FY 2008-09, the City of San José awarded San José Jazz \$278,261 in grant funding. San José Jazz also received about \$372,000 in grants and awards from private foundations in FY 2008-09; the City of San José's contributions were about 11% of the organization's revenue in FY 2008-09.

**Expenses by Type (\$ millions)**



San José Jazz's expenses in FY 2008-09 totaled nearly \$2.3 million, a 27% increase since FY 2006-07 and an eight percent decrease since FY 2007-08. About \$2.1 million (90%) of all expenses in FY 2008-09 were related to program services; this included about \$457,000 in in-kind advertising expenses for programs and another \$77,000 in other in-kind program expenses. Management and general expenses were about \$65,000 in FY 2008-09, a 21% decrease since FY 2006-07. Fundraising expenses were about \$156,000 in FY 2008-09, a 15% decrease since FY 2006-07.

Notes based on financial statements:

1) San José Jazz received an unqualified opinion from their external auditors for financial statements for the years ended FY 2006-07, FY 2007-08 and FY 2008-09.

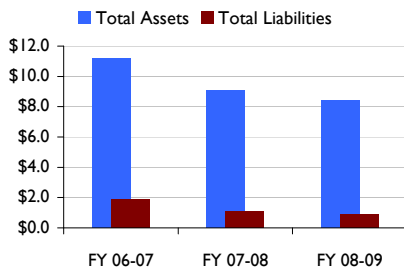
# SAN JOSÉ MUSEUM OF ART

110 South Market Street, San José, CA 95113 | www.sjmusart.org

The San José Museum of Art (Museum) reflects the diverse cultures and innovative spirit of Silicon Valley. Through its exhibitions, educational programs, scholarship, and collections, the Museum connects the present and the past and the art of the West Coast and the world. The Museum fosters awareness of artists' broad contributions to society: it engages audiences with the art of our time and the vitality of the creative process.

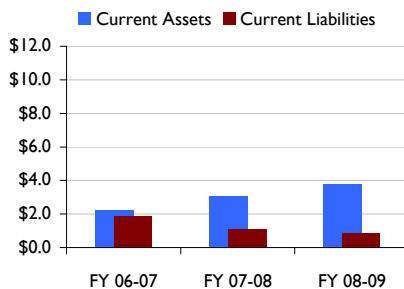
**City of San José Funding:** In FY 2009-10, the City of San José awarded \$816,987 worth of financial assistance to the Museum of Art. This included a \$500,000 Operations & Maintenance (O&M) agreement with the City, a \$226,722 OCA grant, a \$60,000 RDA grant, and \$30,265 for the Art School. In addition, the City of San José provides facilities for the museum, museum store and administrative offices at no charge to the Museum. Generally, the City is responsible for replacement of key building components and the Museum is responsible for general maintenance unless otherwise specified. The estimated fair value of rent for these facilities was \$1,638,001 for the year ended June 30, 2009.

**Total Assets & Liabilities**  
(\$ millions)



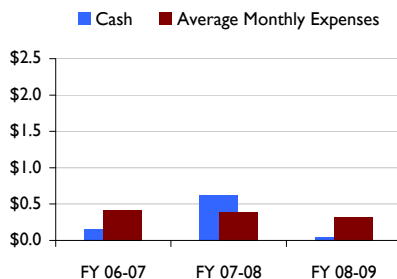
The Museum's assets totaled \$8.4 million as of June 30, 2009, including \$3.5 million (41%) in investments and \$930,000 (11%) in estimated future earnings from foundation funds. The Museum's liabilities totaled about \$887,000 at the end of FY 2008-09, including about \$381,000 (43%) in notes payable, \$267,000 (30%) in accrued liabilities, and a \$100,000 (11%) outstanding line of credit. At the end of FY 2008-09, the Museum's total liabilities were about 11% of its total assets. The Museum's net worth as of June 30, 2009, was \$7.5 million, a 19% decrease compared to June 30, 2007.

**Current Assets & Liabilities**  
(\$ millions)



Current assets are those that the organization could convert to cash within one year. Current liabilities are amounts owed that will be due within one year. As of June 30, 2009, the Museum had about \$3.8 million in current assets and about \$887,000 in current liabilities. Current assets included \$2.4 million in cash and \$1.2 million in contributions receivable; only \$49,000 in cash and \$563,000 in contributions receivable were unrestricted. At the end of FY 2008-09, the Museum's working capital was about \$2.9 million, or about seven times what it was at the end of FY 2006-07.

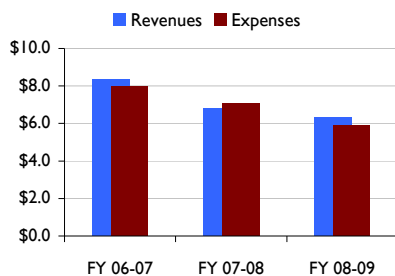
**Cash & Average Monthly Expenses**  
(\$ millions)



As of June 30, 2009, the Museum had about \$49,000 in unrestricted cash, which was not enough to cover a month of average monthly expenses, excluding in-kind rent from the City of San José and other in-kind or volunteer expenses. The Museum also had \$2.3 million in temporarily and permanently restricted cash and cash equivalents as of June 30, 2009.

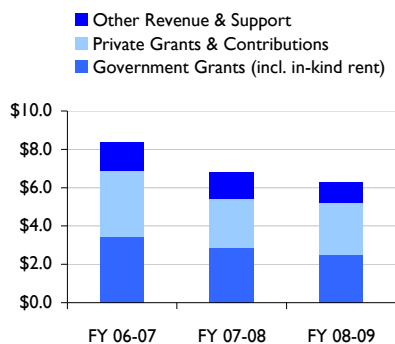
## SAN JOSÉ MUSEUM OF ART (continued)

**Revenues & Expenses**  
(\$ millions)



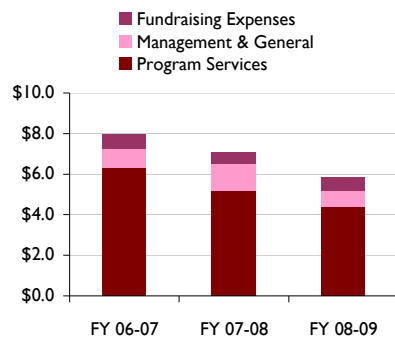
For the year ended June 30, 2009, the Museum received \$6.3 million in revenues and incurred \$5.9 million in operating expenses. The Museum also had nonoperating activities resulting in a loss of about \$892,000, including net endowment investment losses of about \$752,000. Including both operating and nonoperating activities, the Museum had a deficit of \$465,000 for the year ended June 30, 2009.

**Revenues by Type**  
(\$ millions)



The Museum's revenues for the year ended June 30, 2009 totaled \$6.3 million, a 25% decrease since FY 2006-07. Private grants, contributions and in-kind support totaled \$2.7 million, or 43% of all revenues in FY 2008-09. Government grants totaled \$2.5 million, or 40% of all revenues in FY 2008-09. The City of San José awarded the Museum of Art \$863,114 in grant funding in FY 2008-09, including \$500,000 in subsidies for operations and maintenance and \$270,751 in arts grants. The City of San José also provided facilities for the museum, museum store and administrative offices at no charge; the estimated fair value of rent was \$1.6 million for the year ended June 30, 2009, and was recorded as part of the Museum's support and revenue. In total, the City provided about 40% of the Museum's revenue in FY 2008-09.

**Expenses by Type (\$ millions)**



The Museum's expenses for the year ended June 30, 2009 totaled about \$5.9 million, a 26% decrease since FY 2006-07. The estimated value of in-kind rent of \$1.6 million from the City of San José was included in total expenses. About \$4.4 million, or 75% of total expenses in FY 2008-09, were related to program services, which included museum exhibitions, arts education programs, and the Museum Store. Management and general expenses were about \$797,000 in FY 2008-09, a 12% decrease since FY 2006-07.

Fundraising expenses were about \$675,000 in FY 2008-09, a 5% decrease since FY 2006-07.

Notes based on financial statements:

1) The San José Museum of Art Association received an unqualified opinion from their external auditors for their financial statements for the fiscal years ended 2007, 2008 and 2009. In a management letter accompanying the audit, auditors identified a number of issues, including the accounting and recognition of both government and non-government restricted grants and contributions. Management responded in the letter that it has taken various actions to address this and other issues.

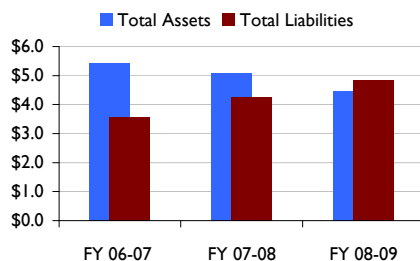
## SAN JOSÉ REPERTORY THEATRE

101 Paseo de San Antonio, San Jose, CA 95113 | www.sjrep.com

The San Jose Repertory Theatre (Rep) provides professional theater arts to the people of San Jose and surrounding communities. The Rep is supported primarily through admission revenues, donor contributions and grants. The Rep performs in a 584-seat theater facility located in San Jose, CA.

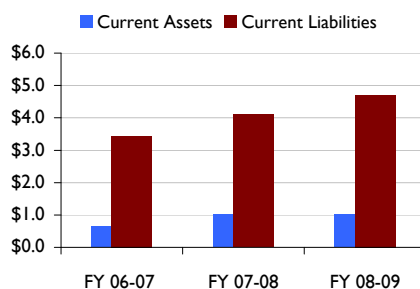
**City of San José Funding:** In FY 2009-10, the City awarded the Rep \$105,623. These awards included: \$82,138 (TOT), \$23,485 (GF - Arts Multiyear Stabilization Fund). The Rep also received a \$300,000 annual operations and maintenance grant from the City. Under the terms of the "Operation and Maintenance Agreement" with the City, the Rep is granted rent-free use of the theatre facility in exchange for its obligation to operate and maintain the facility. The estimated fair market value of the rent is about \$475,000 annually. In addition, the Rep entered into a \$2 million line-of-credit agreement with the City of San José in October 2006. As of August 31, 2009, the Rep owed \$1.9 million on this line-of-credit.

**Total Assets & Liabilities**  
(\$ millions)



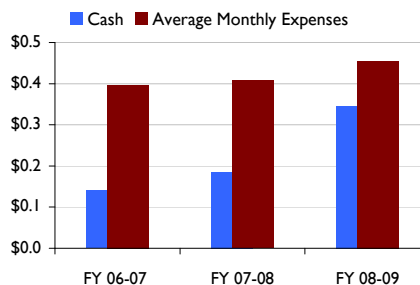
As of August 31, 2009 (the organization's fiscal year end) the Rep had \$4.5 million in total assets including approximately \$1.2 million in property and equipment, \$1.0 million in restricted investments, and \$1.3 million in the estimated value of the use of the facility. The Rep's liabilities totaled approximately \$4.9 million, including outstanding borrowings under its lines-of-credit (described below). As of August 31, 2009 (the organization's fiscal year end), the Rep's net worth was negative \$369,101.

**Current Assets & Liabilities**  
(\$ millions)



As of August 31, 2009, the Rep had approximately \$1.0 million in current assets, but about \$4.7 million in current liabilities, resulting in negative \$3.7 million in working capital. Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities include debts or other obligations that will be due within one year. Current liabilities included about \$2.7 million under its lines-of-credit with the City of San Jose (\$1.9 million) and Comerica Bank (\$790,000). According to the Rep's management, "There is no expectation on our part, on the part of City of San José or of Comerica Bank that these amounts will be paid within one year."

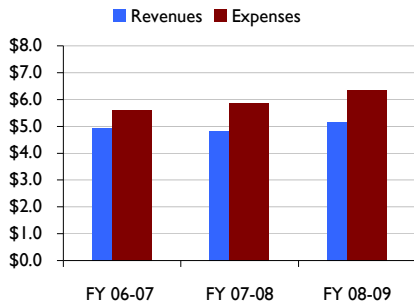
**Cash & Average Monthly Expenses**  
(\$ millions)



As of August 31, 2009, the Rep had about \$345,000 in cash (some of which may have been restricted). However, the Rep also had about \$455,000 in average monthly expenses, leaving less than one month's cash to cover average monthly expenses. It should be noted that the Rep's cash cycle varies month-to-month due to factors such as its subscription schedule, ticket sales, and its production schedule. As of August 31, 2009 and 2008, under terms of the agreement with its donors, the Rep had borrowed \$1,108,422 against its permanently restricted net assets (endowment) to cover short-term cashflow shortages.

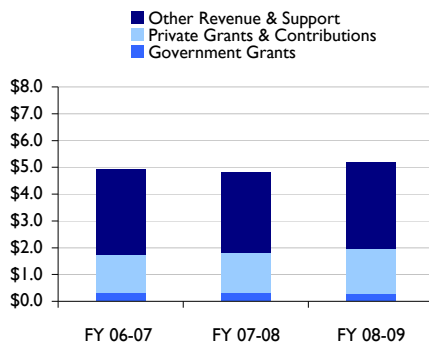
## SAN JOSÉ REPERTORY THEATRE (continued)

**Revenues & Expenses  
(\$ millions)**



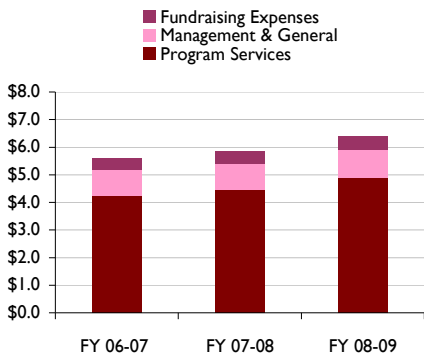
For the past three years, the Rep's expenses have exceeded revenues. For the year ended August 31, 2009, revenues totaled approximately \$5.2 million and expenses totaled about \$6.4 million. The Rep's deficits in FY 2006-07, FY 2007-08, FY 2008-09 were about \$660,000, \$1.0 million, and \$1.2 million, respectively.

**Revenues by Type (\$ millions)**



The Rep's revenues increased 5% from FY 2006-07 to FY 2008-09. For the year ended August 31, 2009, revenues totaled about \$5.2 million. Of this total, private grants and contributions were approximately \$1.6 million (32%) and other revenues totaled approximately \$3.2 million (62%). Other revenues included about \$2.9 million in admissions revenues (56% of total revenues). City of San José funding accounted for about 8% (not including use of the facility) or about 17% (if the facility is included) of the Rep's total revenues.

**Expenses by Type (\$ millions)**



The Rep's expenses have increased 14% from FY 2006-07 to FY 2008-09. Of the Rep's total expenses in FY 2008-09, 77% were for program expenses. This was a 15% increase from FY 2006-07. Program services include theatre productions and education programs.

Notes based on financial statements:

1) The Rep received an unqualified audit opinion in all three years. However, the external auditors stated, " *The [Rep] has experienced significant losses and incurred negative cash flows from operating activities in current and prior years. These factors resulted in the [Rep] developing a deficit in unrestricted net assets of approximately \$4,200,000 at August 31, 2009. As of November 24, 2009, the [Rep] has used substantially all of its borrowing capacity under its lines-of-credit facilities. However, the [Rep] has taken substantial measures to reduce its operating costs, defer or eliminate certain programs and continue to streamline production costs. In addition, the Board of Trustees has initiated a special fundraising campaign designed to pay down debt and secure additional working capital and has approached long-time supporters to enable the [Rep] to utilize previously restricted funds for operating purposes. Based on management's best estimate of future cash flows, these actions are expected to allow the [Rep] to operate through August 31, 2010 and prepare for the 2010-2011 season. The [Rep's] management is also prepared to employ additional cost-cutting measures if the actual cash flows do not meet the current projections. However, there can be no assurance that these actions will be sufficient. Accordingly, based on this uncertainty, there exists substantial doubt about the [Rep's] ability to continue as a going concern through August 31, 2010.*"

2) The Rep declined the request to provide the City Auditor's Office with its management letter for review. (See Background section of the report)

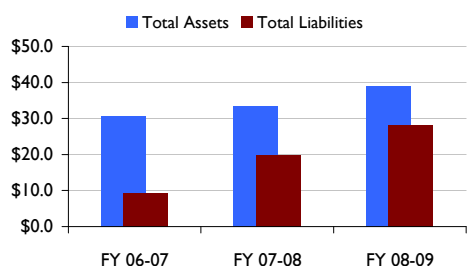
## SANTA CLARA FAMILY HEALTH PLAN

210 E. Hacienda Ave., Campbell, CA 95008 | www.scfhp.com

The Santa Clara County Health Authority was established by the Santa Clara County Board of Supervisors on August 1, 1995 as a public agency separate and apart from the county and does business as the Santa Clara Family Health Plan (SCFHP). SCFHP provides free or low cost health care coverage, including comprehensive medical, dental, vision and mental health coverage to children prenatal through age 18 in Santa Clara County whose family income is equal or less than 300% of the Federal Poverty Level. SCFHP has agreements with the City of San José, as well as Santa Clara County and the Children & Families First Commission, to provide health care service to enrolled Healthy Kids beneficiaries (medical coverage to children of parents not otherwise eligible for either the Medi-Cal or Healthy Families programs). SCFHP issues monthly invoices to the individual funding organizations for their respective portion of premium costs for all Healthy Kids enrollees.

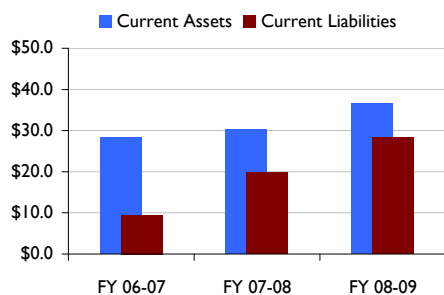
**City of San José Funding:** In FY 2009-10, the City awarded SCFHP \$2.1 million from HNMF.

**Total Assets & Liabilities**  
(\$ millions)



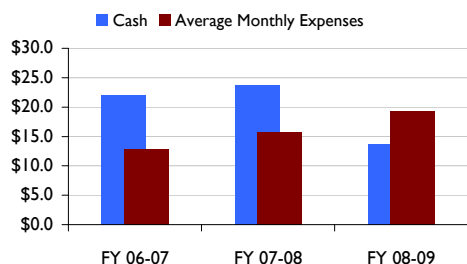
As of June 30, 2009, SCFHP's total assets were about \$39.0 million and total liabilities were about \$28.3 million, resulting in a net worth of \$10.8 million. SCFHP has no long-term liabilities.

**Current Assets & Liabilities**  
(\$ millions)



As of June 30, 2009, SCFHP's current assets totaled about \$36.4 million and current liabilities totaled about \$28.3 million. Current assets include cash, cash equivalents, and assets that can be converted to cash or consumed within one year. Current liabilities include debts or other obligations that will be due within one year. Cash and premiums receivables were about 97% of total current assets. Of the total current liabilities, 76% was incurred but not reported medical claims payable. SCFHP had about \$8.2 million in working capital.

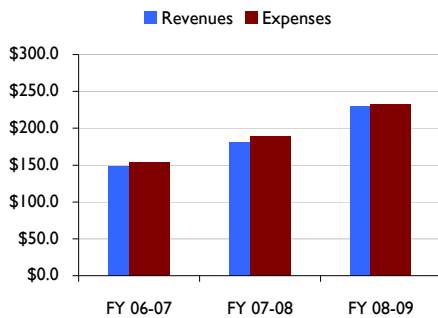
**Cash & Average Monthly Expenses**  
(\$ millions)



As of June 30, 2009, SCFHP had approximately \$13.7 million in cash. Monthly expenses in FY 2008-09 averaged about \$19.3 million, leaving the organization with the equivalent of less than one month's cash.

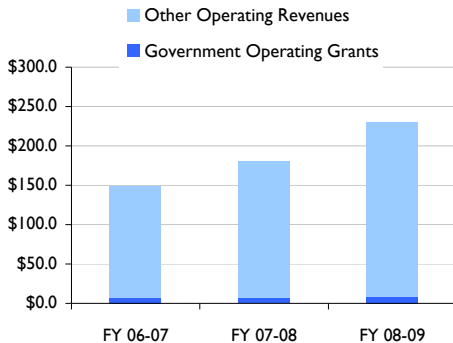
## SANTA CLARA FAMILY HEALTH PLAN (continued)

**Revenues & Expenses**  
(\$ millions)



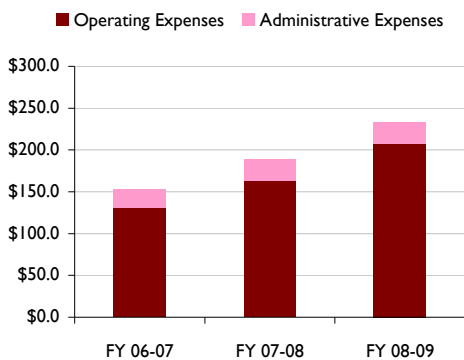
For the year ended June 30, 2009, SCFHP's revenues totaled about \$230.0 million and expenses totaled about \$232.8 million, resulting in a deficit of \$2.8 million (or 1% of the organization's total expenses that year). SCFHP also had deficits in FY 2006-07 and FY 2007-08 of about \$4.4 million (3% of expenses) and \$7.5 million (4% of expenses), respectively. According to SCFHP's management, since the end of FY 2008-09 (and the period covered by the audit), the organization has begun generating a surplus.

**Revenues by Type**  
(\$ millions)



SCFHP's total revenues increased by 54% from FY 2006-07 to FY 2008-09. For the year ended June 30, 2009, government grants totaled about \$8.3 million, a 19% increase compared to FY 2006-07. Operating revenues (i.e. premium revenues) in FY 2008-09 totaled about \$221 million, a 57% increase from FY 2006-07. In FY 2008-09, the City of San José awarded SCFHP \$2.1 million which was about 1% of the organization's revenues.

**Expenses by Type**  
(\$ millions)



SCFHP's total expenses increased 52% from FY 2006-07 to FY 2008-09. For the year ended June 30, 2009, operating expenses (i.e. medical expenses) totaled about \$207.4 million, a 58% increase compared to FY 2006-07. Operating expenses were about 89% of the organization's total expenses. Administrative expenses totaled about \$25.5 million, a 15% increase compared to FY 2006-07. According to SCFHP's management, major organizational changes occurred in FY 2008-09, including changes in senior management and reductions in the workforce to bring expenses more in line with revenue.

Notes based on financial statements:

1) The Santa Clara Family Health Plan received an unqualified audit opinion for fiscal years ending 2007, 2008, and 2009.

## TEAM SAN JOSE, INC. dba San Jose Convention & Visitors Bureau

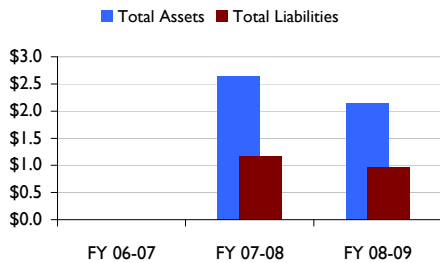
408 Almaden Blvd., San Jose, CA 95110 | <http://www.sanjose.org/>

Team San José dba San Jose Convention and Visitors Bureau (TSJ) manages the convention and cultural services of the convention center including the San José Civic, California Theatre, Center for Performing Arts, Montgomery Theatre, Parkside Hall, and South Hall (the Facilities). In addition, TSJ also promotes San José as a site for meetings, conventions, trade shows, and as a destination for pleasure travel.

**City of San José Funding:** In FY 2009-10, the City allocated \$3,996,575 to TSJ to support the convention and visitor bureau operations. This included: \$2,138,280 (TOT), \$1,708,295 (GF), and \$150,000 (Fund 536). In addition, the City gives TSJ free use of office space within the convention center, as well as free software. TSJ has estimated the fair market value of the office space and software at \$94,836, for a total of \$4,091,411 in financial assistance from the City. TSJ is responsible for maintaining the Facilities. On February 23, 2010, the City Council approved an operating and capital spending plan through 2015 that includes a \$130 million expansion and renovation of the San Jose McEnery Convention Center.

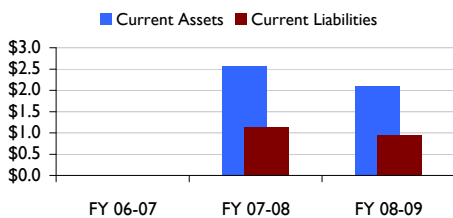
(San Jose Convention and Visitors Bureau and Team San Jose, Inc. merged and combined their operations in the year ended June 30, 2009. The June 30, 2008 financial statements have been restated to reflect the combined financial position, statements of activities and changes in net assets and cash flows. Pre-merger 2007 data is not shown here.)

### Total Assets & Liabilities (\$ millions)



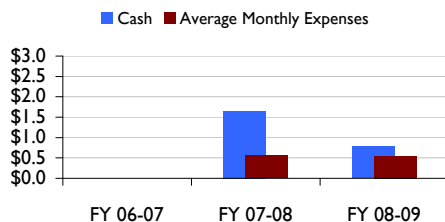
As of June 30, 2009, TSJ's assets totaled \$2.2 million and liabilities totaled \$962,000, resulting in a net worth of \$1.2 million. Cash and investments were 81% (\$1.7 million) of TSJ's total assets.

### Current Assets & Liabilities (\$ millions)



As of June 30, 2009, TSJ's current assets totaled \$2.1 million while current liabilities totaled \$949,000. Current assets include cash, cash equivalents, assets that can be converted to cash or consumed within one year. Current liabilities are debts or other obligations that will be due within one year. TSJ's accounts receivables totaled \$281,000 while accounts payable totaled \$189,000. As of June 30, 2009, TSJ had \$1.2 million in working capital.

### Cash & Average Monthly Expenses (\$ millions)

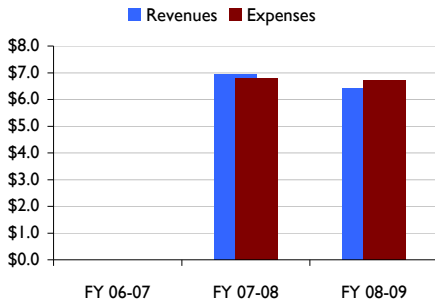


As of June 30, 2009, TSJ had \$775,000 in cash (some of which may have been restricted). Average monthly expenses totaled \$551,000, meaning TSJ had enough cash to cover almost one-and-half months' average expenses.



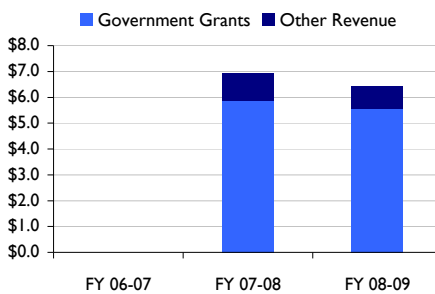
## TEAM SAN JOSE, INC. dba San Jose Convention & Visitors Bureau (continued)

**Revenues & Expenses**  
(\$ millions)



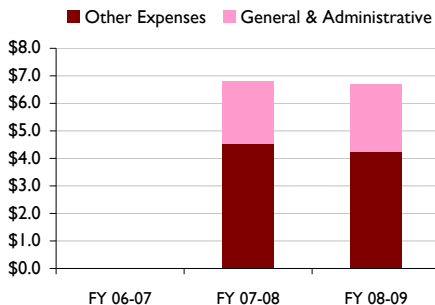
For the year ended June 30, 2009, revenues totaled \$6.4 million while expenses totaled \$6.7 million, resulting in a deficit of \$278,000. For the year ended June 30, 2009, the deficit was about 4% of total expenses. In FY 2007-08, TSJ had a surplus of \$160,000.

**Revenues by Type**  
(\$ millions)



Total revenues decreased by 7% from FY 2007-08 to FY 2008-09. The City of San José awarded TSJ \$5.6 million in FY 2008-09, a 5% decrease compared to its award in FY 2007-08. City of San José funding was about 87% of TSJ's total revenues in FY 2008-09. The organization received \$865,000 in other revenues in FY 2008-09, a decrease of 20% from FY 2007-08.

**Expenses by Type**  
(\$ millions)



Total expenses decreased by 1% from FY 2007-08 to FY 2008-09. For the year ended June 30, 2009, other expenses (including convention marketing and promotion) accounted for \$4.2 million (55%) of TSJ's total expenses. Other expenses decreased 6% from FY 2007-08 to FY 2008-09. General and administrative expenses totaled \$2.5 million, an increase of 6% from FY 2007-08 to FY 2008-09. These accounted for about 37% of TSJ's total expenses.

Notes based on the financial statements:

- 1) Team San Jose, Inc. received an unqualified audit opinion for fiscal years ending 2007, 2008, and 2009.
- 2) TSJ receives a majority of its revenues from the City of San José. TSJ receives a management fee from the City to operate the Convention Center. The operating agreement with the City of San José will run through June 30, 2014. TSJ is currently negotiating a marketing and promotions agreement with the City. Under the agreements, fixed payments are made to the organization based upon its budget as approved by the City. Revenues are recognized based upon the approved budget over the contract year.
- 3) The City Auditor's Office issued Annual Performance Audits of Team San José for the fiscal years 2004-05 through 2008-09 to determine whether it had met its performance measures and other requirements specified in the Agreement for the Management of the San Jose Convention Center and Cultural Facilities. The reports can be found online at: <http://www.sanjoseca.gov/auditor/AuditReportsMemos.asp>

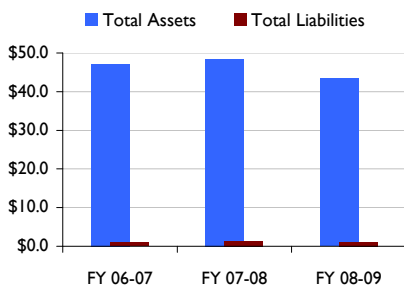
## THE TECH MUSEUM OF INNOVATION

201 South Market Street, San José, CA 95113 | www.thetech.org

The Tech Museum of Innovation (the Tech) is an educational resource established to engage people of all ages and backgrounds in exploring and experiencing the technologies affecting their lives, and to inspire young people to become innovators in the technologies of tomorrow.

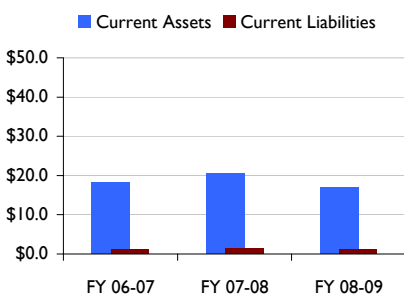
**City of San José Funding:** In FY 2009-10, the City of San José awarded \$1,300,000 worth of financial assistance for operations and maintenance support of the City-owned facility. In addition, the Tech has an agreement with the City of San José to lease the facility for \$1 a year (lease valued at about \$1.3 million at the end of FY 2008-09). The City is responsible for operations and maintenance support of the City-owned building.

**Total Assets & Liabilities**  
(\$ millions)



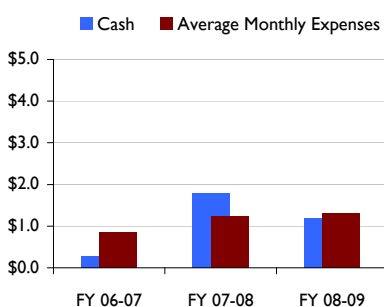
The Tech Museum of Innovation had \$43.4 million in total assets as of June 30, 2009, including about \$21.6 million in receivable for the contributed use of the City facility, and \$6 million reflecting the net book value of the Tech's exhibits and other property and equipment. The Tech had about \$1.1 million in total liabilities in FY 2008-09. The Tech's total debt was about 2% of its total assets in FY 2008-09. The Tech's net worth as of June 30, 2009, was \$42.3 million, down 8% from FY 2006-07.

**Current Assets & Liabilities**  
(\$ millions)



Current assets are those that the organization expects to convert to cash within one year. Current liabilities are amounts owed that will be due within one year. As of June 30, 2009, The Tech Museum of Innovation had about \$16 in current assets for every \$1 in current liabilities. The Tech had about \$16.9 million in current assets in FY 2008-09, including \$1.2 million in cash and \$12.3 million in investments. Investments have decreased by about \$2.8 million since FY 2006-07. Current liabilities totaled \$1.1 million in 2009, which consisted mostly of accounts payable and accrued expenses. The Tech had about \$15.8 million in working capital in 2009, an 8% decrease since FY 2006-07.

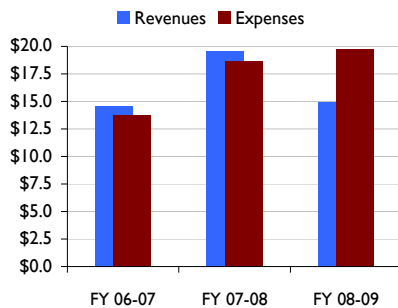
**Cash & Average Monthly Expenses**  
(\$ millions)



The Tech had about \$25.2 million in temporarily restricted net assets, including \$21.6 million for the fair value of the use of the City facility, \$3 million for special projects, and \$625,000 for operations. As of June 30, 2009, the Tech had about \$1.2 million in cash, some of which may be restricted. This was not enough cash to cover one month of average operating expenses, excluding depreciation and donated property, services and rent.

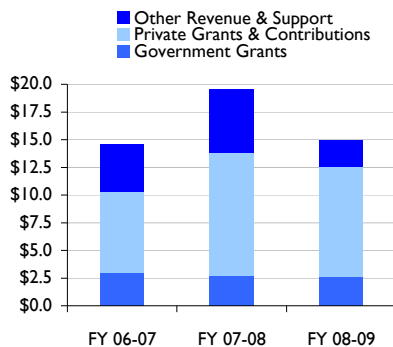
## THE TECH MUSEUM OF INNOVATION (continued)

**Revenues & Expenses**  
(\$ millions)



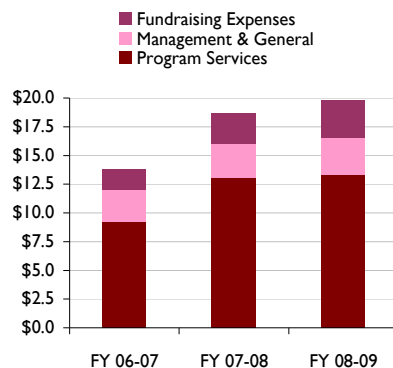
The year ending June 30, 2009, was the first time in three years that the Tech ran a deficit. After two years of surpluses (\$860,000 in FY 2006-07 and \$966,000 in FY 2007-08), the Tech had a \$4.8 million deficit in FY 2008-09, or 24% of total expenses that year. As mentioned earlier, one contributing factor to this deficit was the \$3.2 million in investment losses from FY 2007-08 to FY 2008-09. Total revenues and expenses increased by 2% and 44%, respectively, from FY 2006-07 to FY 2008-09.

**Revenues by Source**  
(\$ millions)



The Tech's revenues in FY 2008-09 totaled \$14.9 million, a 2% increase from FY 2006-07 and a 24% decrease since FY 2007-08. About 67% of all revenue in FY 2008-09 came from contributed support and special events, not including the contributed use of the facility from the City. In FY 2008-09, nine donors accounted for 42% of all contributed support. In terms of other revenue and support in FY 2008-09, \$5.2 million came through admissions, fees, and other earned revenue sources. For example, admission and fee revenue totaled about \$4.8 million in FY 2008-09, a 30% drop (or \$2 million) since FY 2007-08. However, the Tech also had \$3.2 million in net investment losses in FY 2008-09. The City of San José's contributions to the Tech in FY 2008-09 were for operations and maintenance (\$1.3 million) and contributed use (also \$1.3 million) of the City-owned facility; in total this was about 17% of the Tech's revenues that year.

**Expenses by Type (\$ millions)**

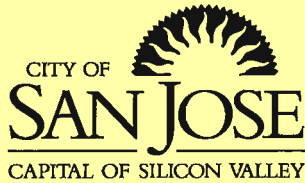


The Tech's expenses in FY 2008-09 totaled \$19.8 million, a 44% increase since FY 2006-07. About 67% (\$13.3 million) of expenses were related to program services. Since FY 2006-07, program expenses have increased by 44%. Fundraising expenses accounted for about \$3.3 million of total expenses in FY 2008-09, while management and general expenses were about \$3.2 million. Since FY 2006-07, fundraising expenses (including special events and membership) and management and general (marketing, public relations, and administration) expenses have increased by 83% and 16%, respectively.

Notes based on financial statements:

- 1) The Tech Museum of Innovation received an unqualified opinion on their financial statements for the years ended 2007, 2008 and 2009.
- 2) The Tech Museum of Innovation had a \$2.0 million line of credit agreement (due to expire January 2011) with Bank of America. During the year ended June 30, 2009, the Tech drew \$1.6 million on their line of credit and repaid all amounts by year end.
- 3) The Tech Museum of Innovation has an endowment that consists of 39 individual funds established for a variety of purposes. In total, there was about \$12.7 million in permanently restricted net assets/endowment funds on June 30, 2009.

**This page was intentionally left blank**



# Memorandum

**TO:** RULES AND OPEN GOVERNMENT  
COMMITTEE

**FROM:** Jeff Ruster

**SUBJECT:** SEE BELOW

**DATE:** April 28, 2010

Approved

Date

4/29/10

**SUBJECT: RESPONSE TO CITY AUDITOR'S FINANCIAL SCAN OF CITY-FUNDED  
COMMUNITY BASED ORGANIZATIONS**

The Departments of Housing, General Services, Parks, Recreation and Neighborhood Services, Transportation, the Office of Economic Development, including the Office of Cultural Affairs and work2future, Department of Transportation, and the Redevelopment Agency have reviewed the financial scan of City funded Community Based Organizations by the City Auditor. The financial scan is a key tool in the City's oversight of its nonprofit partners.

The City provides \$35.6 million from multiple funding sources to 323 nonprofits via 539 grants. An additional \$3.275 million is provided annually under long-term operations and maintenance agreements for 5 cultural institutions. Based on Council direction, the Nonprofit Strategic Engagement Platform (Nonprofit Platform) was developed to enhance the oversight and impact of City funding provided to Community Based Organizations (CBOs).

The financial scan results represent a key component of the early warning system underlying the Nonprofit Platform. The early warning system seeks to identify and minimize risk when partnering with nonprofits by early detection of indicators of potential operational and financial problems.

In November 2008 the City Auditor's Office conducted an audit related to the City's oversight of nonprofits that resulted in recommendations implemented through the interdepartmental efforts of the Nonprofit Platform. One of the audit recommendations relates to CBOs receiving more than \$250,000 of financial assistance is to undergo an annual financial review including financial ratios, a summary of external audit findings, and a calculation of the percentage of nonprofit revenue derived from City funding.

In March 2010, City Council approved the Sunshine Reform recommendations regarding "non-governmental bodies" to be consistent with the work of the Nonprofit Platform. Specifically, each non-governmental body is to be assigned a lead Department, post financial reports on their web site, and submit information and cooperate with the City in conducting an annual financial scan. If the financial scan identifies the need for corrective action, the nongovernmental bodies

April 28, 2010

**Subject: RESPONSE TO FINANCIAL SCAN OF CITY-FUNDED CBOs**

Page 2

are required to submit information and cooperate with the City Department in preparing updates on corrective actions undertaken.

The City Auditor's financial scan is one component of the overall monitoring effort that City Departments conduct to evaluate contractual compliance and programmatic impact of City funds provided to CBOs. The financial scan reviewed the 30 organizations receiving financial assistance of \$250,000 or more from the City. Other key elements of the Nonprofit Platform center upon program and fiscal monitoring as information sources to allow Departments to comprehensively assess impact and ultimately funding decisions in subsequent years.

A listing of the nonprofits subject to the financial scan with the lead Department identified is attached (Attachment A). Based on the scan, monitoring activities and where appropriate, the lead Departments have or are in the process of developing corrective action plans for nonprofits identified through the Department's program and fiscal monitoring and the City Auditor's financial scan. Brief summary reports are attached for those nonprofits deemed by the lead City Departments to require additional explanation to the financial scan and/or to provide an overview of the pertinent corrective action plans and progress to date (Attachment B).

The Nonprofit Platform also makes available technical assistance to City staff and the CBOs for designing and implementing corrective action plans. Examples of the technical assistance include the QLBS organizational assessment tool and professional consultants from organizations such as SCORE, the Health Trust, The United Way Nonprofit Effectiveness Fund, and others to assist CBOs with strategic and business planning, governance, resource mobilization, development of internal budgetary and accounting controls, and financial reporting.

One additional component of the Nonprofit Platform is a Funder's Collaborative, convened by the Silicon Valley Council of Nonprofits, which includes representatives from the County of Santa Clara, United Way, The Health Trust, First 5, various foundations and City of San José Departments. This collaborative is developing a dashboard of key financial indicators representing a common evaluative framework to assess a nonprofit's financial health. Though still under development, it is expected this dashboard will be implemented at some point during the course of the next fiscal year. The actual details of how the Funder's Collaborative dashboard will be implemented and disseminated are under development as well.

/s/

JEFF RUSTER  
Deputy Director

For questions please contact Jeff Ruster, Deputy Director, at (408) 535-8176

Attached (2): A: Nonprofits Receiving Financial Scan - Fiscal Year 2009-2010  
B: City Department Response to City Auditor's Financial Scan For the  
Emergency Housing Consortium, Mexican American Services Agency, and the  
San José Repertory Theater

**Subject: ATTACHMENT A: Nonprofits Receiving Financial Scan - Fiscal Year 2009-2010**

	<b>Grantees Receiving Over \$250,000</b>	<b>Lead Department</b>
1	Alum Rock Counseling Center	PRNS
2	Breakout Prison Outreach (California Youth Outreach)	PRNS
3	Catholic Charities of Santa Clara County	PRNS
4	Center for Training and Careers	HOUSING
5	Children's Discovery Museum of San José	OED
6	Community Partners for Youth, Inc.	PRNS
7	Community Technology Alliance	HOUSING
8	Emergency Housing Consortium	HOUSING
9	Family Supportive Housing Inc	HOUSING
10	Fresh Lifelines for Youth	PRNS
11	Health Mobile	PRNS
12	History San José	GS
13	Law Foundation of Silicon Valley Mental Health Advocacy Project	HOUSING
14	Mexican American Community Services Agency	HOUSING
15	Next Door Solutions to Domestic Violence	HOUSING
16	Opportunity Fund	HOUSING
17	Our City Forest	DOT
18	Pathway Society, Inc.	PRNS
19	Rebuilding Together Silicon Valley	HOUSING
20	Sacred Heart Community Service	HOUSING
21	San Jose Conservation Corps	PRNS
22	San Jose Downtown Association	RDA
23	San Jose Jazz Society	OED
24	San Jose Museum of Art Association	OED
25	San José Repertory Theater	OED
26	Santa Clara Family Health Plan	PRNS
27	Team San José	OED
28	Tech Museum of Innovation	OED
29	The Health Trust	HOUSING
30	Workforce Institute	OED

**Subject: ATTACHMENT B:**

**City Department Response to City Auditor's Financial Scan For the Emergency Housing Consortium, Mexican American Services Agency, and the San José Repertory Theater**

**INTRODUCTION**

In response to the financial scans conducted by the City Auditor's Office the Lead Departments provided additional information regarding the Emergency Housing Consortium, Mexican American Community Services Agency and the San José Repertory Theater.

**EMERGENCY HOUSING CONSORTIUM**

**Response prepared by the Housing Department.**

In response to the City Auditor's financial scan of the Emergency Housing Consortium (EHC), the Administration outlines its current efforts to support EHC's financial recovery.

**Monitoring and Assessment**

In 2007, it was learned that EHC had serious budget problems and that significant efforts were needed to respond to budget, financial system, and management issues as outlined in the Agency's audit. A group of funders came together to develop a plan, in conjunction with EHC, to address these concerns. The Executive Director was replaced, budget reductions were made, and funders came forth with money to develop new financial controls, strengthen the board, and evaluate programs for continuation. As part of this review, it was determined that there was a need to eliminate some programs and sell some properties that no longer met the organization's mission.

In early 2009, the City entered into a forbearance agreement with EHC and other lenders, including Comerica, to dispose of identified assets in order to focus on the Agency's core mission. In a year's time, all properties identified have been sold, and the requirements of the forbearance agreement have been met. All audit findings have been corrected, and new systems and procedures put in place to ensure compliance and fund oversight.

EHC continues to work to implement several additional activities that it has deemed necessary to strengthen its financial position. One of these is the sale of the Sobrato House, a transitional housing and supportive services facility for transition-age youth (those between 18-25). EHC is currently under contract to sell this building and is awaiting approval from the state and other funders who must allow the purchasing entity to assume each funders' existing encumbrance on the property. Another is the sale of a property in South County, EHC is under contract to sell this property as well. The acquiring nonprofit organization is currently working with both the City of Gilroy and Santa Clara County on acquiring funds to complete the purchase.



**Subject: ATTACHMENT B:**

**City Department Response to City Auditor's Financial Scan For the Emergency Housing Consortium, Mexican American Services Agency, and the San José Repertory Theater**

In the meantime, EHC has focused on fundraising to increase the amount of cash on hand and to respond to a gap in funding for the Boccardo Reception Center. The Center, which houses up to 250 homeless residents each night during the cold weather season, cannot operate on a financial basis without ongoing substantial subsidy. Working in conjunction with Destination: Home, the public-private initiative to end homelessness, the City is working with EHC to clearly identify this gap and to raise needed funds.

As the operator of the County's cold weather shelters—at the Boccardo Center as well as armories in north and south County—EHC is the provider of shelter for those most in need. The shelter and services provided are critical for those facing homelessness in our City.

**EHC Business Cycle**

Subsequent to the June 30, 2009 fiscal year end, the forbearance agreement has been signed, and properties have been sold. As such, EHC's financial status has improved. As with most nonprofits in this difficult economic time, EHC has ongoing economic challenges; however they have implemented a plan and identified additional actions needed to mitigate their financial challenges.

**MEXICAN AMERICAN COMMUNITY SERVICES AGENCY**

**Response prepared by the Housing Department.**

In response to the City Auditor's financial scan of Mexican American Community Services Agency (MACSA) the Administration outlines its current efforts to support MACSA's financial recovery.

**Monitoring and Assessment**

For the past eight months, the Mexican American Community Services Agency (MACSA) has taken many steps to address a very difficult budget shortfall and significant accumulation of debt. The City has extended assistance to MACSA in this effort, with the hope that this help would improve this vulnerable agency, which has served San Jose's East Side for over 46 years. The City has a vested interest in MACSA's success. Not only does the organization provide needed services, but MACSA and its affiliate, Ketzal, Inc., own three City-assisted affordable housing developments and the Redevelopment Agency funded a loan to MACSA for the development of a Smart Start Center.

**Subject: ATTACHMENT B:**

**City Department Response to City Auditor's Financial Scan For the Emergency Housing Consortium, Mexican American Services Agency, and the San José Repertory Theater**

In April of 2009, reports were released that indicated that MACSA officials had misappropriated funds that were to have been deposited in employee retirement funds for two MACSA-led charter schools. Soon afterwards, the nonprofit's Executive Director and other organization leaders resigned and the Board of Directors opted to close the charter schools. At that time, it became apparent that MACSA was in serious financial straits, that it owed considerable money to its creditors, including its own employees, and that there were leadership, organizational, and financial challenges that needed immediate attention. An August 2009 report commissioned by the Santa Clara County Office of Education laid out many of these concerns.

Since that time, MACSA has taken many positive steps in terms of reducing programs and associated costs and liquidating assets. MACSA has successfully marketed two of its properties, with sales expected to close later this month. These actions have been important steps in stabilizing the organization and positioning it to begin to pay back funds owed. The City has supported MACSA by offering technical assistance and guidance, including assistance with operational issues and tactics, fund development, financial systems, and real estate support.

There are still challenges ahead, however. These include: (1) addressing ongoing cash flow needs, (2) satisfying past debt obligations, including paying back retirement funds, (3) ensuring adequate internal controls are in place, and (4) planning for long-term organizational stability. Sale of an additional property—the MACSA Youth Center—is an important action, as it would provide a needed infusion of funds, while at the same time reduce operational expenses that are harming cash flow. MACSA is still awaiting a decision from the District Attorney, which is expected in June, regarding its investigation of any evidence of criminal activity relating to the misuse of its retirement funds.

**MACSA Business Cycle**

The City Auditor's financial scan is based on unaudited financial statements ending June 30<sup>th</sup>, 2009. MACSA's annual financial cycle is dependent on its contracts and private fund development efforts. MACSA's lack of operating capital has forced the organization to focus solely on "must pays" needed to keep the organization going while awaiting for the completion of the three asset sales: the Jackson Administrative Building, a development parcel on Alum Rock Avenue, and the proposed sale of the Youth Center improvements. Its cash position at the close of its fiscal year on August 31, 2010 will be a key indicator of its ability to sustain operations. MACSA was not funded through CDBG for 2010-2011, so after the end of this fiscal year, the Housing Department no longer has a funding relationship with the organization. Additionally, the General Fund subsidy that has supported the Youth Center is currently at risk and as a consequence, MACSA is evaluating how the loss of the CDBG and General Fund money will impact its operations.

**Subject: ATTACHMENT B:**

**City Department Response to City Auditor's Financial Scan For the Emergency Housing Consortium, Mexican American Services Agency, and the San José Repertory Theater**

**Looking Ahead**

The City will continue its ongoing efforts to provide technical assistance to MACSA in its recovery through June 30, 2010.

**SAN JOSÉ REPERTORY THEATER**

**Response prepared by the Office of Cultural Affairs, Office of Economic Development.**

In response to the City Auditor's financial scan of the San Jose Repertory Theater (Rep), the Administration outlines its current efforts to support the Rep's financial recovery.

**Monitoring and Assessment**

When the Rep entered into a \$2 million Line of Credit (LOC) agreement with the City of San Jose in October 2006, the City began to regularly monitor the Rep's financial status as a requirement of that agreement. Cooperative and timely with its financial reporting to the City, the Rep submits monthly financial statements to an interdepartmental team led by the Office of Cultural Affairs, Finance Department and City Manager's Office. Among monitored performance metrics include: cash on hand, earned and contributed revenues, ticket sales, accounts payable, and interest payments to the City.

Based on a 2009 independent organizational assessment, there have been significant positive changes to the Rep's organizational culture since 2006 resulting in reduced expenses, increased transparency and accountability, and stronger financial control systems. There is a new artistic director and enthusiasm about new programming. Despite many positive changes, there remains a need for a balanced annual budget, increased fundraising efforts and a debt elimination plan.

Over the past several months, the City has stepped up its scrutiny and involvement in the Rep's finances in addition to its regular monitoring. The Rep has submitted a corrective action plan to the City which includes: production schedule changes, additional cost reductions, renewed emphasis on individual giving, and new programming. The City has also explored potential partnerships between the Rep and private foundations to assist it in its recovery efforts.

**Rep Business Cycle**

The City Auditor's financial scan is based on audited financial statements ending August 31, 2009. The Rep's annual financial cycle is dependent on its production, fundraising and subscription sales schedules. Typically, the Rep's financial position is less liquid during the

**Subject: ATTACHMENT B:**

**City Department Response to City Auditor's Financial Scan For the Emergency Housing Consortium, Mexican American Services Agency, and the San José Repertory Theater**

December/January months. The Rep was able to raise sufficient funds to sustain itself during these months in the current fiscal year. Since February 2010, it has substantially paid down accounts payable that had been stretched as of January 2010. Its cash position at the close of its fiscal year on August 31, 2010 will be a key indicator of its ability to sustain operations.

**Looking Ahead**

The City will continue its ongoing efforts to support the SJ Rep in its recovery, and be prepared to develop a contingent cultural use plan, so that 500 plus seat Hammer Theatre remains a productive community asset.

## **APPENDIX A**

### **Sources and Types of Funds**

- BEST – Bringing Everyone’s Strengths Together
- BML – Below Market Lease
- CDBG – Community Development Block Grant
- ESG – Emergency Services Grant
- Fund 536 – Convention & Cultural Affairs Fund
- GF – General Fund
- HNVF – Healthy Neighborhood Venture Fund
- HOPWA – Housing Opportunities for People With AIDS
- HPRP – Homeless Prevention and Rapid Re-Housing Program
- HTF – Housing Trust Fund
- IWM – Integrated Waste Management Fund
- O&M – Operations and Maintenance Agreement
- RDA – San José Redevelopment Agency
- SJAS – San José After School
- SSIG – Safe Summer Initiative Grants
- TOT – Transient Occupancy Tax
- WIA – Workforce Investment Act

## **APPENDIX B**

### **Glossary of Financial Terms**

- **Assets** – the properties or resources the agency owns and uses; for example, cash, investments, receivables, buildings, property, and equipment. Defined as a thing of value, owned by the organization, that has a measurable current or future cost. Assets are found on the organization’s Statement of Financial Position.
- **Audit (Financial Statement)** – an examination and verification of a company’s financial and accounting records and supporting documents by a Certified Public Accountant (CPA). The audit, prepared as of a certain date, usually covering a twelve-month period, includes an opinion letter (see qualified and unqualified opinion), statement of financial position (balance sheet), statement of activities (income statement), statement of cash flows, and notes.
- **Average Monthly Expenses** – calculated by taking the organization’s total expenses from the Statement of Activities (see below) and dividing by 12 months. It should be noted that organizations may or may not spend resources at the same pace throughout the operating year, depending on the organization’s funding stream or activities and services provided.
- **Compilation** – a financial report usually covering a 12-month period that is assembled, but not reviewed or audited, by a Certified Public Accountant (CPA). The CPA states no opinion about the accuracy of the statements.
- **Current Assets** – cash, cash equivalents, and other assets that can be converted to cash or consumed within one year.
- **Current Liabilities** – debts or other obligations that will be due within one year.
- **Current Ratio** – comparison of current assets to current liabilities. Commonly used as a measure of short-term liquidity; a ratio of 1:1 indicates that an organization would have just enough cash to cover current liabilities (debts and obligations, see definition) if it ceased operations and converted its current assets to cash.
- **Deficit** – the excess of expenses over revenue during an accounting period. Deficits can be measured before or after depreciation and non-operating activities.
- **Diversification** – having a variety of funding types and sources so that the nonprofit organization is not overly dependent on a handful of sources.
- **In-kind revenue (or expenses)** – a non-cash item of value, such as specialized volunteer labor, donated goods or professional services.
- **Liabilities** – the debts of the organization, such as accounts payable, unpaid employee salaries and vacation leave, and loans. Liabilities are found on the organization’s Statement of Financial Position.
- **Management letter** – a letter a financial statement auditor addresses to the board of directors of an organization that suggests changes in accounting procedures and identifies potential weaknesses.
- **Net Assets** – the resources ultimately available to the organization after paying all liabilities. In other words: (Assets – Liabilities = Net Assets). Net assets for nonprofits

- are typically divided into unrestricted, temporarily restricted (such as grants or contributions that are to be spent for a specific purpose or during a specified period of time), and permanently restricted net assets (donor-imposed restriction that stipulates that those resources be maintained permanently, but permits organization to use up or expend part or all of the income or other benefits derived from such resources, such as an endowment). Net Assets are found on the Statement of Financial Position.
- **Net Worth** – see Net Assets.
  - **Pass-through grants** – funds provided to an intermediary that must be spent on behalf of a secondary recipient such as CDBG federal funds passed through the City of San José to a non-profit.
  - **Program Services Ratio (or Percentage)** – measures the relationship between direct service(s) and total expenses, including administration, fundraising, or other areas. In general, a nonprofit should try to devote as much of its efforts as possible to program services.
  - **Qualified opinion** – an opinion provided by the financial statement auditor highlighting certain compliance issues or limitations in the company’s statements.
  - **Revenue** – strictly speaking, earned income rather than donations; however, many nonprofits include all income as revenue.
  - **Review** – a financial report usually covering a 12-month period that is put together and reviewed, but not audited, by a CPA. A review will include a statement of financial position, statement of activities, statement of cash flows, and potentially, notes. A review is not considered to be as comprehensive or as independent as an audit, but requires a higher level of due diligence than a compilation.
  - **Statement of Financial Position (also Balance Sheet)** – shows the overall health (solvency) of an organization at a given point in time. It shows the size of the organization, its cash position (i.e. ability to pay bills), the amount of debt it has, and much of its assets are restricted.
  - **Statement of Activities (also Income Statement)** – a summary of the revenues and expenses of an organization during an accounting period, ending on the same date as the Statement of Financial Position.
  - **Statement of Functional Expenses** – typically takes the Statement of Activities and divides each line into categories by function.
  - **Surplus** – the excess of revenue over expenses during an accounting period. Surpluses can be measured before or after depreciation and non-operating activities.
  - **Unqualified opinion** – an opinion provided by the financial statement auditor stating that the organization appears to have followed all accounting rules appropriately and that the financial reports are a reasonably accurate representation of the organization’s financial condition.
  - **Working Capital** – an organization’s current assets minus its current liabilities, which yields the funds that the organization has to continue operations. Also often used to describe the amount of liquidity an organization has at its disposal; i.e. how much cash and near cash it has on hand or can readily access to meet its obligations as they come due.