



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 2009-10

April 14, 2011

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

Annual Financial Scan of City-Funded Community-Based Organizations: Fiscal Years 2006-07 Through 2009-10

The City of San Jose provides substantial funding to nonprofits that provide services to the San Jose community and/or that operate City-owned facilities. City staff is responsible for funding recommendations and active grant management using financial and other data. The City has taken a variety of actions in recent years to promote transparency among nonprofits that receive funding from the City. The financial scan is one tool in the City's oversight of its nonprofit partners.

This document summarizes key financial information for 26 organizations that receive more than \$250,000 in annual financial assistance from the City. The scans are based on the organizations' most recent audited financial statements and include a visual presentation of key questions related to financial condition:

1. Total assets and liabilities, including net worth – How much does an organization own compared to what it owes? The net worth of organizations included in the scan (sorted from highest to lowest) is shown on page 15.
2. Current assets and liabilities including working capital – How much does an organization own in liquid assets compared to what it owes in the short-term? The working capital for the organizations in the scan is shown on page 18.
3. Comparison of cash and average monthly expenses – For how long could the organization continue to pay its bills if no funding came in? A discussion of why this matters is shown on page 19.
4. Revenues and expenses, including surplus or deficit – How much does the organization spend in relation to its revenues? The surplus or deficit of organizations included in the financial scan (shorted from highest to lowest) is shown on page 22.
5. Revenues by type, including percent of funding from the City of San Jose – What is the nature of the organization's revenues and how diverse is the revenue stream?

The percent of revenues that came from the City of San Jose (sorted from highest to lowest) is shown on page 25.

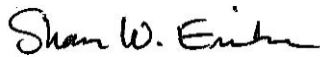
6. Expenses by type, including percent of expenses for program services – On what does the organization spend (programs, management, etc.)? A discussion of why this matters is shown on page 26.

The statistics in this report provide useful insights into the financial condition of CBOs receiving significant City funding. Because of the variations among organizations, we encourage readers to review the full context of each organization's financial condition in the financial scans beginning on page 28.

A series of previous audits addressed the City's relationship with various CBOs. Progress has been made, but a number of recommendations related to oversight are still outstanding. This report includes two additional recommendations to ensure that: (1) the annual list of CBO funding is accurate and complete, and (2) designated CBOs post their financial statements on the web in accordance with the City's sunshine requirements.

We will present this report at the April 21, 2011 meeting of the Public Safety, Finance, and Strategic Support Committee. We would like to thank the City Manager's Office and the departmental lead contacts for CBO oversight for their time and cooperation during the audit process. The Administration has reviewed the information in this report and their response is shown on the yellow pages.

Respectfully submitted,



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Grant and Funding Source Acronyms **(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

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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** – 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 below), 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. For consistency in this financial scan, surpluses or deficits were measured after depreciation and non-operating activities.
- **Diversification** – having a variety of funding types and sources so that the nonprofit organization is not unduly 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. Specific accounting rules govern the recognition of in-kind revenue and expenses. In-kind revenue should always equal in-kind expenses on the income statement.
- **Liabilities** – the debts of the organization, such as accounts payable, unpaid employee salaries and vacation leave, and loans. Assets are found on the organization’s Statement of Financial Position.
- **Management letter** – a letter a financial statement auditor addresses privately to the board of directors of an organization that suggests changes in accounting procedures and identifies potential weaknesses. Different from an auditor’s report, which is part of the audit presented to outside parties.
- **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.
- **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 independent of a financial report 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. GAAP requires health and welfare organizations to divide each line into three functions: Program Services, Administration, and Fundraising. However, many larger nonprofits also include these 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. For consistency in this financial scan, surpluses or deficits were measured 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.

Introduction

In accordance with the City Auditor's Fiscal Year (FY) 2010-11 Audit Workplan and the Sunshine Reform Task Force's recommendation, we have completed our second 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 An Oversight Tool For City Staff To Actively Manage Grants

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 four-year financial trends (FY 2006-07 through FY 2009-10) for the 26 organizations that City staff identified as having been awarded at least \$250,000 in City or Redevelopment Agency funding in FY 2010-11.

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 Public Works 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

We reviewed and compiled data from FY 2009-10 financial statements for the 26 organizations that received more than \$250,000 in financial assistance. Financial assistance (in FY 2009-10) awarded to these organizations totaled about \$32.4 million. Financial assistance included grants, operating and maintenance subsidies, lease subsidies, and in-kind contributions. Grants were provided for a wide range of services including contracts for services, and subsidies 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.

The City is currently considering a number of preliminary budget reduction proposals to help close the projected \$105 million General Fund shortfall anticipated in FY 2011-12. The budgetary and operational impacts to nonprofits and their lead City departments may vary, depending on the severity and scope of budget decisions. At a February 2011 City Council Budget Priority Study Session, potential FY 2011-12 budget balancing strategies included scaling back or eliminating funding for a number of nonprofit organizations.

Twenty-six Organizations Are Included in the Scan

Exhibit I shows the 26 organizations that are included in this year’s financial scan. The list includes 23 organizations that were also included the prior year’s scan. Three organizations (San José Police Activities League, AnewAmerica, and Asian Americans for Community Involvement) are new to the scan this year.

**Exhibit I: Twenty-six Organizations Included in the FY
2009-10 Financial Scan of City-Funded CBOs****

* AnewAmerica Community Corporation
* Asian Americans for Community Involvement
Breakout Prison Outreach dba California Youth Outreach
Catholic Charities of Santa Clara County
Center for Training and Careers
Children's Discovery Museum of San José
Emergency Housing Consortium
Fresh Lifelines for Youth
Health Mobile
Health Trust
History San José
Law Foundation of Silicon Valley
Opportunity Fund Northern California
Our City Forest
Pathway Society, Inc.
Rebuilding Together Silicon Valley
Sacred Heart Community Service
San José Conservation Corps
San José Downtown Association
San José Museum of Art Association
* San José Police Activities League
San José Repertory Theatre
Santa Clara Family Health Plan
Team San José, Inc
Tech Museum of Innovation
Workforce Institute (San José/Evergreen Community College District)

*New organizations added to the financial scan this year. Seven organizations that were included last year are not included this year because they did not meet the funding threshold of \$250,000 in FY 2010-11.

**For organizations with year end dates other than June 30, 2010, the information is the most recent available. PAL's fiscal year ended June 30, 2010 but the FY 2009-10 audit had not yet started as of the printing of this report. Information included here is for FY 2008-09.

City Requirements That Promote 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 revised its grant agreement template in FY 2010-11 to require that audited financial statements must be made available for view within 6 months from the end of a 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 Reform 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 million¹; 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.

¹ This financial scan includes information about facilities that may be valued at less than \$5 million.

- In addition, the Nonprofit Strategic Engagement Committee and Grants Working Group will continue to 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.

Compliance with California's Nonprofit Integrity Act

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.

IRS Monitoring of Tax-Exempt Status

In February 2011, the IRS announced that it would soon publish a list of nonprofits whose tax exempt status would be revoked due to failure to file a Form 990 (essentially a tax return for nonprofits) for three consecutive years. The consequences of losing tax-exempt status include: (1) an organization would be required to file an income tax return and pay income taxes and (2) the organization would no longer be allowed to accept tax-deductible contributions.

In December 2010, the IRS published a list of organizations at risk for losing tax-exempt status. Based on a review of organizations with San José addresses, none of the 26 organizations in this scan were included in that list. However, 789 nonprofits in San José were on the list. City staff should monitor whether any nonprofits that receive City funding lose tax-exempt status as (even if allowed by the City) this would likely affect a nonprofit's fundraising ability and, therefore, potentially, its financial viability.

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 \$250,000 or more in City of San José funding in FY 2010-11 (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 subsidies.

The scan was limited to the list of 26 organizations identified by the Office of the City Manager as receiving \$250,000 or more in FY 2010-11. That list did not include all financial assistance, such as some in-kind contributions and contracts. The number of organizations receiving total assistance from the City greater than \$250,000 would potentially 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 26 organizations in the scan as they have come to our attention.

Information regarding the City's funding awards in both FY 2010-11 and FY 2009-10 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. Total award amounts may be more than the amounts shown if additional grants are awarded and additional forms of assistance are received.

The City Manager's Office has attached its own list to the response in the back of this report that shows all organizations receiving financial assistance, in addition to the 26 included in the scan. We have not reviewed or confirmed information regarding organizations other than the 26 that received more than \$250,000 in assistance and are included in the scan.

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 2009-10 audit. For organizations for which we did not receive the FY 2009-10 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.

Overview of the Financial Scan

The *Annual Financial Scan of City-Funded Community-Based Organizations* includes a two-page, high-level and visual summary of key financial information for each of 26 organizations that receive more than \$250,000 in financial assistance from the City. City staff is responsible for funding recommendations and active grant management, using financial and other data obtained from community-based organizations. These scans are intended to provide a starting point for asking further questions about the financial condition of an organization. These are fundamental questions that help assess the financial health of an organization.

The scans are based on the organizations' most recent (in most cases FY 2009-10) audited financial statements and include a visual presentation of key questions related to financial condition:

1. *Total Assets and Liabilities including net worth* – How much does an organization own compared to what it owes?
2. *Current Assets and Liabilities including working capital* – How much does an organization own in liquid assets compared to what it owes in the short-term?
3. *Comparison of Cash and Average Monthly Expenses* – For how long could an organization continue to pay its bills if no funding came in?
4. *Revenues and Expenses including surplus or deficit position* – How much does the organization spend in relation to its revenues?
5. *Revenues by Type including percent of funding from the City of San José* – What is the nature of the organization's revenues and how diverse is the revenue stream?
6. *Expenses by Type including percent of expenses for program services* – On what does the organization spend (programs, management, etc.)?

Basic background on these questions and on the City Auditor's past work related to CBOs is provided here and is followed by a more in-depth description of the six questions above.

City Staff Is Responsible for Funding Recommendations and Active Grants Management Using Financial and Other Data

Reviewing financial information is only one part – but a very important 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. The six key questions listed above provide a broad overview of the key elements of an organization's financial

condition. We would expect that, in order to better understand the financial condition of CBOs, City staff would analyze this kind of information in making funding recommendations and managing grants.

A Series of Audits Addressed the City's Relationship with CBOs but a Number of Recommendations Related to Oversight Are Still Outstanding

Over the last six years, the City Auditor's Office completed a series of audits of CBOs and the City's oversight of CBOs. Twelve of the 21 recommendations from a 2008 oversight report have been implemented while nine have yet to be implemented by City management. Examples of recommendations yet to be implemented include creating a centralized list of financial assistance to CBOs, identifying all City leases to CBOs, estimating the related rental subsidy, and establishing a Citywide policy for enforcement of lease provisions.

Financial Scan Is a Result of Audits

This financial scan began based on a 2008 audit recommendation that either the City Administration or the City Auditor prepare an annual report based on the financial statement audits of community-based organizations.

Subsequent to the issuance of last year's financial scan, the City, in collaboration with other nonprofit funders, created a "dashboard" of various financial ratios. The dashboard is anticipated to be implemented by the end of calendar year 2011. The expectation is that it will accompany grant applications and will allow nonprofits to submit an agreed upon set of indicators to multiple funders. It will complement the City's existing programmatic and financial review of nonprofits. In future years, submittal of the "dashboards" for organizations receiving \$250,000 or more in financial assistance from the City, may replace the City Auditor's annual financial scan report to the City Council.

Completeness and Accuracy of Financial Assistance List Continues to Be a Concern

During this second year of compiling the financial scan, we continue to be concerned about the completeness and accuracy of the City's data regarding total financial assistance to CBOs. This and other concerns were originally identified in the November 2008 City Auditor's report, *Audit of the City's Oversight of Financial Assistance to Community-Based Organizations* with a recommendation that the City "Develop an annual summary of funding by recipient (perhaps in the annual operating budget) that shows all forms of financial assistance."

The intent was to create a single, centralized list of the various forms of financial assistance provided to CBOs (grants, operating and maintenance subsidies, lease subsidies, in-kind contributions) so City leaders and the public could easily see how much was provided and to whom.

WebGrants was Designed to Provide Comprehensive Grant Information

The WebGrants database was created in response to the 2006 oversight audit as a way to provide a comprehensive online summary of grant information. The database became operational in January 2010 and is in use by Departments across the City as well as by CBOs. FY 2010-11 will be the first full year for which information about grants will be available in WebGrants. This is significant because during the course of our work regarding the 26 organizations included the scan, we continued to find gaps and inconsistencies in the data. For example, we found that three organizations receiving more than \$250,000 were not included in the list provided to us. We found various other inconsistencies as well as we worked directly with managing departments and CBOs to confirm grant amounts.

WebGrants does not yet include information about other forms of financial assistance to CBOs such as operating and maintenance subsidies, below market lease amounts, or in-kind donations from the City. The City Manager's Office is working to potentially include those as well.

While WebGrants was a positive step towards consolidating information about grants, it is dependent on timely, accurate, and thorough data entry by staff with knowledge of the grants. As the City continues to face significant service cuts and the possibility of additional cuts in CBO funding, a comprehensive summary of grants as well as other financial assistance to CBOs is essential to prioritize funding and service decisions.

Recommendation #1: To ensure that the annual list is accurate and complete, responsible grant-making departments should (1) update grant information timely in WebGrants and (2) establish a process for tracking other forms of financial assistance that are not currently included in WebGrants. The City Manager's Office should ensure the completeness and accuracy of such information before publishing the annual list of financial assistance.

Requirement That CBOs Post Financial Statements on the Web Promotes Transparency but Some CBOs Did Not Comply

Transparency and accountability are enhanced when the City and organizations that receive public funds provide easily accessible information to the public about funding and operations. The City requires that nonprofits receiving \$200,000 or more in City or Redevelopment funding post their annual financial statements on their website.

Exhibit 2 lists the websites of the 26 organizations included in the scan and indicates: (1) whether they had an annual financial statement audit (which the City requires) and (2) whether the audit was posted on the organizations' web sites.

We noted that it was sometimes difficult to find the financial statements on an organization's website. In our opinion, the financial statements should be clearly listed under a category related to financial reporting.

Thirteen of the 26 organizations had not posted their financial reports posted on their web site as of February 25, 2011 and two did not have a financial statement audit at the end of their most recent fiscal year. After being informed that 13 organizations had not posted, City staff contacted the organizations and as of March 24, all but one (San José Police Activities League) had posted their financial statements.

Recommendation #2: To ensure that the City's Sunshine Reform Task Force requirements are met, grant-making departments should verify that financial statements are posted before making a funding recommendation regarding a CBO. The City Manager's Office should further ensure at the start of each fiscal year that any CBO subject to the Sunshine Reform Task Force requirements has complied.

Exhibit 2: Financial Statement Audits and Website Postings

	Did the organization have a financial statement audit upon completion of its most recent fiscal year?	Was the organization's most recent financial audit posted on its website?		Organization's Website
		As of February 25, 2011?	As of March 24, 2011?	
Anew America Community Corporation	Yes	Yes	Yes	http://www.anewamerica.org/
Asian Americans for Community Involvement	Yes	No	Yes	http://www.aaci.org/aboutus.htm
Breakout Prison Outreach (d.b.a. California Youth Outreach)	Yes	No	Yes	http://www.cyoutreach.org/01/index.html
Catholic Charities of Santa Clara County	Yes	No	Yes	http://www.catholiccharitiesscc.org/
Center for Training and Careers	Yes	No	Yes	http://www.ctcsj.org/
Children's Discovery Museum of San José	Yes	Yes	Yes	http://www.cdm.org/index.asp?f=1
Emergency Housing Consortium	Yes	Yes	Yes	http://www.ehlifebuilders.org/
Fresh Lifelines for Youth	Yes	No	Yes	http://www.flyprogram.org/
Health Mobile	Yes	No	Yes	http://healthmobile.org/about_us.htm
History San José	Yes	No	Yes	http://www.historysanjose.org/
Law Foundation of Silicon Valley	Yes	Yes	Yes	http://www.lawfoundation.org/
Opportunity Fund	Yes	Yes	Yes	http://www.opportunityfund.org/
Our City Forest	Yes	No	Yes	http://www.ourcityforest.org/
Pathway Society, Inc.	Yes	No	Yes	http://www.pathwayinc.com/
Rebuilding Together Silicon Valley	Yes	Yes	Yes	http://www.rebuildingtogether-sv.org/
Sacred Heart Community Service	Yes	No	Yes	http://www.shcstheheart.org/
San José Conservation Corps	Yes	No	Yes	http://www.sjcccharterschool.org/
San José Downtown Association*	No	Yes	Yes	http://www.sjdowntown.com/
San José Museum of Art Association	Yes	Yes	Yes	http://www.sjmusart.org/
San José Police Activities League (PAL)	No	No	No	http://www.sjdpal.com/
San José Repertory Theatre	Yes	Yes	Yes	http://www.sjrep.com/
Santa Clara Family Health Plan	Yes	No	Yes	http://www.scfhp.com/
Team San José, Inc.	Yes	Yes	Yes	http://www.sanjose.org
The Health Trust	Yes	Yes	Yes	http://www.healthtrust.org/
The Tech Museum of Innovation	Yes	Yes	Yes	http://www.thetech.org/
Workforce Institute** (San José/Evergreen Community College District)	Yes	Yes	Yes	http://www.sjeccd.edu

* San José Downtown Association has an audit every four years. Its next audit will be in 2011. It has had financial reviews in the intervening years.

** As a division of the San José/Evergreen Community College District, the Workforce Institute does not produce its own audited financial statements and is included in the District's annual financial statements.

Financial Statements and Why They Matter: Annual Financial Statement Audits Are Required by the City and Are a Key Tool for Oversight of Financial Condition

What is a financial statement audit and why does it matter?

A financial statement audit is an examination and verification of an organization's financial and accounting records and supporting documents by a Certified Public Accountant (CPA). The auditor is simply verifying that the financial records of an organization are reasonably accurate. A "clean" or unqualified (that is, without qualifying statements) opinion means that the auditor deems the financial records reasonably accurate (and this is all it means). ***An unqualified opinion does not mean that the organization is financially solvent or profitable but rather that the financial information the organization presents is a reasonable representation of its true financial situation.***

As explained in the box, a financial statement auditor may issue an ***unqualified opinion*** or a ***qualified opinion***. A qualified opinion highlights 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. As noted above, 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) required grantees to submit audited financial statements that include at least the basic components described in this section.

What do other written communications from auditors tell us and why do they matter?

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. The City's grant agreement template beginning in FY 2010-11 requires that grantees submit management letters associated with its audit to the City.

Of the 26 organizations included in the financial scan:

- 21 provided their most recently completed financial statement audits;
- Two organizations (AnewAmerica and Health Mobile) still had their audits in progress because their fiscal year end was December 31, 2010;
- One organization's FY 2009-10 (San José Police Activities League) audit had not yet begun even though the organization's fiscal year end was June 30, 2010;
- One organization (San José Downtown Association) provided **reviews** for FY 2006-07, FY 2008-09, and FY 2009-10 and an audit for FY 2007-08;
- One organization that receives substantial City funding (Workforce Institute) does not issue its own financial statements as it is part of San José/Evergreen Community College District. We based the information in the scan on pro-forma data provided by the Workforce Institute and adjusted the presentation accordingly based on the available information.

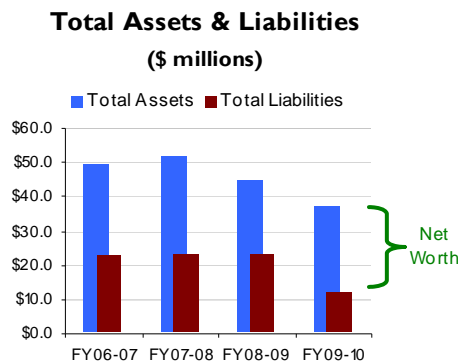
Question #1: Total Assets and Liabilities -- How much does an organization own compared to what it owes?

Why This Matters

Just as an individual's net worth is determined by the value of what he owns (house, car) minus the amount he owes on those items (mortgage, car loan); the same is true of nonprofit organizations. Net worth (or net assets) is calculated by subtracting total liabilities from total assets. Just as in the case of personal finance, a higher net worth is generally more positive. If net worth is negative, it means an organization has debt that exceeds the value of what it owns. Another way to think about net worth is that it is how much money would be left over if the organization sold everything it owns and paid off all its bills.

Each of the financial scans includes a graph showing **total assets** and **total liabilities** over the last four 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?

What was the organization's net worth at year end?

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?
- Did unrestricted net assets increase or decrease?
- Did temporarily restricted and permanently restricted net assets increase or decrease?

Exhibit 4 shows the net worth, as of the end of FY 2009-10, for the organizations included in the financial scan.

Exhibit 4: Net Worth of Organizations Included in Financial Scan as of End of FY 2009-10* (sorted from highest to lowest)

Organization	Net Worth at end of FY 2009-10
Health Trust	\$100,011,000
Tech Museum of Innovation	\$44,177,000
Santa Clara Family Health Plan	\$25,103,000
Emergency Housing Consortium	\$24,719,000
Children’s Discovery Museum of San José	\$20,779,000
Catholic Charities of Santa Clara County	\$18,967,000
San José Conservation Corps	\$11,956,000
San José Museum of Art Association	\$8,929,000
Sacred Heart Community Service	\$7,349,000
Opportunity Fund Northern California	\$7,135,000
Asian Americans for Community Involvement	\$6,953,000
Fresh Lifelines For Youth	\$2,425,000
Law Foundation of Silicon Valley	\$2,395,000
Pathway Society, Inc.	\$2,001,000
San José Police Activities League (PAL)	\$1,536,000
Team San José, Inc.	\$1,334,000
Center for Training and Careers	\$1,043,000
AnewAmerica Community Corporation	\$758,000
San José Downtown Association	\$628,000
Rebuilding Together Silicon Valley	\$591,000
History San José	\$346,000
Our City Forest	\$330,000
Health Mobile	\$215,000
Breakout Prison Outreach dba California Youth Outreach	\$1,300
**San José Repertory Theatre	(\$1,329,000)
Workforce Institute (San José/Evergreen Community College District)	no info available

* For organizations with fiscal year-end dates other than June 30, 2010, the information is the most recent available. PAL’s fiscal year ended June 30, 2010 but the FY 2009-10 audit had not yet started as of the printing of this report. Information included here is for FY 2008-09.

** Organization that had negative net worth at the end of prior fiscal year (FY 2008-09).

Of 26 organizations included above (excluding Workforce Institute) in this year's scan, only one (San José Repertory Theatre) had a negative net worth as shown above. In the prior year's scan, the San José Repertory Theatre was also the only organization with a negative net worth. For more information about the net worth of each organization, see the two-page financial scan specific to each organization.

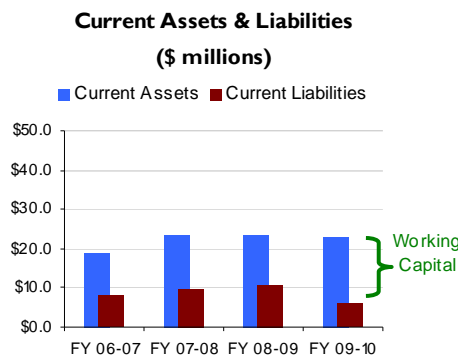
Question #2: Current Assets and Liabilities -- How much does an organization own in liquid assets compared to what it owes in the short-term?

Why This Matters

Just as a family needs access to sufficient funds to keep paying bills and investing in things it needs, so does an organization. Working capital describes the difference between an organization's cash or cash-like assets (CDs, for example) and its short-term bills. (Short-term, or "current," in a financial statement context means within one year.) Working capital is a measure of how much money is expected to be readily available to an organization to continue its operations.

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; it can also be used to calculate **working capital** (discussed below) or the amount of liquidity an organization has immediately available to continue operations. Each of the financial scans includes a graph showing current assets and liabilities over the last four 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?

What was the organization's working capital at year end?

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. (See Exhibit 6.)

Exhibit 6: Working Capital of Organizations Included in Financial Scan as of End of FY 2009-10* (sorted from highest to lowest)

Organization	Working Capital at end of FY 2009-10
Health Trust	\$90,380,000
Santa Clara Family Health Plan	\$23,169,000
Tech Museum of Innovation	\$17,583,000
Opportunity Fund Northern California	\$16,822,000
Catholic Charities of Santa Clara County	\$14,213,000
Asian Americans for Community Involvement	\$6,449,000
Children's Discovery Museum of San José	\$3,171,000
Fresh Lifelines For Youth	\$2,358,000
Law Foundation of Silicon Valley	\$2,346,000
San José Museum of Art Association	\$1,535,000
Pathway Society, Inc.	\$1,316,000
Team San José, Inc.	\$1,298,000
Sacred Heart Community Service	\$1,015,000
San José Conservation Corps	\$791,000
AnewAmerica Community Corporation	\$737,000
San José Police Activities League (PAL)	\$504,000
Rebuilding Together Silicon Valley	\$494,000
Center for Training and Careers	\$373,000
**Emergency Housing Consortium	\$354,000
Our City Forest	\$275,000
San José Downtown Association	\$258,000
Health Mobile	\$215,000
Breakout Prison Outreach dba California Youth Outreach	(\$7,500)
**History San José	(\$178,000)
**San José Repertory Theatre	(\$4,024,000)
Workforce Institute (San José/Evergreen Community College District)	no info available

* For organizations with fiscal year-end dates other than June 30, 2010, the information is the most recent available. PAL's fiscal year ended June 30, 2010 but the FY 2009-10 audit had not yet started as of the printing of this report. Information included here is for FY 2008-09.

** Organizations that had negative working capital at the end of prior fiscal year (FY 2008-09).

Of 26 organizations included above (excluding Workforce Institute) in this year's scan, three (San José Repertory Theatre, History San José, Breakout Prison Outreach) had negative working capital. In the prior year's scan, two of those also had negative working capital as shown above. Emergency Housing Consortium had negative working capital of \$4.4 million last year but in this year's

scan had positive working capital of \$354,000. For more information about the working capital of each organization, see the two-page financial scan specific to each organization.

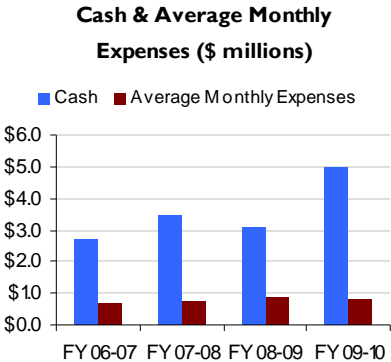
Question #3: Comparison of Cash and Average Monthly Expenses – For how long could an organization continue to pay its bills if no funding came in?

Why This Matters

Individuals often build a cash reserve or emergency fund to be able to continue paying bills in the event of a job loss or large, unexpected expenses. Similarly, it is useful to know for how long an organization could continue to pay its bills in the event it received no income. This is determined by comparing the organization’s available cash to its average monthly expenses to see how many months the organization could cover its 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 it 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. Because of the variations among organizations, we encourage readers to review the full context of each organization's financial condition in the detailed financial scans.

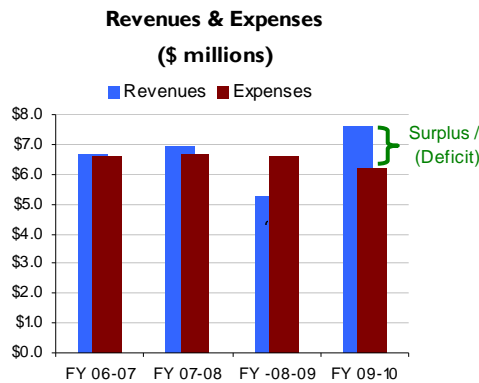
Question #4: Revenues and Expenses including surplus or deficit position – How much does the organization spend in relation to its revenues?

Why This Matters

In personal finance, individuals are typically advised to ensure that spending doesn't exceed income. Otherwise, excess spending has to be financed with debt. If an organization's annual spending exceeds its annual revenues (or income), it is said to have ended the year with a deficit. If its revenues exceed its spending, it is said to have ended the year with a surplus. There may be some cases for organizations where deficits are not due to overspending but instead due to a large infusion of funds in one year (resulting in an apparent surplus) and then the spending of those funds in the next year results in an apparent deficit. (This is due to various accounting rules and is something to keep in mind when assessing the reason why an organization ended the year with a deficit.)

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 four years (see Exhibit 8) and comments, where applicable, regarding the organization's **surplus or deficit** over the last four years. In general, if an organization has a deficit, it spent more money than it took in. If it has a surplus, it spent less than it took in. (However, note in subsequent discussion that in some cases there may be reasons for a deficit other than overspending.)

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.

What was the annual 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.
- Did the organization have a surplus or deficit in prior fiscal years?

As shown in Exhibit 9, for the fiscal year ended FY 2009-10, 8 of the 26 organizations ended the year in a deficit position. In last year's financial scan, 19 of the 30 organizations ended the year with a deficit.

Exhibit 9: Surplus or Deficit of Organizations Included in Financial Scan for FY 2009-10* (sorted from highest to lowest)

Organization	Surplus or Deficit?
**Santa Clara Family Health Plan	\$14,295,000
San José Conservation Corps	\$4,240,000
**Emergency Housing Consortium	\$3,403,000
Asian Americans for Community Involvement	\$3,248,000
**Health Trust	\$2,134,000
Catholic Charities of Santa Clara County	\$2,114,000
**Tech Museum of Innovation	\$1,882,000
**San José Museum of Art Association	\$1,388,000
**Children's Discovery Museum of San José	\$1,379,000
**Law Foundation of Silicon Valley	\$1,068,000
**Fresh Lifelines For Youth	\$968,000
Workforce Institute (San José/Evergreen Community College District)	\$408,000
**Opportunity Fund Northern California	\$377,000
**Team San José, Inc.	\$143,000
Health Mobile	\$111,000
Center for Training and Careers	\$110,000
**Rebuilding Together Silicon Valley	\$75,000
Pathway Society, Inc.	\$3,000
**History San José	(\$14,000)
**San José Downtown Association	(\$30,000)
San José Police Activities League (PAL)	(\$49,000)
**Breakout Prison Outreach dba California Youth Outreach	(\$80,000)
Our City Forest	(\$116,000)
AnewAmerica Community Corporation	(\$138,000)
Sacred Heart Community Service	(\$376,000)
**San José Repertory Theatre	(\$960,000)

* For organizations with fiscal year-end dates other than June 30, 2010, the information is the most recent available. PAL's fiscal year ended June 30, 2010 but the FY 2009-10 audit had not yet started as of the printing of this report. Information included here is for FY 2008-09.

** Organizations that had a deficit at the end of prior fiscal year (FY 2008 -09).

For more information about the surplus or deficit position of each organization, see the two-page financial scan specific to each organization. It is important to note that there may be many reasons for a deficit and these should be considered in assessing overall financial condition.

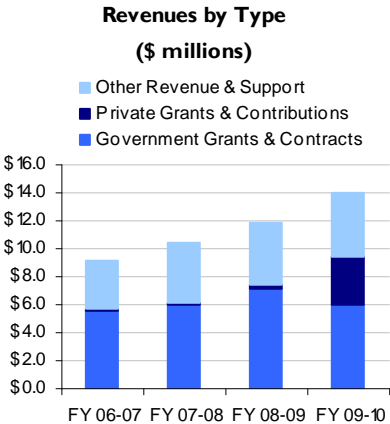
Question #5: Revenues by Type including percent of funding from the City of San José – What is the nature of the organization’s revenues and how diverse is the revenue stream?

Why This Matters

An individual’s income may consist of money from a variety of sources such as a job, rental real estate, interest, and returns on investments. Similarly, organizations may have a diversity of income or revenue sources such as donations from individuals or foundations, government grants, and investments. For an individual or an organization, overreliance on one type of income may be risky in the event that income source goes away. Analyzing the diversity of the revenue stream helps to understand whether an organization is too reliant on one source. Analyzing trends from year to year may help predict future revenue.

Revenue is shown in three categories: 1) government grants, 2) private grants and contributions, and 3) all other revenue and support.² 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 four 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 2009-10.

Exhibit 10: Sample Graph of Revenues by Type



² Some of the organizations’ financial statements do not break out their revenues in these categories.

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?

What percent of revenue was 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 2010, the 26 organizations in this financial scan received from 1% percent to 90% percent of their total funding from the City. Exhibit 11 shows the percent of organizations' revenue that came from the City in FY 2009-10.

Exhibit II: Percent of Organizations' Revenues That Came From the City of San José in FY 2009-10* (sorted from highest to lowest)

Organization	Percentage of Revenues from City Funding
Team San José, Inc.	89%
San José Police Activities League (PAL)	69%
Workforce Institute (San José/Evergreen Community College District)	57%
History San José	53%
San José Downtown Association	43%
Our City Forest	41%
San José Museum of Art Association	36%
Rebuilding Together Silicon Valley	29%
Breakout Prison Outreach dba California Youth Outreach	26%
Center for Training and Careers	25%
Health Trust	19%
Health Mobile	17%
San José Repertory Theatre	17%
Children's Discovery Museum of San José	16%
Tech Museum of Innovation	16%
San José Conservation Corps	15%
Emergency Housing Consortium	14%
Fresh Lifelines For Youth	9%
Pathway Society, Inc.	8%
AnewAmerica Community Corporation	7%
Catholic Charities of Santa Clara County	5%
Opportunity Fund Northern California	4%
Law Foundation of Silicon Valley	3%
Asian Americans for Community Involvement	2%
Sacred Heart Community Service	2%
Santa Clara Family Health Plan	1%

* In-kind rent and below market leases/facilities provided by the City are included. For organizations with fiscal year-end dates other than June 30, 2010, the information is the most recent available. PAL's fiscal year ended June 30, 2010 but the FY 2009-10 audit had not yet started as of the printing of this report. Information included here is for FY 2008-09.

For more information about the composition of revenues for each organization, see the two-page financial scan specific to each organization.

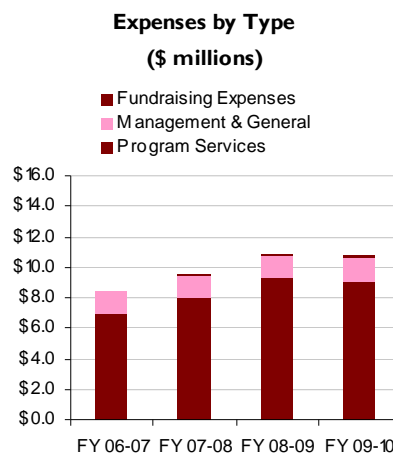
Question #6: Expenses by Type including percent of expenses for program services – On what does the organization spend (programs, management, etc.)?

Why This Matters

Individuals typically track their monthly expenses through a budget to understand how much they spend on food, housing, clothing, travel, etc. Similarly, it is helpful to understand the composition of an organization's expenses to understand how much the organization spends on its programs compared to administration, for example.

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 four 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?

What percent of expenses was 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. For more information about the percentage of expenses allocated to program services for each organization, see the two page financial scan specific to each organization.

Summary

This report builds on existing audited financial statements for FY 2006-07, 2007-08, 2008-09, and 2009-10. 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, and www.charitynavigator.org (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. Because of the variations among organizations, we encourage readers to review the full context of each organization's financial condition in the financial scans on the subsequent pages.

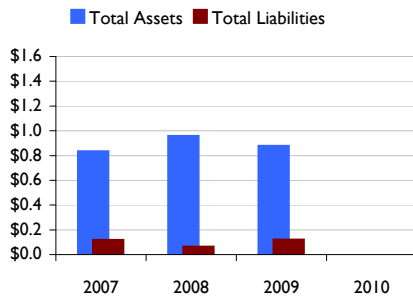
ANEWAMERICA COMMUNITY CORPORATION

100 East Santa Clara Street, Office 107, San José, CA 95113 | www.anewamerica.org

AnewAmerica's purpose is to increase economic self-sufficiency for immigrants (including Latino, Asian, African and others) by providing training and support for developing micro-enterprises. It is an asset-building, community development organization led by new Americans seeking economic justice and prosperity for new Americans. AnewAmerica focuses on microbusiness incubation, asset-development and social responsibility that fosters entrepreneurship, cultural identity and civic participation in the making of a new America.

City of San José Funding: In FY 2008-09, the City of San José provided \$95,000 in CDBG funds. In FY 2009-10, the City did not award funds to AnewAmerica. In FY 2010-11, the City has awarded \$250,000 in CDBG grant funds. (AnewAmerica's year end was December 31, 2010; as a result, financial statements were not available in time for the printing of this report. Therefore, the most recent annual data available - calendar year 2009 - is shown here.)

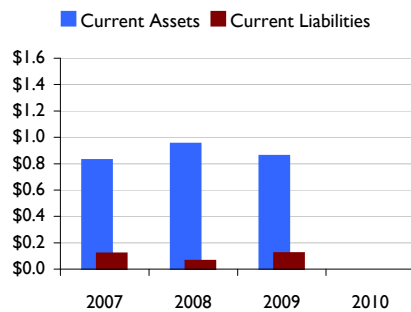
Total Assets & Liabilities (\$ millions)



AnewAmerica's assets totaled \$876,000 as of December 31, 2009 and liabilities totaled about \$119,000, resulting in a net worth of about \$758,000. Cash accounted for about 71% of total assets.

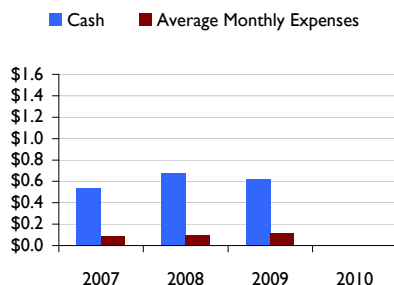
AnewAmerica's total debt was about 14% of its total assets at the end of 2009.

Current Assets & Liabilities (\$ millions)



As of December 31, 2009, AnewAmerica had about \$856,000 in current assets and about \$119,000 in current liabilities, resulting in working capital of about \$737,000. Current assets as of December 31, 2009 consisted mostly of cash, \$624,000 (about 73%) and grants receivable, \$223,000 (26%).

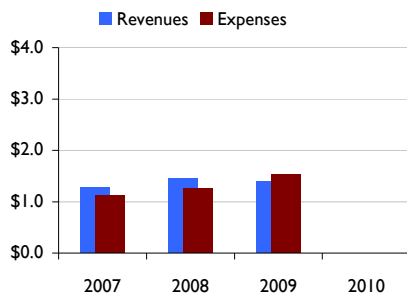
Cash & Average Monthly Expenses



As of December 31, 2009, AnewAmerica had enough cash (some of which may have been restricted) to cover about five months of average expenses (excluding depreciation and in-kind donations). AnewAmerica also had about \$223,000 in grants receivable as of December 31, 2009.

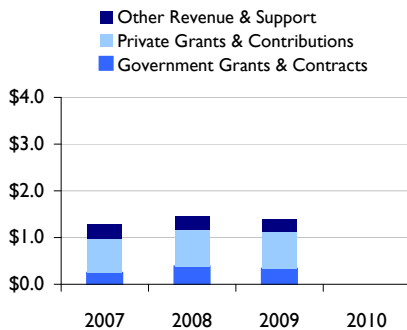
ANEWAMERICA COMMUNITY CORPORATION (continued)

Revenues & Expenses
(\$ millions)



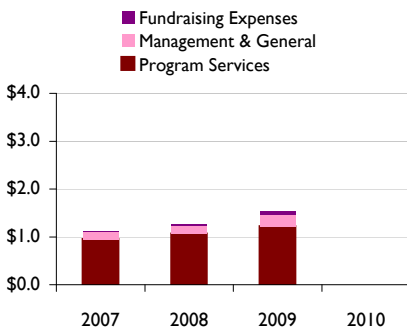
For the year ended December 31, 2009, AnewAmerica ran a deficit of \$137,749, equivalent to about 9% of total expenses. However, \$133,000 of multi-year grants that were received in earlier years were spent this year and, therefore, contributed to the deficit. Excluding this amount, the deficit was about \$5,200, or less than 1% of total expenses. For the years ended December 31, 2008 and December 31, 2007, AnewAmerica had run surpluses of \$178,000 and \$155,000 respectively.

Revenues by Type
(\$ millions)



AnewAmerica revenues in 2009 totaled \$1.4 million, a 9% increase compared to 2007 but a 4% decrease compared to 2008. Grants (government, foundation, and corporate) accounted for about \$1.0 million dollars in revenue. Funding from the City of San José accounted for about 7% of AnewAmerica's total revenues and support in 2009.

Expenses by Type
(\$ millions)



Expenses in 2009 totaled \$1.5 million, a 37% increase since 2007 and a 21% increase since 2008 because of increased staffing in San José to provide services to more residents. About 79% (\$1.2 million) of expenses in 2009 were related to programs. AnewAmerica management advises that the CDBG funding provided by the City of San José was spent to: enroll clients in a three-year business program; create jobs in the San José area; help clients complete their business plans; help clients obtain their business licenses and Data Universal Numbering System (DUNS) number and counsel clients or make referrals with regard to starting or expanding their businesses. Services provided included 257 hours of one-on-one counseling, completion of 25 business plans, receipt of business licenses by 8 clients, and DUNS numbers by 9 clients. Twenty-three clients were enrolled in a 25-week business class in Spanish while 16 were enrolled in a similar course in Vietnamese.

Notes:

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

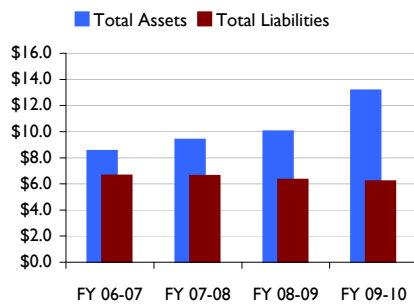
ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT

2400 Moorpark Avenue, Suite 300, San José, CA 95128 | www.aaci.org

Asian Americans for community Involvement (AACI)'s mission is to improve the health, mental health, and well being of individuals, families, and the Asian community. The agency provides an array of health and human services, shares expertise about the Asian community's needs and best service delivery practices, and provides Asian leadership in advocating on key health and human services issues.

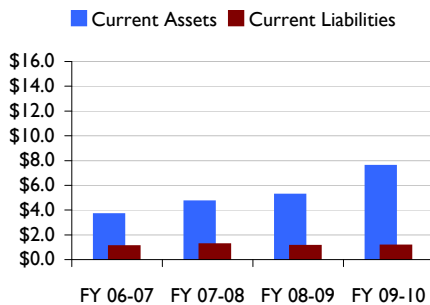
City of San José Funding: In FY 2009-10, the City of San José awarded \$219,565 in grants to the AACI, including \$146,673 (HNVF), \$60,292 (ESG), \$11,500 (SSIG), and \$1,100 (General Fund). In FY 2010-11, the City awarded AACI \$306,673 in grants.

Total Assets & Liabilities
(\$ millions)



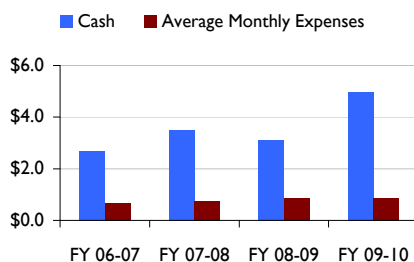
AACI's assets totaled \$13.1 million as of June 30, 2010 while liabilities totaled about \$6.2 million for a net worth of about \$6.9 million. About half of total assets consisted of cash and receivables (\$6.5 million). Property and equipment accounted for another \$4.1 million. Liabilities included a mortgage of about \$5.2 million for the property at 2400 Moorpark (where most of AACI's programs operate). During the year ended June 30, 2010, AACI paid off the remaining \$11,000 balance on a non-interest bearing note to the City of San José for the property that houses AACI's Domestic Violence Shelter. AACI's total debt was about 47% of its total assets at the end of FY 2009-10.

Current Assets & Liabilities
(\$ millions)



As of June 30, 2010, AACI had about \$7.6 million in current assets and about \$1.1 million in current liabilities resulting in working capital of about \$6.5 million. Current assets as of June 30, 2010 consisted of about \$5.0 million in cash and \$1.6 million in grants and accounts receivable.

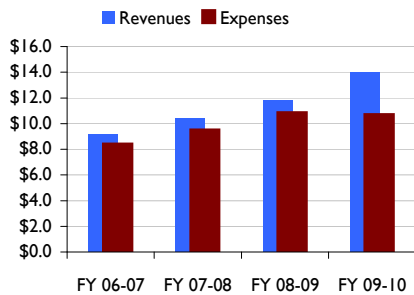
Cash & Average Monthly Expenses
(\$ millions)



As of June 30, 2010, about \$3.7 million of AACI's \$5.0 million in cash was unrestricted. The unrestricted cash was the equivalent of about four months of average expenses, excluding depreciation and in-kind donations. AACI also had about \$1.6 million in receivables as of June 30, 2010.

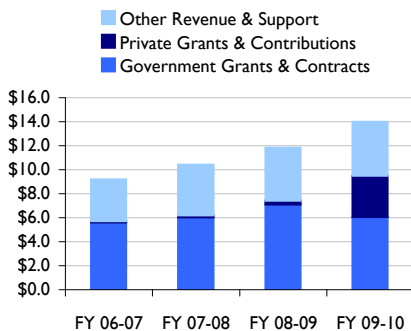
ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT (continued)

Revenues & Expenses
(\$ millions)



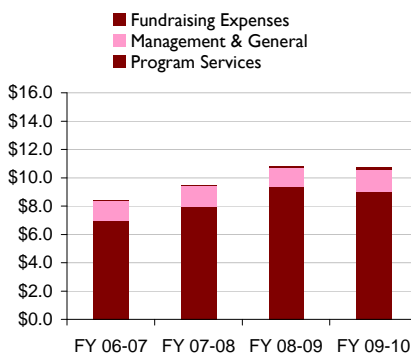
For the year ended June 30, 2010, AACI had a surplus of \$3.2 million. AACI has had surpluses at the end of each of the last four years. The FY 2009-10 surplus was significantly larger than the FY 2008-09 surplus of \$946,000 due in part to fundraising in anticipation of purchasing a building in East San José.

Revenues by Type
(\$ millions)



AACI's revenues in FY 2009-10 totaled \$14.0 million, a 52% increase compared to FY 2006-07 and an 18% increase compared to FY 2008-09. Most of AACI's revenues come from government grants. Government contracts and grants in FY 2009-10 accounted for \$6.1 million in revenue, including \$219,565 in grants from the City of San José, representing about 1.6% of the organization's total revenue. Government grants and contracts accounted for about 43% of AACI's revenues.

Expenses by Type
(\$ millions)



Expenses in FY 2009-10 totaled \$10.7 million, a 27% increase since FY 2006-07 but a 1% decrease from FY 2008-09. About 84% (\$9.0 million) of expenses in FY 2009-10 were related to program services. Management and general costs (consisting mainly of building costs) were about 15% of total expenses in FY 2009-10.

Notes based on financial statements:

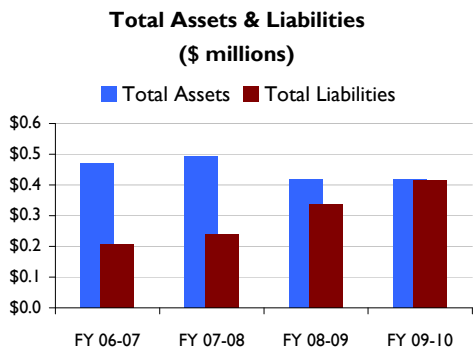
- 1) AACI received an unqualified opinion from its external auditors for financial statements in 2007, 2008, 2009, and 2010.

BREAKOUT PRISON OUTREACH (dba California Youth Outreach)

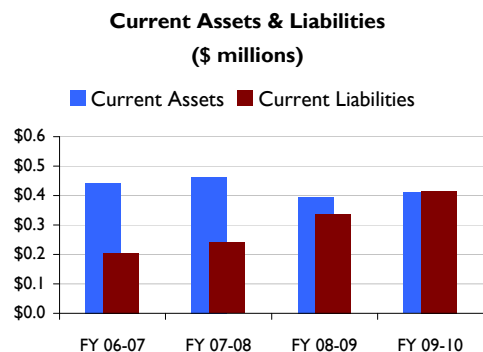
224 N. 27th St., San Jose, CA 95116 (San Jose office) | www.cyoureach.org

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.

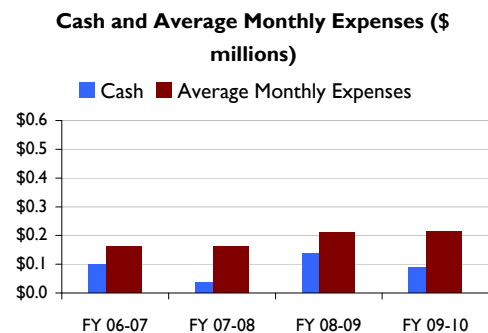
City of San Jose Funding: In FY 2009-10, the City of San José awarded Breakout Prison Outreach a total of \$635,766. The funding came from the following sources: \$560,000 (BEST), \$69,066 (GF), and \$6,700 (SSIG). In FY 2010-11, the City has awarded the organization \$449,700. According to Breakout Prison Outreach, in 2009-10, the organization served 4,017 San Jose residents.



As of June 30, 2010, Breakout Prison Outreach's assets totaled about \$418,000. Its liabilities totaled about \$416,000 resulting in a net worth of about \$1,300. Since FY 2006-07, total assets have decreased 11%, while total liabilities have increased 103%. According to management, the increase in total liabilities was due primarily to an increase in deferred revenues and the addition of a line-of-credit.

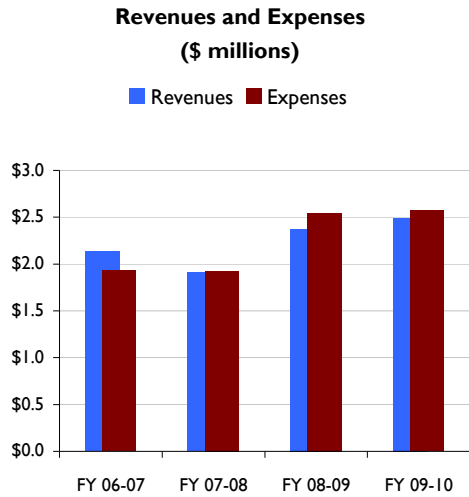


As of June 30, 2010, Breakout Prison Outreach's current assets totaled about \$409,000, while current liabilities totaled about \$417,000. Cash and accounts receivables totaled about \$404,000 (or 99% of current assets) while accounts payables and accrued liabilities totaled about \$168,000. The organization also owes \$99,000 on a line-of-credit which was used for payroll and operating expenses. These comprised 64% of the organization's current liabilities. Breakout Prison Outreach's working capital was at negative \$7,500.

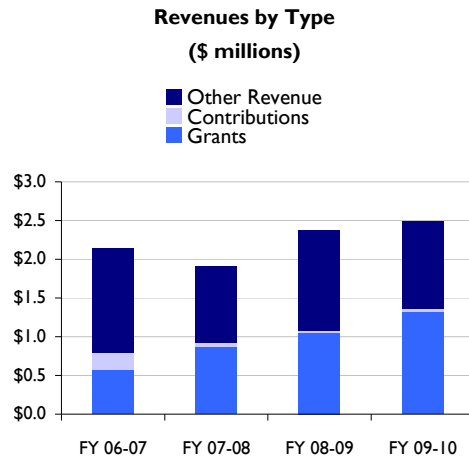


As of June 30, 2010, Breakout Prison Outreach had less than one month's average monthly expenses on hand, or about \$88,000 in cash (some of which may be restricted) compared to about \$214,000 in average monthly expenses. This has been the case at the end of each of the last four years; the organization has not had enough cash to cover average monthly expenses.

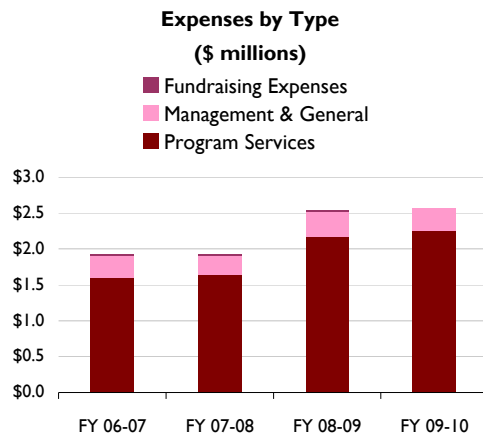
BREAKOUT PRISON OUTREACH (continued)



For the year ended June 30, 2010, Breakout Prison Outreach's revenues totaled about \$2.5 million. Its expenses totaled about \$2.6 million, leaving a deficit of \$80,000 which was 3% of the organization's total expenses. The organization ran deficits in three of the last four years. A significant portion of the past three years' deficits were caused by multi-year grant monies received and booked in prior years, but allocated and spent in the subsequent years. In FY 2007-08, Breakout Prison Outreach received a two-year grant that was spent in FYs 2008-09 and 2009-10.



Breakout Prison Outreach's total revenues increased 17% since FY 2006-07. In FY 2008-09, other revenues (including contract services) accounted for 45% of total revenues. Over the last four years, total grants increased 129% while total contributions decreased by 82%. In FY 2009-10, the City awarded Breakout Prison Outreach \$635,766 in funding. This accounted for 26% of the organization's total funding in FY 2009-10.



Breakout Prison Outreach's total expenses increased 33% since FY 2006-07, primarily due to growth in programs offered. Program services made up 88% 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:

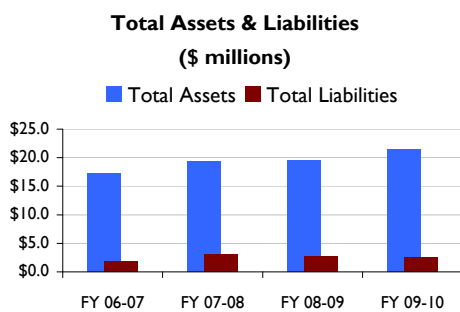
l) Breakout Prison Outreach received an unqualified audit opinion in all four years.

CATHOLIC CHARITIES OF SANTA CLARA COUNTY

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

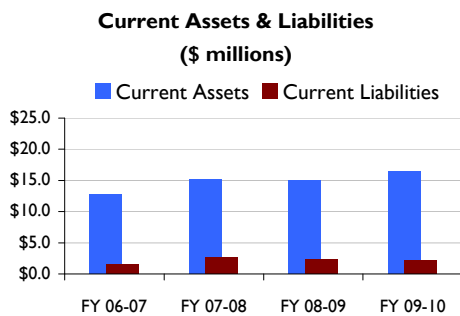
Catholic Charities of Santa Clara County (Catholic Charities) provides multiple education, community and economic development, mental health, and social services to diverse residents of Santa Clara County, including children, youth, adults, seniors, families in need, refugees and immigrants, and other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

City of San José Funding: In FY 2009-10, Catholic Charities was awarded \$824,771 in grants and \$425,795 for operating the Washington United Youth Center (a City facility) for a total of \$1,250,566 in City funding. The funding came from the following sources: CDBG, BEST, HNVF, GF, and SSIG. In FY 2010-11, the City has awarded the organization \$964,228 in funding. According to Catholic Charities, City funds are currently being used operate the Washington United Youth Center, for its Gang Intervention and Prevention, Shared Housing, John XXIII Senior Center and Adult Day Care programs.

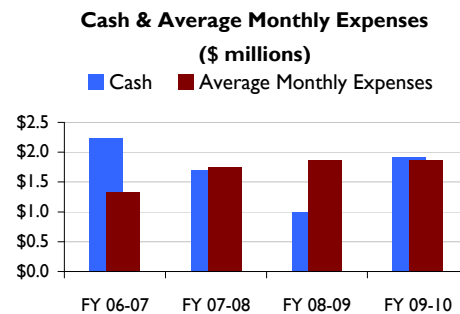


As of June 30, 2010, Catholic Charities had approximately \$21.5 million in total assets, including \$9.1 million in investments and \$4.8 million in property and equipment.

The organization also has \$5.3 million in permanently restricted assets. Catholic Charities had about \$2.5 million in total liabilities. As of June 30, 2010, the organization's net worth was \$19 million. This was an increase of about 22% from June 30, 2007.

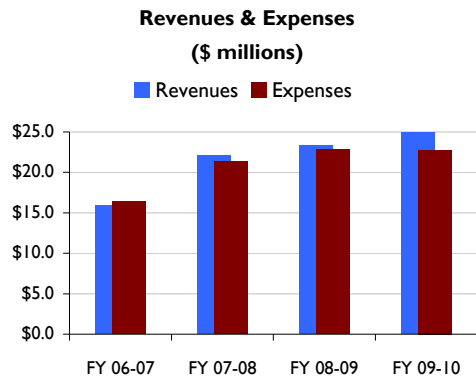


As of June 30, 2010, Catholic Charities had about \$16.4 million in current assets of which \$1.9 million was in cash, \$4.2 million in unrestricted investments, \$3.5 million was in accounts receivable, and \$1.8 million in contributed support receivable. This comprised 76% of the organization's total assets. Catholic Charities had \$2.2 million in current liabilities of which, \$2.1 million was in accounts payable and accrued liabilities. Catholic Charities had about \$14.2 million in working capital as of June 30, 2010.

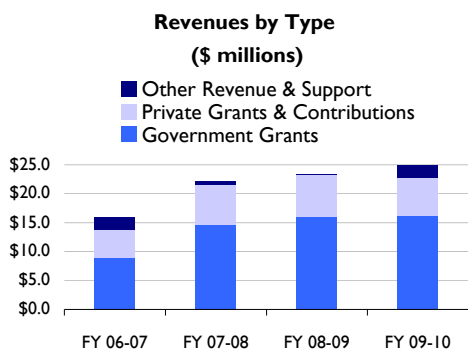


As of June 30, 2010, Catholic Charities had approximately \$1.9 million in cash (of which \$1.1 million was unrestricted). Its average monthly expenses totaled \$1.9 million, leaving the organization with enough cash to cover one month's expenses.

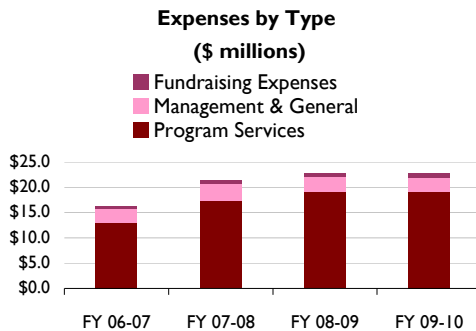
CATHOLIC CHARITIES OF SANTA CLARA COUNTY (continued)



For the year ended June 30, 2010, Catholic Charities' revenues were \$24.9 million and expenses were \$22.8 million resulting in a surplus of \$2.1 million, up from \$523,000 in 2008-09. This was an increase of more than 300% primarily due to a significant increase in investment income in the past year.



Catholic Charities' revenues grew 57% from 2006-07 to 2009-10. For the year ended June 30, 2010, Catholic Charities received \$16.3 million in government funding which comprised 65% of Catholic Charities' total revenues. Since 2006-07, the organization had an 82% increase in government funding and a 36% increase in private grants. Other revenues decreased sharply in 2007-08 and 2008-09 and rose again in 2009-10 largely due to changes in investment income. In 2009-10, the City awarded Catholic Charities \$1.25 million in funding. The City's funding comprised 5% of the organization's total revenues.



From FY 2006-07 to 2008-09, total expenses increased 39%. For the year ended June 30, 2010, program services expense were \$19 million which comprised 84% of Catholic Charities' total expenses. Program services expenses increased 46% from 2006-07. Program services included its older adult, behavioral health, economic development, youth, and education services as well its social policy programs. According to Catholic Charities, the organization serves approximately 27,000 City of San Jose residents through its programs.

Notes based on financial statements:

- 1) Catholic Charities of Santa Clara County received an unqualified audit opinion all four years.
- 2) Related Parties: a) Common board members with Charities Housing Development Corporation; b) Pays dues to Catholic Charities USA and Catholic Charities of California; c) Pays insurance premiums to the Dioceses of San Jose; and d) Rents portions of the John XXIII Sr. Center from Giovanni Center.
- 3) In the management letter accompanying the audit, the auditors noted the following issues: material audit adjustments, government grant oversight, compliance issues, donor receipts at the Donor Station, approval of credit card charges, and documentation of credit card expenses. Management has responded in the letter that it has taken action to address these issues.
- 4) Subsequent Events: Catholic Charities took over several government funded programs from another non-profit (Friends Outside) during the year. The organization is currently in negotiations to acquire some program-related assets as well.

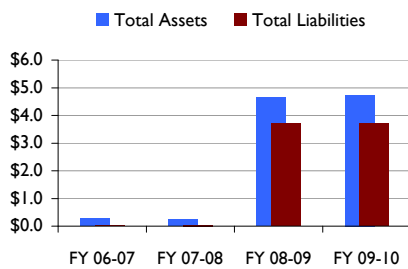
CENTER FOR TRAINING AND CAREERS

749 Story Road, Suite 10, San José, 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. 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.

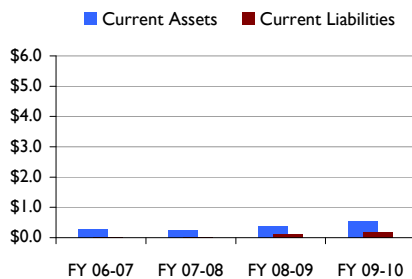
City of San José Funding: In FY 2009-10, the City awarded \$453,000 to CTC, including \$390,000 in WIA funds and \$63,000 in BEST funds. The Workforce Institute (see page 78) subcontracted with CTC to provide services and workshops to adults. Funding for those services is not reflected here but is included on the Workforce Institute page. CTC also provides training as an eligible provider through the WIA and receives additional funds based on how many people sign up for training. In FY 2010-11, the City awarded \$375,855 including \$325,455 in Workforce Investment Act funds and a BEST grant of \$50,400.

Total Assets & Liabilities (\$ millions)



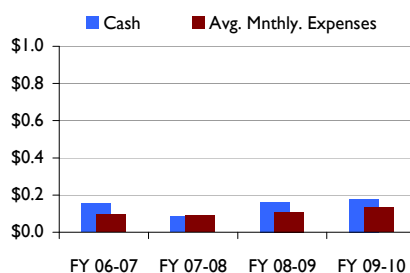
As of June 30, 2010, CTC's assets totaled about \$4.7 million while liabilities totaled about \$3.7 million, resulting in a net worth of about \$1.0 million. Property and equipment totaled \$4.2 million, or about 89%, of total assets. CTC purchased a building in December 2008 that significantly increased its total assets, liabilities, and net worth in comparison to prior years.

Current Assets & Liabilities (\$ millions)



As of June 30, 2010, CTC's current assets totaled about \$537,000 and consisted primarily of grants receivable (\$358,000) and cash (\$179,000). Current liabilities totaled about \$164,000, resulting in working capital of about \$373,000.

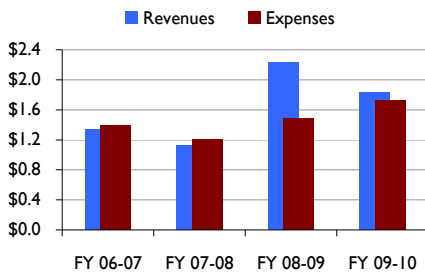
Cash & Average Monthly Expenses (\$ millions)



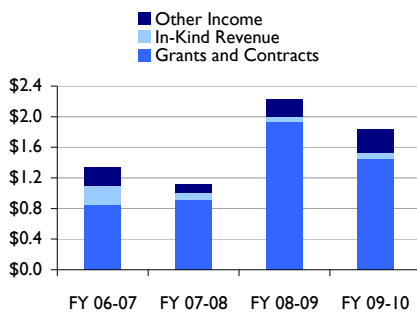
As of June 30, 2010, the organization's cash totaled about \$179,000, some of which may have been restricted. Average monthly expenses were about \$134,000.

CENTER FOR TRAINING AND CAREERS (continued)

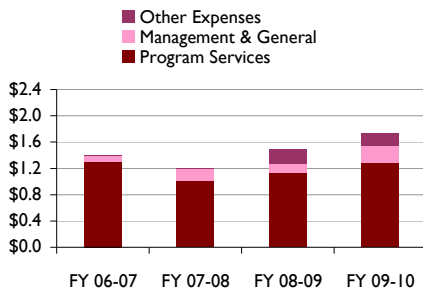
Revenues & Expenses
(\$ millions)



Revenues by Type
(\$ millions)



Expenses by Type
(\$ millions)



For the year ended June 30, 2010, CTC had a surplus of about \$110,000. In the prior year, the organization ended the year with a surplus of \$748,000, primarily related to the building purchase and associated revenue. In the two earlier years, CTC had ended the year with deficits.

Revenue totaled \$1.8 million in FY 2009-10, a decrease of 18% compared to FY 2008-09 and an increase of about 37% compared to FY 2006-07. In FY 2008-09, the City of San José contributed \$904,172 to help CTC purchase its building at 749 Story Road as well as provided a non-interest bearing loan of CDBG funds of about \$1.6 million that will convert to a grant after 15 years if timely payments to the bank are maintained in the interim. CTC management advises the additional costs for the building were financed with a \$2 million bank loan. In FY 2009-10, City of San José funding (\$453,000) accounted for about 25% of the organization's total revenues.

Expenses totaled about \$1.7 million in FY 2009-10, 16% more than in FY 2008-09 and about 23% more than in FY 2006-07. Maintenance of CTC's recently purchased building added about \$183,000 in expenses in FY 2009-10 that didn't exist prior to FY 2008-09. CTC's program services in FY 2009-10 included serving as a Work2future affiliate and member of the Mayor's Gang Prevention Task Force, as well as a service provider and partner with East Side Union High School District. Programs also 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, 2009, and 2010. CTC's FY 2009-10 audit was not issued until February 2011. CTC management advises this was due to a data entry error that resulted in a system issue. CTC management further advised that it was fixed and resolved.
- 2) The financial statement auditors' report on internal control over financial reporting, compliance, and other matters noted various reconciliation and transaction posting problems including (a) major operating bank account that wasn't reconciled (b) misposting of certain receivables and payables and (c) an unreconciled beginning balance of net assets. Auditors stated they were unable to determine questioned costs. The audit stated that the problems were related to the organization's transition to a new accounting system. Management responded that the issues had since been resolved.
- 3) Auditors also found that management was unaware that for the fiscal year ended June 30, 2010, CTC had federal expenditures that exceeded \$500,000 (excluding CDBG - CTC's building acquisition) and was therefore subject to requirements of OMB Circular A-133. The audit stated, "These CTC programs funded by pass-through governmental units, were not identified by management as federally assisted programs/contracts. After a thorough discussion with management and inquiries by management from the funding sources, management determined that these aforementioned programs were indeed federally funded." Auditors were unable to determine questioned costs. Management responded that all grantors had been contacted and steps had been taken to resolve the issue going forward.
- 4) Auditors also noted recommendations had been mostly implemented to correct prior year problems including problems with reconciliations, various account balances, and federal filing of required data.

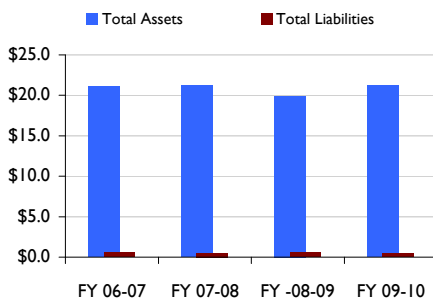
CHILDREN'S DISCOVERY MUSEUM OF SAN JOSÉ

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.

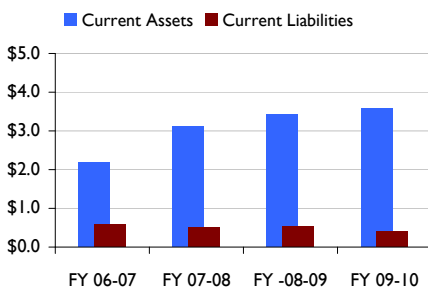
City of San José Funding: In FY 2009-10, the City awarded the Museum \$166,725 including: \$122,522 (TOT), \$35,003 (GF), \$6,700 (SSIG) and \$2,500 in in-kind from ESD. City funds were used for developing and facilitating visual and performing arts programs as well as for summer programs for youth. The City also provided an operating maintenance subsidy of \$300,000 and RDA provided a lease subsidy (in-kind rent) of about \$720,000. In FY 2010-11, the City has awarded the Museum \$136,712. The operating and maintenance subsidy and in-kind rent also continued at the same levels.

Total Assets & Liabilities
(\$ millions)



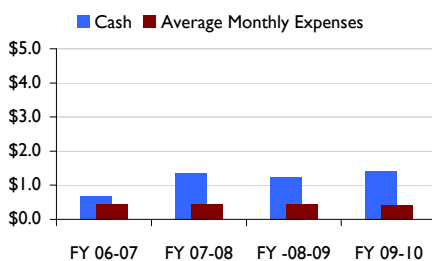
As of August 31, 2010 (the Museum's fiscal year end), assets totaled about \$21.2 million while liabilities totaled about \$416,000, for a net worth of about \$20.8 million. One significant asset was donated rent receivable that totaled \$9.4 million and accounts in the graph for nearly half the Museum's assets. This is the projected value of the City's donated rent for the remaining term of the Museum's 55-year lease. Other assets included: investments (\$5.5 million), property and equipment (\$2.8 million), and contributions receivable (\$1.9 million).

Current Assets & Liabilities
(\$ millions)



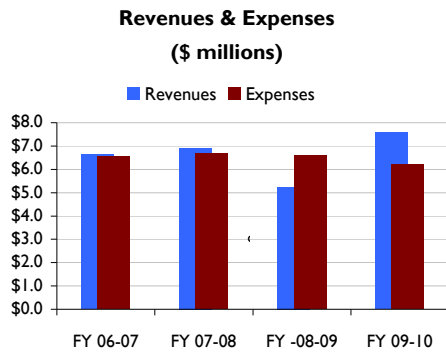
As of August 31, 2010, the Museum's current assets totaled \$3.6 million, while current liabilities totaled \$416,000, resulting in working capital of about \$3.2 million. Cash and the current portion of contributions receivable (the portion expected to be received within the next year) accounted for 93% of the Museum's current assets. Accrued payables and payroll accounted for most of the Museum's liabilities.

Cash & Average Monthly Expenses
(\$ millions)

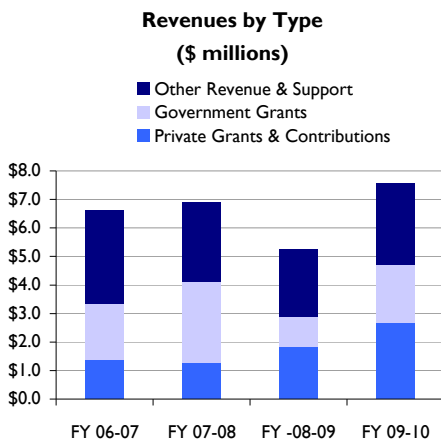


As of August 31, 2010, the Museum had \$1.4 million in cash, of which \$1.2 million was unrestricted. Monthly expenses averaged about \$410,000, resulting in cash on hand equal to about three-months' expenses.

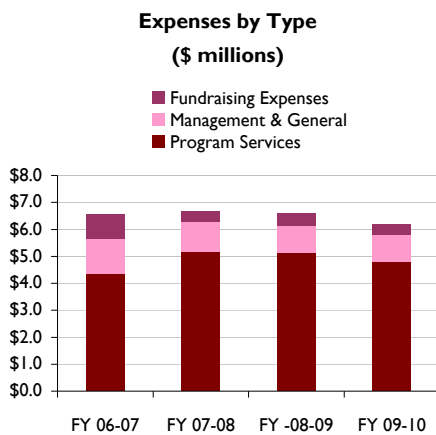
CHILDREN'S DISCOVERY MUSEUM OF SAN JOSÉ (continued)



For the year ended August 31, 2010, the Museum's revenues totaled \$7.6 million. Expenses totaled \$6.2 million, resulting in a surplus of about \$1.4 million. The Museum's management advises that the surplus was due to the transfer of investments (\$1.2 million) to the Museum after the termination of the Silicon Valley Arts Fund and also to improved investment returns (\$200,000). By comparison, in FY 2008-09, the Museum had a deficit of \$1.4 million. In FY 2006-07 and FY 2007-08, the Museum had surpluses of \$64,000 and \$236,000, respectively.



The Museum's total revenues increased by 14% from FY 2006-07 to FY 2009-10 and 45% compared to FY 2008-09, primarily due to the transfer of investments from the Silicon Valley Arts Fund to the Museum. For the year ended August 31, 2010, the Museum received \$2.7 million in private grants. The Museum received about \$2.0 million in government funding and about \$2.9 million from other revenues, including from admissions (\$1.4 million), membership (\$684,000), and retail services (\$279,000). Contributions from three donors, one of which was the City of San José accounted for 67% of the Museum's grant support. The City of San Jose's support (excluding in-kind rent) totaled \$466,725 and was about 6% of the Museum's total revenues. With in-kind rent included, the City's contribution was about 16%.



The Museum's overall expenses decreased by about 6% from FY 2006-07 to FY 2009-10. Spending on program service expenses totaled about \$4.8 million (78% of total expenses) and included exhibits, educational programs, and retail services. Program service expenses increased about 11% since FY 2006-07, mainly due to increases in salaries and benefits and contract consultants.

Notes:

- 1) Children's Discovery Museum received an unqualified audit opinion on its financial statements for the fiscal years ending 2007, 2008, 2009, and 2010.
- 2) In January 2010, the Museum's Board of Directors issued a letter notifying the Mayor and City Council of current facility maintenance issues. 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.

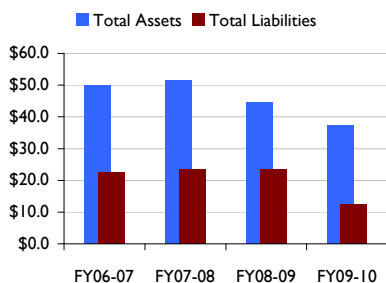
EMERGENCY HOUSING CONSORTIUM

507 Valley Way, Milpitas, CA 95035 | www.ehclifebuilders.org

Emergency Housing Consortium (EHC) is a provider of shelter and support services to the homeless and those at risk of homelessness in Santa Clara County, California, and has established a continuum of care, ranging from prevention services and emergency shelter to transitional housing and permanent affordable housing. Each year, EHC serves more than 8,000 homeless families, single adults, and runaway and homeless youth.

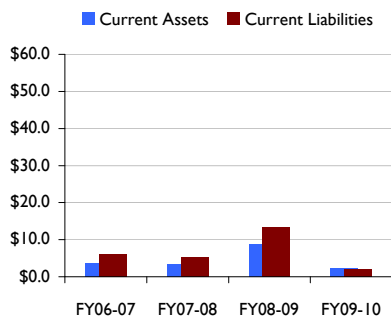
City of San José Funding: In FY 2009-10, the City of San José awarded EHC \$2,562,467 in grant funding; at the end of FY 2009-10, \$2,252,211 had been disbursed, including \$1,332,018 from the Housing Trust Fund, \$742,847 in Homelessness Prevention and Rapid Rehousing Program (HPRP) stimulus funds, a \$79,996 Environmental Services Grant, a \$50,320 Community Development Block Grant, and \$47,030 from other City funds. For FY 2010-11, the City of San José has awarded \$3,206,503 in grant funding to EHC.

Total Assets & Liabilities
(\$ millions)



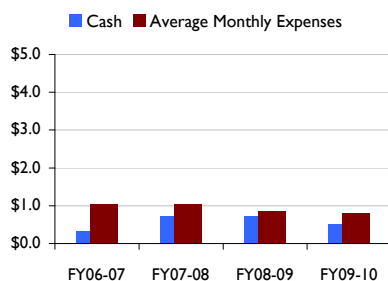
EHC's net worth at the year ended June 30, 2010, was \$24.7 million, a 16% (\$3.4 million) increase from FY 2008-09 but a 22% decrease since FY 2006-07. The increase in net assets as of June 30, 2010, was due primarily to the sale of some properties and their related liabilities. The Emergency Housing Consortium had \$37.2 million in total assets as of June 30, 2010, including about \$32.2 million in property and equipment. EHC had \$12.5 million in total liabilities as of June 30, 2010, including \$7.8 million in long-term mortgages and notes payable and \$2.5 million in accrued interest.

Current Assets & Liabilities
(\$ millions)



EHC had about \$354,000 in working capital on June 30, 2010, after three years of negative working capital due to assets being held for sale and loans in default; these issues have since been resolved. The Emergency Housing Consortium had about \$2.4 million in current assets and about \$2.1 million in current liabilities for the year ended June 30, 2010. Current assets included about \$1 million designated as government grants receivable as of June 30, 2010. Current liabilities as of June 30, 2010 included \$1.2 million in government grant repayment (see Note 3).

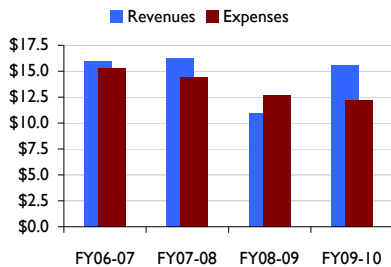
Cash & Average Monthly Expenses
(\$ millions)



As of June 30, 2010, EHC had about \$504,000 in unrestricted cash; this was not enough cash available to cover one month of average operating expenses (excluding depreciation and donated rent, goods, and services).

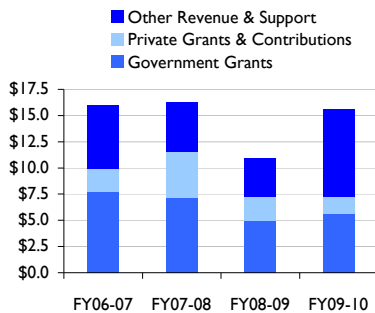
EMERGENCY HOUSING CONSORTIUM (continued)

Revenues & Expenses
(\$ millions)



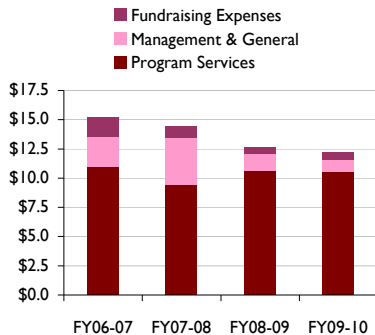
At the end of FY 2009-10, EHC had an operating surplus of \$3.4 million, which was about 28% of total expenses that year. EHC has had an operating surplus in three of the last four years. The operating surplus at the end of FY 2009-10 was due primarily to the sale of all properties (see Note 2) held for sale, resulting in a net gain of about \$5.2 million.

Revenues by Type
(\$ millions)



EHC revenues at the end of FY 2009-10 totaled \$15.6 million, a 43% increase since FY 2008-09. Fifty-three percent of revenues in FY 2009-10 came from a combination of sources other than government and private grants; this included the \$5.2 million in gains from the sale of assets as mentioned above. In FY 2009-10, the City of San José provided over \$2.2 million in grant funding to the EHC. City funding totaled about 14% of EHC's revenues in FY 2009-10; these funds were used for EHC's various financial assistance, shelter, and case management programs and services.

Expenses by Type
(\$ millions)



EHC expenses in FY 2009-10 totaled about \$12.2 million; about 87% (\$10.5 million) of expenses were related to program services. Management and general expenses accounted for about \$1 million of total expenses in FY 2009-10, a 28% decrease since FY 2008-09. Fundraising expenses totaled about \$603,000 in FY 2009-10, a 12% increase since FY 2008-09.

Notes based on financial statements:

- 1) EHC received an unqualified opinion on their financial statements for the years ended 2007, 2008, 2009, and 2010. In a management letter accompanying the audit, auditors identified an issue regarding authorization and documentation of journal entries. Management responded in the letter that it has taken various actions to address this issue.
- 2) As of January 31, 2010, all elements of the forbearance agreement between Comerica, the City of San José, and the County of Santa Clara were completely fulfilled. The sale of various properties (Markham Terrace, 5th Street, Younger Avenue and Gifford Avenue properties) resulted in a net gain of \$5.2 million to EHC's net worth in the fiscal year ended June 30, 2010.
- 3) In 2006, EHC was informed by Housing and Urban Development (HUD) that certain costs reimbursed for support of homeless and related services did not qualify for reimbursement under HUD guidelines. EHC reviewed monies received from HUD from 2002 to 2006 and identified \$1.2 million of potential liability as of June 30, 2010; EHC has presented these accrued costs in its audited financial statements. EHC is awaiting HUD's review of the internal audit and its determination of any repayments that may be required.

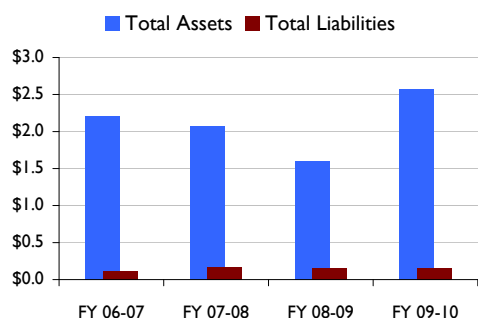
FRESH LIFELINES FOR YOUTH, INC.

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

Fresh Lifelines for Youth, Inc.'s (FLY) was founded 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.

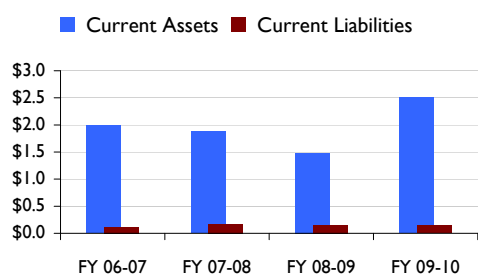
City of San Jose Funding: In FY 2009-10, the City of San José awarded FLY a total of \$293,522 in funding. These awards included: \$75,522 (CDBG), \$133,000 (BEST), \$10,000 (SSIG), \$75,000 (HNVF). In FY 2010-11, the City awarded FLY \$288,522. In 2009-10, FLY served over 2,200 City of San Jose residents.

Total Assets & Liabilities
(\$ millions)



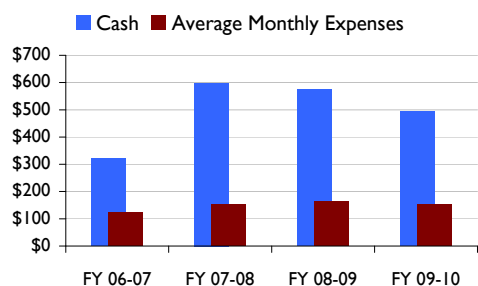
As of June 30, 2010, FLY's assets totaled about \$2.6 million. Its liabilities totaled just under \$150,000, resulting in a net worth of just over \$2.4 million. FLY had no long-term liabilities.

Current Assets & Liabilities
(\$ millions)



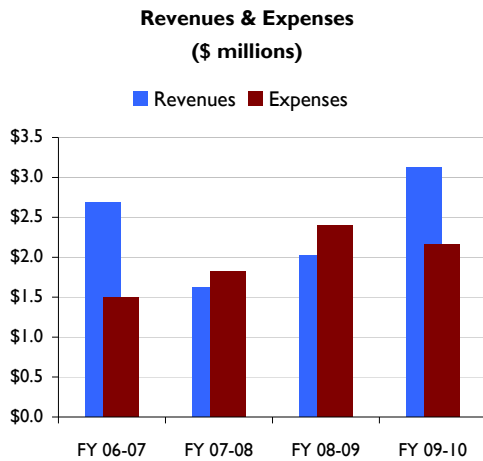
As of June 30, 2010, FLY's current assets totaled about \$2.5 million while its current liabilities totaled about \$148,000. FLY had about \$2.4 million in working capital. As of June 30, 2010, current assets included \$493,000 in cash, \$870,000 in investments, and \$1.1 million in receivables. Contract and grant receivables increased by \$895,000 from last year. This was the result of receiving multi-year grants the entire value of which is required to be booked in the fiscal year received. Combined with cash and investments, these comprised about 96.5% of FLY's total assets. FLY had about \$2.4 million in working capital.

Cash & Average Monthly Expenses
(\$ thousands)

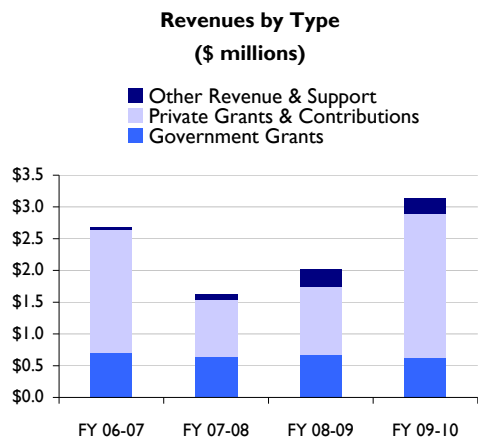


As of June 30, 2010, FLY had about \$493,000 in cash (some of which may have been restricted) compared to about \$150,000 in average monthly expenses. FLY had enough cash to cover more than three month's average expenses. The organization's average monthly expenses (net depreciation and in-kind expenses) grew 21% from FY 2006-07.

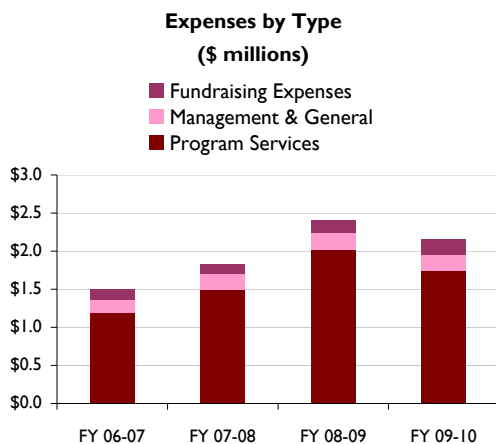
FRESH LIFELINES FOR YOUTH, INC. (continued)



For the year ended June 30, 2010, FLY's revenues totaled about \$3.1 million and expenses totaled about \$2.2 million, resulting in a surplus of about \$968,000. In FY 2007-08 and 2008-09, FLY had deficits of about \$196,000 and \$379,000. 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). During FY 2009-10, FLY again received three multi-year grants resulting in significant increase in its revenues.



FLY's total revenues increased by 16.4% from FY 2006-07 to FY 2009-10 while private grants increased by 15.8% and other revenues increased by about 446%. Also, in FY 2009-10, FLY recorded in-kind contributions of \$291,000, which were 9.3% of total revenues. In FY 2009-10, City of San José awarded \$294,000 in funding which accounted for 9% of the organization's total revenues.



FLY's total expenses increased 44% since FY 2006-07, but decreased 10% from last year. Program services were 81% of FLY's total expenses in FY 2009-10. Expenses for program services, management and general, and fundraising increased by 46%, 19%, and 61%, 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 all four fiscal years.
- 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

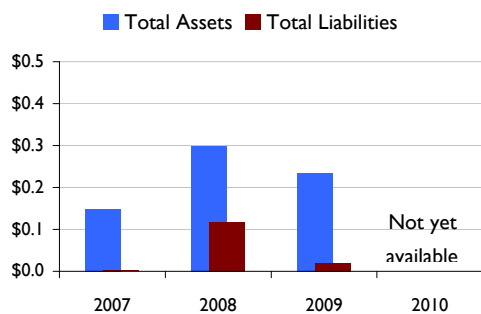
1659 Scott Blvd. #4, Santa Clara, CA 95050 | <http://healthmobile.org/>

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, preventable oral hygiene education and primary medical care. The organization has three mobile units equipped to deliver on-site medical care. In addition, it leases premises for providing dental care to disabled patients.

City of San José Funding: In FY 2009-10, the City of San José awarded Health Mobile \$255,000 in funding (\$120,00 for senior grant, \$135,000 youth grant) from HNVF. In FY 2010, Health Mobile provided 1,925 medical procedures to 800 seniors and 2,201 dental procedures to 800 children of San Jose. In FY 2010-11, the City awarded the organization the same amount of \$255,000.

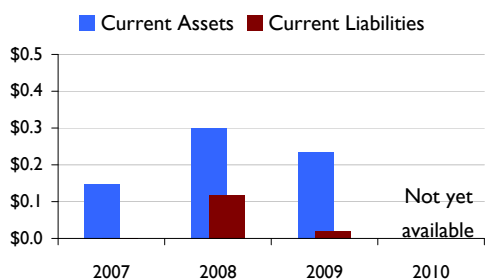
*Health Mobile's financial audit is based on a calendar year. As of the printing of this report, Health Mobile's 2010 audit was not yet completed. This report covers calendar years 2007 to 2009.

Total Assets & Liabilities
(\$ millions)



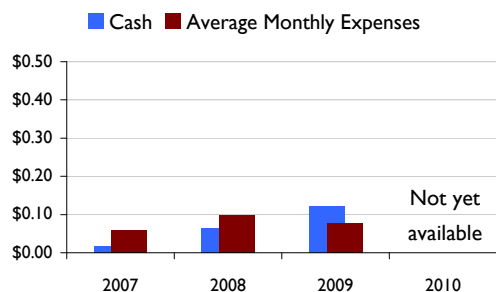
As of December 31, 2009, Health Mobile's assets totaled about \$235,000 and its liabilities totaled about \$20,000 resulting in a net worth of about \$215,000. The organization's net worth has increased by 47% since 2007.

Current Assets & Liabilities
(\$ millions)



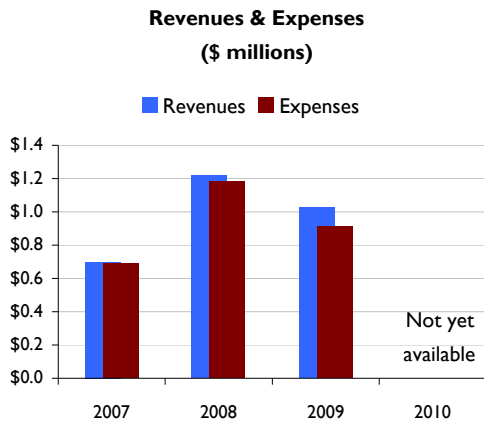
As of December 31, 2009, Health Mobile's current assets totaled about \$235,000 while its current liabilities totaled about \$20,000. Cash and grants receivables accounted for nearly all of Health Mobile's total assets. The organization has no long-term liabilities. As of December 31, 2009, its working capital was about \$215,000 which is an increase of 47% since 2007.

Cash & Average Monthly Expenses
(\$ millions)

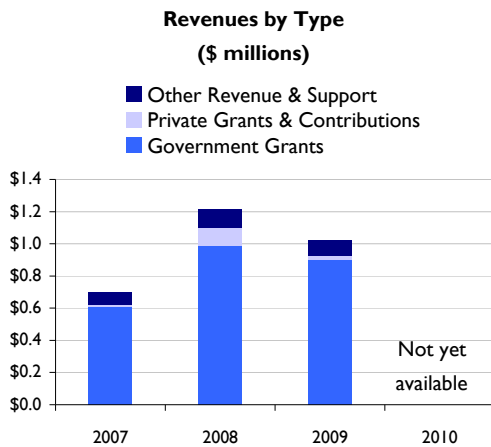


As of December 31, 2009, Health Mobile had about \$122,000 in cash (some of which may have been restricted) compared to average monthly expenses of about \$76,000, enough to cover more than one month's average expenses.

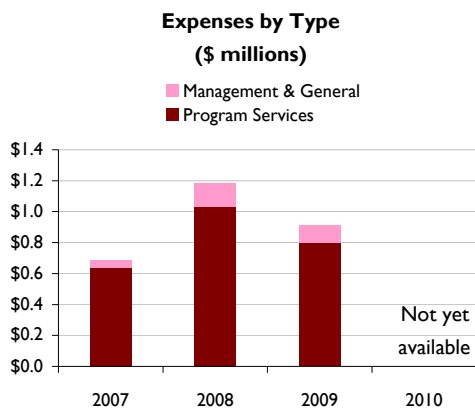
HEALTH MOBILE (continued)



For the year ended December 31, 2009, Health Mobile's revenues totaled about \$1.02 million and its expenses totaled about \$913,000, resulting in a surplus of \$111,000. The organization also had surpluses of \$9,000 and \$34,000 in 2007 and 2008, respectively.



Total revenues increased 47% from FY 2007 to FY 2009. For the year ended December 31, 2009, government grants accounted for 88% of Health Mobile's total revenues. Government grants, private grants and contributions and other revenue and support increased from 2007 to 2009 by 48%, 227%, and 19%, respectively. In 2009, seventy-eight percent of the organization's total revenues was concentrated in two grants (Santa Clara First Five and the City of San Jose). In FY 2009, the City of San José awarded Health Mobile \$176,000 in funding which was 17% of the organization's total revenues.



Total expenses increased 32% from 2007 to 2009. For the year ended December 31, 2009, program services accounted for 88% of total expenses. Program service expenses were for dental and medical services.

Notes based on financial statements:

1) Health Mobile received an unqualified audit opinion for all three years.

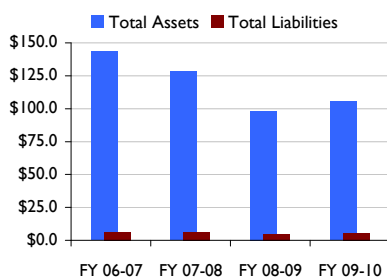
HEALTH TRUST

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.

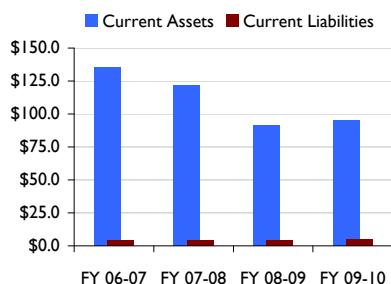
City of San José Funding: In FY 2009-10, the City of San José awarded The Health Trust \$1,241,615 in grant funding. At the end of FY 2009-10, The Health Trust had spent \$1,362,072, including \$1,234,360 in federal pass-through funds for Housing Opportunities for Persons with AIDS, a \$101,762 HNVF grant, and an additional \$25,950 for Meals on Wheels. For FY 2010-11, the City of San José has awarded The Health Trust \$1,301,248.

Total Assets & Liabilities
(\$ millions)



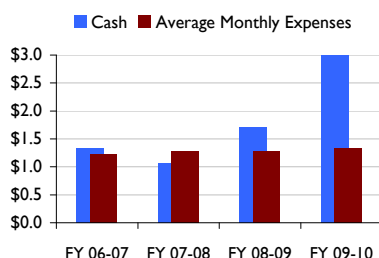
The Health Trust's net worth as of June 30, 2010, was \$100 million, nearly a 7% increase since FY 2008-09 but a 32% decline since FY 2006-07 (see Note on investments). The Health Trust's assets totaled \$105.4 million as of June 30, 2010, including \$91.8 million in total investments, \$7.5 million in land and buildings held for investment, and \$1.6 million in property and equipment. The Health Trust's investments made up about 87% of total assets at the end of FY 2009-10. The Health Trust's liabilities totaled \$5.4 million, including about \$3.3 million in current and long-term grants payable and over \$1.5 million in current and long-term accrued expenses.

Current Assets & Liabilities
(\$ millions)



The Health Trust's working capital as of June 30, 2010, was about \$90.4 million, about 31% less than at the end of FY 2006-07. As of June 30, 2010, current assets included \$90.7 million in investments. The fair value of The Health Trust's investments has increased by 2% since FY 2008-09, but has declined by about 32% (or \$42.1 million) since FY 2006-07. The Health Trust also had \$83.9 million in board-designated funds to be used for medically related services and expenditures provided within Santa Clara County.

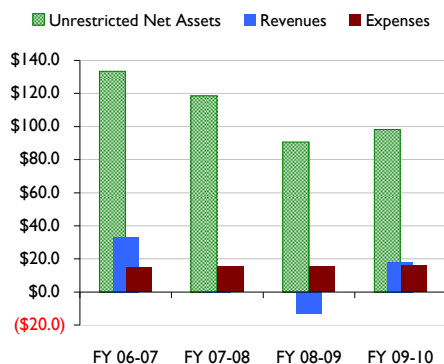
Cash & Average Monthly Expenses
(\$ millions)



As of June 30, 2010, The Health Trust had about \$3 million in cash, enough to cover over two months of average monthly expenses. In addition to cash, The Health Trust had \$90.7 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.

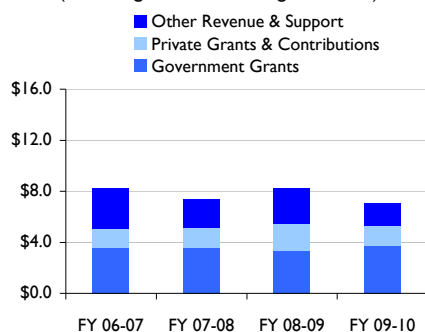
HEALTH TRUST (continued)

Revenues & Expenses (\$ millions)



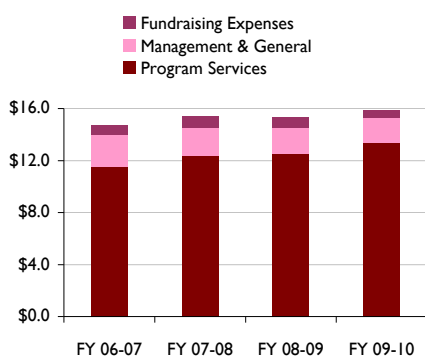
As a charitable foundation, The Health Trust typically depends on investment activities as a source of operating revenue. The value of The Health Trust's unrestricted net assets (including investments) as of June 30, 2010, was about \$98.3 million; this was 8% more than at the end of FY 2008-09. Unrestricted net assets had declined over the past three years, due mostly to net investment losses. Including about \$11 million in net investment income, The Health Trust had an operating gain of \$2.1 million as of June 30, 2010 (see Note 2 below). By comparison, The Health Trust had net investment gains of about \$25 million in FY 2006-07, while in FY 2008-09 The Health Trust experienced \$21 million in net investment losses.

Revenues by Type (\$ millions)
(excluding net investment gains/losses)



The Health Trust's revenues for FY 2009-10 (excluding net investment gains or losses as noted above) totaled about \$7.1 million, compared to \$8.2 million in FY 2008-09. The Health Trust also received about \$1.6 million in private grants and contributions in FY 2009-10; this revenue source has decreased by 25% since FY 2008-09. The Health Trust received about \$1.8 million in other revenues combined in FY 2009-10, including its fee-for-service activities. In FY 2009-10 The Health Trust received a total of \$3.7 million in government funding. The City of San José awarded The Health Trust over \$1.3 million; in total this was about 19% of total revenues in FY 2009-10. The City's funds are used to provide rental subsidies to low-income HIV-positive clients who are homeless or at risk of homelessness, and to provide support services as necessary to help clients obtain and maintain permanent housing.

Expenses by Type (\$ millions)



The Health Trust's expenses in FY 2009-10 totaled about \$15.9 million, about a 8% increase since FY 2006-07. About 84% (\$13.3 million) of The Health Trust's expenses in FY 2009-10 were related to program services, including about \$4.8 million in salaries and related expenses. Management and general expenses were about \$2 million in FY 2009-10, a 18% decrease since FY 2006-07.

Notes based on financial statements:

- 1) The Health Trust received an unqualified opinion from its external auditors for financial statements for 2007, 2008, 2009 and 2010.
- 2) Including about \$4.2 million in fair value of land and building held for investment, The Health Trust had an operating gain (change in net assets) of about \$6.3 million as of June 30, 2010.
- 3) 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.
- 4) The fair value of Health Trust's investment portfolio declined from \$132.8 million in 2007 to \$119.2 million in 2008, \$89.2 million in 2009, and up to \$91.1 million in 2010. 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.

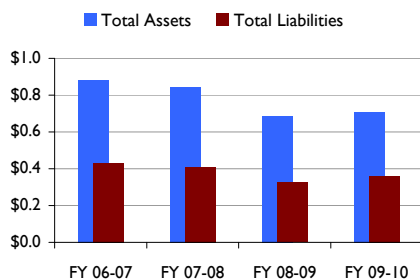
HISTORY SAN JOSÉ

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

The City of San José owns various historic assets related to the City and Santa Clara Valley, including History Park (at Kelley Park) with its historic and reconstructed structures; the Peralta-Fallon Historic Site (in downtown San José); and the Collection Center (located within the City Central Service Yard), which houses a permanent museum collection. In 1995, the City council approved a plan to transfer the operation and maintenance of these 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.

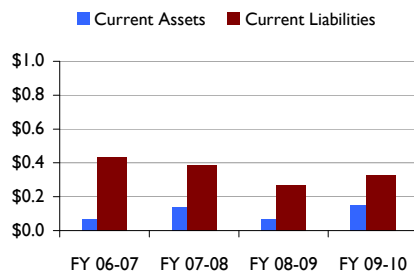
City of San José Funding: In 1998, the City entered into an agreement whereby the City retained HSJ to operate and maintain the Museum and Collection. In FY 2009-10, City of San José grants to HSJ included \$875,000 for operating and maintenance, \$3,000 in grant funds, and in-kind support that included the donation of facilities at 1661 Senter Road (valued at \$48,000), for total City support of \$926,000. In FY 2010-11, the City granted \$825,000 for operating and maintenance and \$48,000 in donated facilities for a total of \$873,000.

Total Assets & Liabilities
(\$ millions)



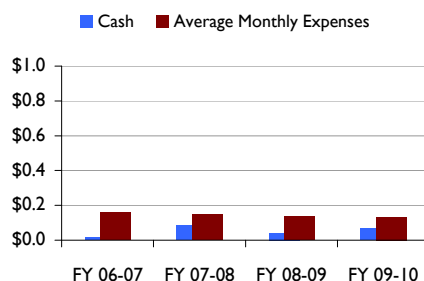
As of June 30, 2010, HSJ's assets totaled about \$708,000 while liabilities totaled about \$361,000 for a net worth of about \$346,000. Leasehold improvements and equipment accounted for about 76% of total assets while cash accounted for about 10%. Prior to June 30, 2006, HSJ had borrowed, inconsistent with the donor restrictions, from permanently restricted net assets (the endowment) and as of June 30, 2010 the unpaid balance was \$125,326. Additionally, as of June 30, 2010, the amount borrowed from temporarily restricted net assets totaled \$85,212, also inconsistent with donor-imposed restrictions. (See notes for more information.) The operating and maintenance payment from the City was reduced to \$825,000 due to HSJ's failure to meet scheduled repayments and due to the City's budget reductions.

Current Assets & Liabilities
(\$ millions)



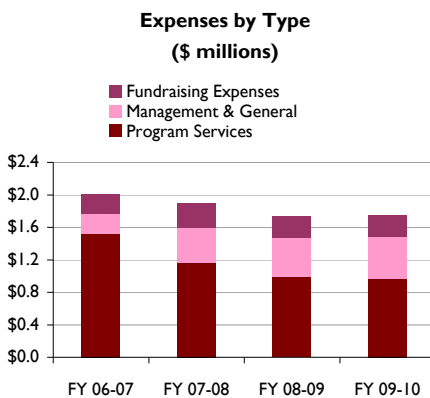
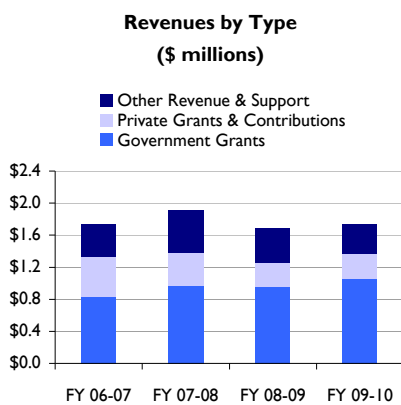
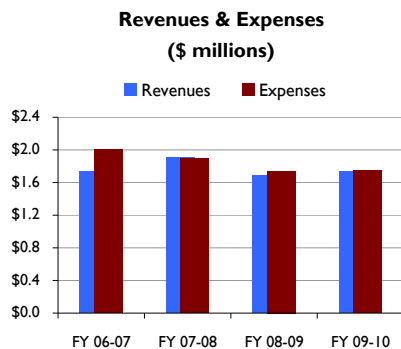
As of June 30, 2010, HSJ's working capital totaled negative \$178,000, and consisted of current assets of about \$153,000 and current liabilities of about \$331,000. HSJ's agreement with the City requires HSJ to maintain a cash reserve equal to about 25% of HSJ's annual operating budget. However, this requirement has been temporarily suspended for 2010 through 2012 while HSJ works on repaying the endowment and temporarily restricted net assets.

Cash & Average Monthly Expenses
(\$ millions)



As of June 30, 2010, the organization's cash totaled about \$68,000 (of which about \$19,000 was restricted). However, average monthly expenses were about \$132,000. 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. However, the cash reserve requirement has been suspended through 2012. (See Notes.)

HISTORY SAN JOSÉ (continued)



HSJ ended FY 2009-10 with a deficit of about \$14,000, or about 1% of expenses. HSJ's management advises that the deficit was due to lower than expected revenues. In FY 2008-09, the organization ended the year with a deficit of about \$51,000, or about 3% of expenses. In FY 2007-08, HSJ had a surplus of about \$14,600 but in FY 2006-07 had a deficit of about \$272,000, or about 14% of expenses.

Revenue totaled about \$1.7 million in FY 2009-10, an increase of 2% compared to FY 2008-09, and about the same as in FY 2006-07. Since FY 2006-07, government grants as a percentage of total funding have increased from 48% to 61% while private grants and contributions as a percentage have decreased from 29% to 18%. The City of San José provided about 53% of the organization's total revenues, a decrease from 55% in the prior year. Other government funding increased from less than 1% in FY 2008-09 to about 7% of total funding and totaled about \$127,000 in FY 2009-10. HSJ's management advises that one strategy to increase financial support will include new summer programming with partners to increase attendance and allow HSJ to charge an admission fee on weekends. Management also anticipates increased earned income at the Peralta-Fallon Historic Site once the San Pedro Square Market is complete through tours, event rentals, and merchandising.

Expenses totaled about \$1.7 million in FY 2009-10, about the same as in FY 2008-09 and about 13% less than in FY 2006-07. Spending on program services was about 55% of total spending, down from about 76% in FY 2006-07. HSJ's management advises that the lower percentage for program services since FY 2007-08 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. According to HSJ management, in FY 2009-10, the organization eliminated two full-time positions and reduced another two to part time. HSJ has been actively seeking partners to share staff and office expenses and has recently formed two new partnerships.

Notes based on financial statement audits:

- 1) For the fiscal years ending 2007, 2008, 2009, and 2010 HSJ received an unqualified audit opinion but the audit noted (quote from FY 2009-10): "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 condition raises substantial doubt about History San Jose's ability to continue as a going concern."
- 2) Financial statement auditors noted that the operating agreement with the City of San Jose states that the City will provide \$875,000 to HSJ each year in fiscal years 2010 through 2012. However, it further notes that the amount has been reduced to \$825,000 in fiscal year 2011 due to budgetary constraints. The agreement states commencing in 2010 through 2012 that 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) The financial statements note that HSJ has an endowment fund whose purpose is to promote, receive and accept gifts from the members of HSJ and friends of the museum, the principal of which shall not be distributed. HSJ, inconsistent with these requirements, spent endowment funds on operations. Similarly, HSJ also used temporarily restricted assets for purposes other than those prescribed by the donor-imposed restrictions.

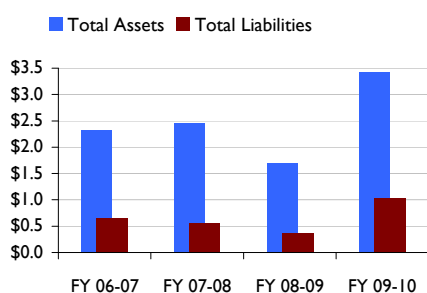
LAW FOUNDATION OF SILICON VALLEY

152 North 3rd Street, San José, CA 95112 | 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.

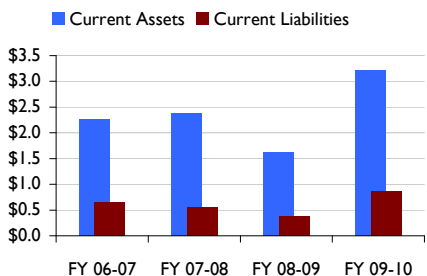
City of San José Funding: In FY 2009-10, the City of San José awarded the Law Foundation \$285,089 in pass-through CDBG funding from the U.S. Department of Housing and Urban Development. For FY 2010-11, the City has awarded the Law Foundation another \$285,089 in pass-through CDBG funding.

Total Assets & Liabilities
(\$ millions)



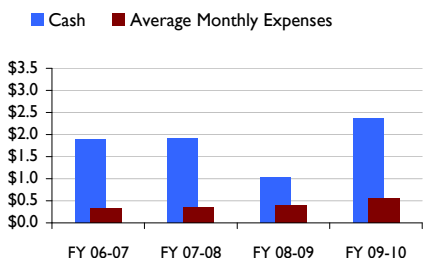
The Law Foundation's net worth as of June 30, 2010, was \$2.4 million, which was up about 43% since FY 2006-07. The Law Foundation of Silicon Valley's assets totaled \$3.4 million at the end of FY 2009-10, twice as much compared to the end of FY 2008-09. About 69% of total assets consisted of cash. The Law Foundation's liabilities totaled \$1 million in FY 2009-10, of which about 64% were accrued expenses that had not yet been paid. At the end of FY 2009-10, the Law Foundation's total debt was about 30% of its total assets.

Current Assets & Liabilities
(\$ millions)



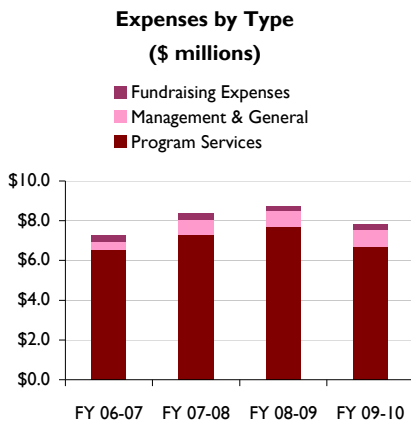
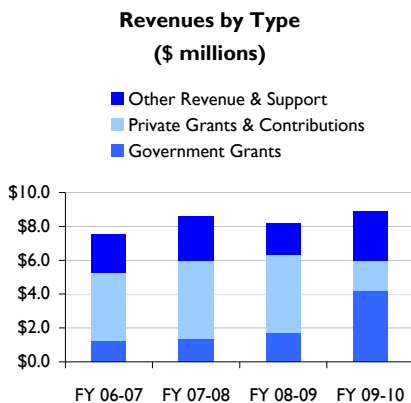
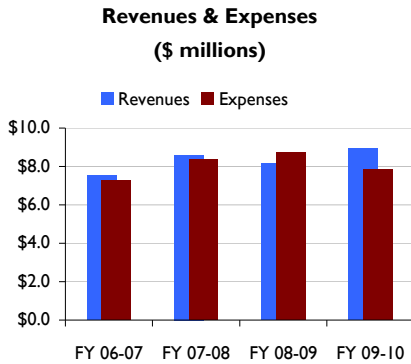
At the end of FY 2009-10, working capital for the Law Foundation totaled over \$2.3 million, a increase of about 47% since FY 2006-07. As of June 30, 2010, the Law Foundation of Silicon Valley had \$3.2 million in current assets and about \$859,000 in current liabilities. In other words, the Law Foundation had over \$3 for every \$1 owed. Current assets in FY 2009-10 included about \$2.4 million in cash and over \$700,000 in accounts receivable.

Cash & Average Monthly Expenses
(\$ millions)



As of June 30, 2010, the Law Foundation had about \$2.4 million in cash, enough to cover over four months of average expenses. Cash, some of which may be restricted, increased by 131% since FY 2008-09. Meanwhile, accounts receivable increased from about \$511,000 at the end of FY 2008-09 to about \$706,000 at the end of FY 2009-10, a 38% increase, due primarily to increased billings for the Legal Advocates for Children & Youth (LACY) Dependency program.

LAW FOUNDATION OF SILICON VALLEY (continued)



For the year ending June 30, 2010, the Law Foundation of Silicon Valley had an operating surplus of over \$1 million, which was about 14% of expenses in that year. The surplus came after a deficit of about \$570,000 in FY 2008-09. Since FY 2006-07, total revenues for the Law Foundation increased by 19%, while total expenses have increased by 8%.

The Law Foundation's revenues in FY 2009-10 totaled over \$8.9 million, a 9% increase since FY 2008-09. In FY 2009-10, 47% (\$4.2 million) of the Law Foundation's revenues came from government grants, including a state grant of \$2.8 million for the Legal Advocates for Children & Youth (LACY) Dependency program. This marks a significant change from FY 2007-08 and FY 2008-09 when private grants and contributions were the main source of revenue. About 33% (\$2.9 million) of revenues in FY 2009-10 came from all other revenue sources combined, including over \$1.1 million worth of fee awards. In FY 2009-10, the City of San José awarded the Law Foundation \$285,089 in grant funding, which made up about 3% of total revenues that year. Ninety-one percent (\$260,000) of this funding was allocated towards the San José Fair Housing Consortium; the remaining funding was allocated to the Mental Health Advocacy Project. In FY 2009-10, the Fair Housing Law Project (FHLP) provided full legal representation to over 50 clients and individual consultations to more than 100 San José residents. FHLP also educated over 200 people about fair housing and lending issues at 17 outreach sessions, and provided 75 consultations to nonprofit agencies serving San José residents.

The Law Foundation's expenses in FY 2009-10 totaled about \$7.8 million, a 10% decrease since FY 2008-09. About 85% (\$6.7 million) of all expenses in FY 2009-10 were related to program services, a decrease of 13% since FY 2008-09. In FY 2009-10, management and general expenses increased by 8%, while fundraising-related expenses increased by 26%. Expenses for the Mental Health Advocacy Project in FY 2009-10 declined by 15% since FY 2008-09 to about \$1.1 million, while expenses for the Fair Housing Law Project declined by 19% to about \$817,000 in FY 2009-10.

Notes based on financial statements:

- 1) The Law Foundation of Silicon Valley received an unqualified opinion from its external auditors for its financial statements for the years ended 2007, 2008, 2009, and 2010.
- 2) The Law Foundation of Silicon Valley reported receiving \$1,208,248 in donated materials and services (in-kind contributions) for the year ended June 30, 2010. About 87% (\$1.1 million) consisted of donated service hours from attorneys, law students, paralegals, and other clerical services.

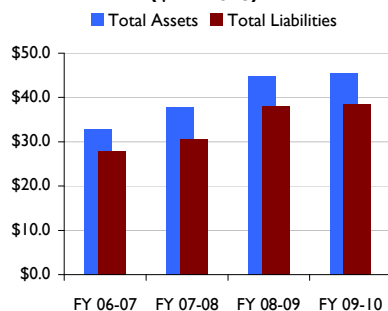
OPPORTUNITY FUND

111 West St. John Street, Suite 800, San José, CA 95113 | 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 microloans to small business owners, financial education and savings accounts for low-income families, and financing for high-impact community real estate developments including affordable housing, schools and healthcare clinics. Opportunity Fund is a not-for-profit financial institution certified by the U.S. Treasury Department.

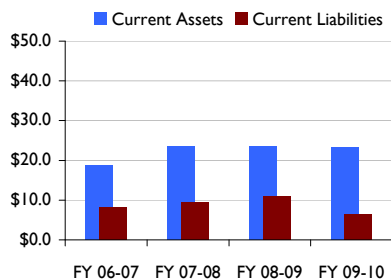
City of San José Funding: In FY 2009-10, the City of San José awarded Opportunity Fund \$258,677 in grant funding from a pass-through CDBG program. For FY 2010-11, the City of San José has awarded Opportunity Fund another \$258,677 in grant funding from a pass-through CDBG program.

Total Assets & Liabilities
(\$ millions)



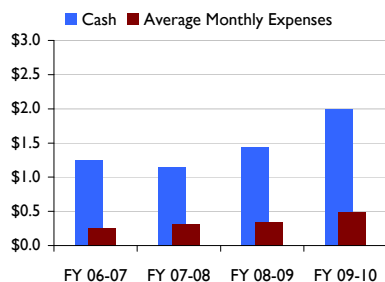
Opportunity Fund's net worth was \$7.1 million as of June 30, 2010; this was a 6% increase since FY 2008-09. Opportunity Fund's assets totaled \$45.6 million as of June 30, 2010, including over \$31 million in current and long-term loans receivable (69% of total assets). The Opportunity Fund's liabilities totaled nearly \$38.5 million as of June 30, 2010 including \$31.8 million (about 83% of total liabilities) of long-term loans payable (see Notes) and \$3.7 million in long-term notes payable. At the end of FY 2009-10, Opportunity Fund's total debt was about 84% of its total assets.

Current Assets & Liabilities
(\$ millions)



At the end of FY 2009-10, working capital for Opportunity Fund totaled \$16.8 million, a 34% increase since FY 2008-09. As of June 30, 2010, current assets totaled \$23.2 million and current liabilities totaled about \$6.4 million. Current assets consisted primarily of \$10.6 million in current loans receivable and \$9.2 million in restricted cash. Current liabilities consisted primarily of about \$5.7 million in current funds provided for programs without recourse.

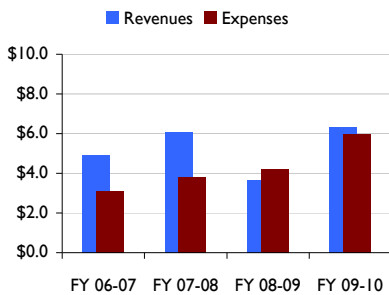
Cash & Average Monthly Expenses
(\$ millions)



As of June 30, 2010, Opportunity Fund had about \$2 million in unrestricted cash, enough to cover four months of average expenses. Opportunity Fund's cash balance as of June 30, 2010, was 39% higher than at the end of FY 2008-09 and 60% more than at the end of FY 2006-07. In addition, Opportunity Fund had \$9.2 million in restricted cash at the end of FY 2009-10.

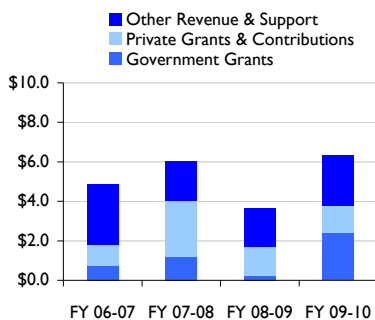
OPPORTUNITY FUND (continued)

Revenues & Expenses
(\$ millions)



For the year ended June 30, 2010, Opportunity Fund had a total surplus of about \$377,000. Opportunity Fund had enough unrestricted revenues to cover expenses in each of the past four fiscal years. Opportunity Fund typically receives grants and contributions in one year that are intended to be spent over multiple years. In FY 2009-10, over \$1.3 million in temporarily restricted revenues from prior years was released from restrictions and went towards specific programs and services.

Revenues by Type
(\$ millions)



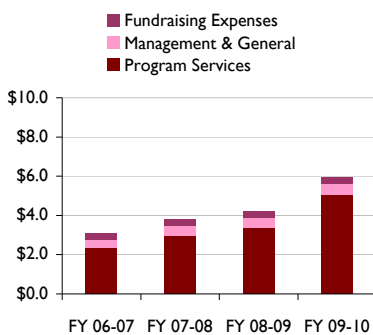
Opportunity Fund's unrestricted and temporarily restricted revenues in FY 2009-10 totaled \$6.3 million; this was a 73% increase since FY 2008-09. Of the \$6.3 million in total revenue in FY 2009-10, 40% (\$2.5 million) came from earned revenue and other support combined, which included contract income (\$1.1 million) and interest from loan programs (\$412,000).

Government grants were 38% (\$2.4 million) of revenues in FY 2009-10.

The City of San José provided about \$258,677 in grant funding from a pass-through CDBG program to Opportunity Fund in FY 2009-10, or about 4% of all revenues in FY 2009-10; about \$250,000 was used by the end of the fiscal year. The City's grant funding supports Microcredit San José,

Opportunity Fund's initiative to provide small business loans and business advising to lower-income entrepreneurs in San José.

Expenses by Type
(\$ millions)



Opportunity Fund's expenses in FY 2009-10 totaled about \$6 million, about a 42% increase since FY 2008-09. The increase was driven primarily by investments in additional program staff and a one-time investment in loan loss provisions to raise the reserve coverage across Opportunity Fund's loans. About 85% (\$5.1 million) of all expenses in FY 2009-10 were related to program services. Expenses for program services have increased by 49% since FY 2008-09 and 114% since FY 2006-07. Management and general expenses totaled about \$551,000 in FY 2009-10, up 32% from FY 2006-07. Opportunity Fund's growth over the past four years has supported \$88 million in new investments in the Bay Area's economically disadvantaged communities.

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, 2009 and 2010.
- 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 Bank Investors, Sobrato Affordable Housing Fund, the Housing Trust of Santa Clara County, and the Marin Workforce Housing Trust. These entities 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.

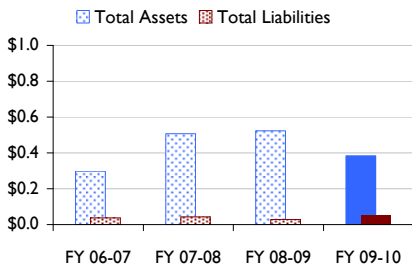
OUR CITY FOREST

151 West Mission Street, San José, CA 95110 | www.ourcityforest.org

The mission of Our City Forest is to cultivate a green and healthy San José metropolis by engaging community members in the appreciation, protection, growth and maintenance of the urban ecosystem, especially the urban forest. Our City Forest'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. Our City Forest also provides public education services relating to City tree laws, tree benefits and proper tree care.

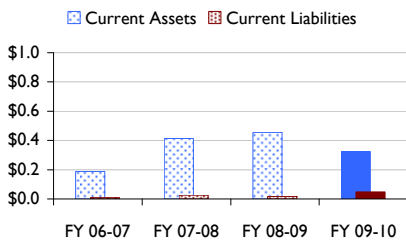
City of San José Funding: In FY 2009-10, the City of San José awarded Our City Forest with \$597,074 in funding and in-kind support including: (1) \$149,000 operating support to leverage non-City urban forestry funding, to develop and administer related programming, and to engage the broader community (2) \$120,000 to partially fund 22 full-time AmeriCorps service members providing tree planting, tree care and education citywide (3) \$66,000 to conduct a street tree inventory for DOT (4) \$60,000 from DOT to develop a best practices manual (5) \$96,000 to cover stipends of 16 part-time AmeriCorps service members working for DOT (6) \$5,000 ESD grant for watershed education in schools (7) \$8,000 ESD grant for Green and Healthy Neighborhood workshops and (8) \$93,074 in in-kind office space. In FY 2010-11 the City provided \$364,662 in funding including \$268,878 in grants and \$95,784 of below market use of office space. In addition, OCF is expected to receive \$35,000 from PRNS for tree planting and \$4,700 from ESD for educational outreach. See Notes below regarding financial data available from Our City Forest.

Total Assets & Liabilities (\$ millions)



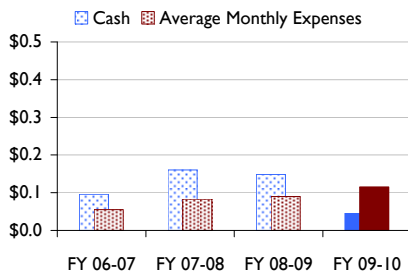
Our City Forest's net worth as of June 30, 2010 was about \$330,000 and consisted of assets totaling about \$384,000 and liabilities totaling about \$54,000. Receivables accounted for about 67% of total assets while property and equipment accounted for about 16%. Accounts payable and accrued expenses accounted for about 79% of Our City Forest's total liabilities.

Current Assets & Liabilities (\$ millions)



Current assets totaled about \$324,000 while current liabilities totaled about \$49,000, resulting in working capital of about \$275,000 as of June 30, 2010

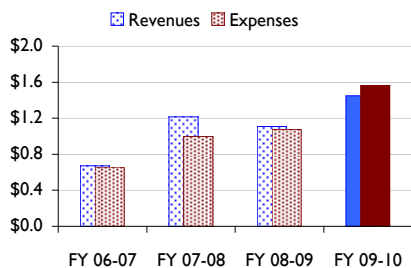
Cash & Average Monthly Expenses (\$ millions)



As of June 30, 2010, Our City Forest had about \$46,000 in cash. Monthly expenses, however, averaged about \$116,000 during the year (excluding depreciation and in-kind contributions).

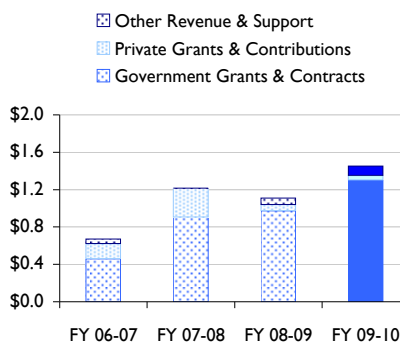
OUR CITY FOREST (continued)

Revenues & Expenses
(\$ millions)



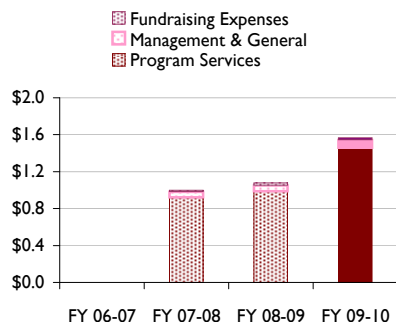
Expenses exceeded revenues by about \$116,000, or about 7% of expenses, for the year ended June 30, 2010. Our City Forest had a surplus (based on the unaudited financial data available) in the three prior years. According to Our City Forest, the deficit in FY 2009-10 was primarily due to mitigation funds that were lower than in the prior year as well as two state grants that were frozen for eight months.

Revenues by Type
(\$ millions)



Our City Forest's revenues in FY 2009-10 totaled about \$1.5 million, a 31% increase from FY 2008-09 and a 116% increase from FY 2006-07. In FY 2009-10, support from the City of San José accounted for about 41% of total revenue (including in-kind office space). Other sources of government funding included AmeriCorps, the American Recovery and Reinvestment Act, the federal USDA Forest Service, the California Department of Transportation, and the California Department of Forestry and Fire Protection.

Expenses by Type
(\$ millions)



Our City Forest's expenses in FY 2009-10 totaled about \$1.6 million, a 45% increase compared to FY 2008-09. (Details of expenses were not provided for FY 2006-07.) About 93% (\$1.5 million) of expenses in FY 2009-10 were related to program services.

Notes based on financial statements:

- 1) Our City Forest received an unqualified audit opinion for fiscal year ending 2010.
- 2) 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. Information in a compilation is not audited by the financial statement auditors and no opinion or any form of assurance is provided regarding it.

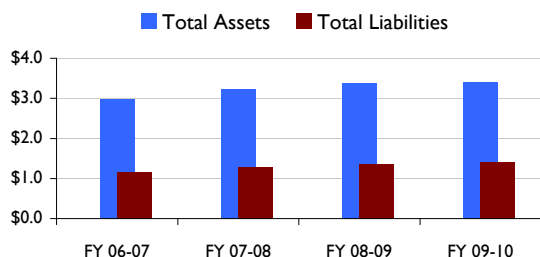
PATHWAY SOCIETY, INC.

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.

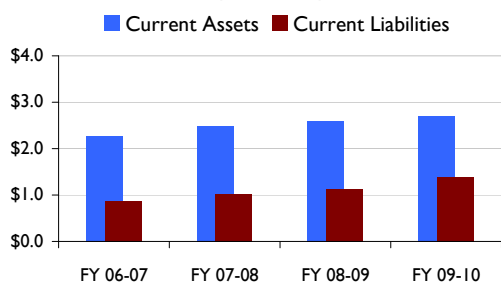
City of San José Funding: In FY 2009-10, Pathway Society was awarded a total of \$368,670 in City funding. Of these total awards, \$322,837 (BEST) was used to provide outpatient substance abuse day treatment services at-risk/high-risk youth and \$10,833 (SSIG) used to provide a summer program for at-risk/high-risk youth of gang and substance activities. According to Pathway Society, these programs served 4,571 San Jose youth. The remaining \$35,000 (HNVF) of total funds awarded was used to provide interactive family wellness programs to low-income and expecting parents. According to the organization, these programs served 1,483 San Jose adults. In FY 2010-11, the City has awarded the organization \$299,000.

Total Assets & Liabilities
(\$ millions)



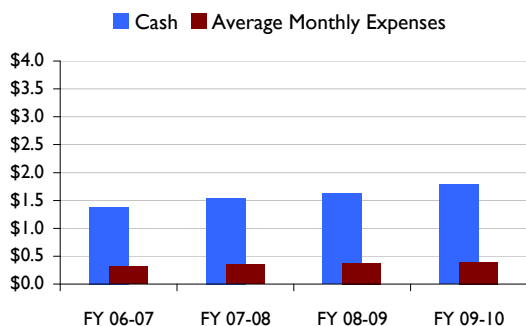
As of June 30, 2010, Pathway Society's assets totaled about \$3.4 million and liabilities totaled about \$1.4 million, resulting in a net worth of about \$2.0 million. The organization's total net worth grew 9% from FY 2006-07.

Current Assets & Liabilities
(\$ millions)



As of June 30, 2010, Pathway Society's current assets totaled about \$2.7 million while current liabilities totaled about \$1.4 million. Cash and grants receivables accounted for 95% (\$2.6 million) of Pathway Society's current assets. Accounts payable and accrued expenses accounted for 35% (\$489,000) of current liabilities. The current portion of notes payable (mortgage on its residential treatment facility) and line-of-credit (for its transitional housing unit and insurance) accounted for another 20% of current liabilities (\$284,000). As of June 30, 2010, working capital was about \$1.3 million.

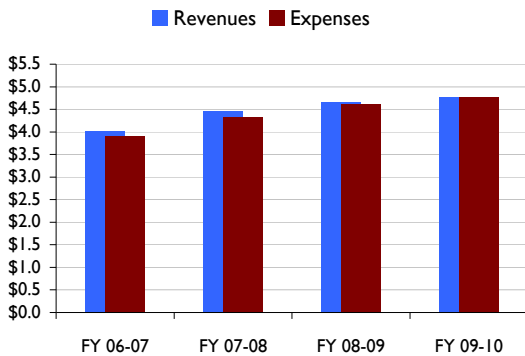
Cash & Average Monthly Expenses (\$ millions)



As of June 30, 2010, Pathway Society had approximately \$1.8 million in cash, which is equal to about 4.5 months of average expenses of \$394,000.

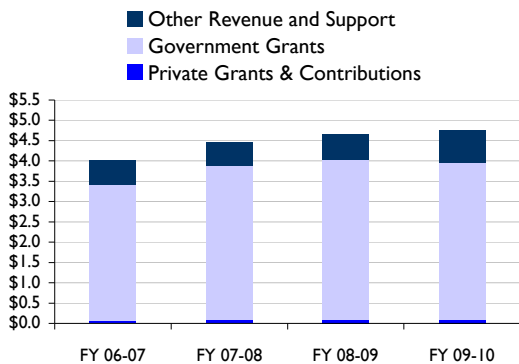
PATHWAY SOCIETY, INC. (continued)

Revenues & Expenses
(\$ millions)



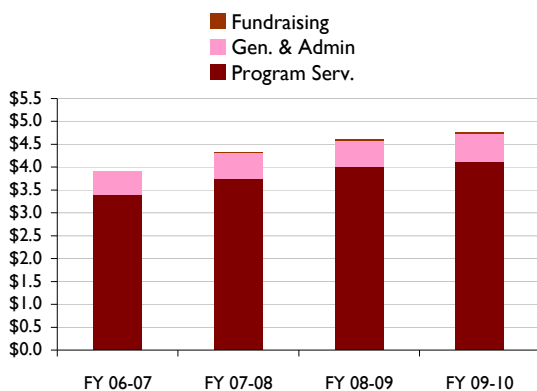
Pathway Society's revenues exceeded expenses in each of the last four years. For the year ended June, 30, 2010, the organization had a surplus of about \$3,000. The organization also had surpluses in FY 2006-07, 2007-08, 2009-10 of \$99,000, \$138,000, and \$47,000 respectively.

Revenues by Type
(\$ millions)



Total revenues increased 19% from FY 2006-07 to FY 2009-10. Pathway Society's government grant revenues accounted for 81% of the organization's total revenue. In FY 2009-10, the City of San José awarded \$368,670 in grants to the Pathway Society, Inc. City of San José financial assistance accounted for 8% of the organization's total revenues.

Expenses by Type
(\$ millions)



For the year ended June 30, 2010, Pathway Society's total expenses increased 22% from FY 2006-07. Program services were 86% 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 all four fiscal years.

REBUILDING TOGETHER SILICON VALLEY

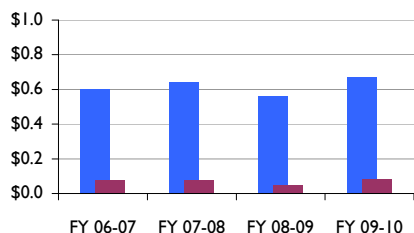
P.O. Box 21996, San José, CA 95151-1996 | www.rebuildingtogether-sv.org

Rebuilding Together Silicon Valley (RTSV) is a non-profit organization that performs free home accessibility and safety repairs/modifications for older adults and disabled homeowners in Santa Clara County. RTSV also serves other non-profit organizations so that they can dedicate their resources to the community rather than to facility repair.

Funding from the City of San José: 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. In FY 2010-11, the City again awarded \$303,268 in CDBG funds for the same program.

Total Assets & Liabilities
(\$ millions)

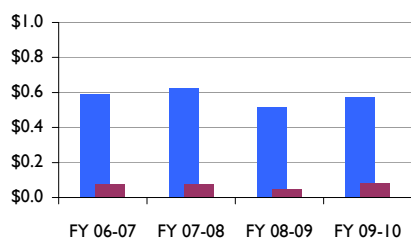
■ Total Assets ■ Total Liabilities



As of July 31, 2010, Rebuilding Together Silicon Valley's assets totaled about \$672,000 while liabilities totaled about \$81,000, resulting in a net worth of about \$591,000. Cash accounted for about 70% of total assets.

Current Assets & Liabilities
(\$ millions)

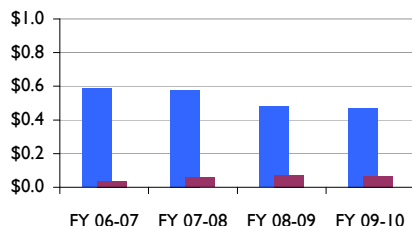
■ Current Assets ■ Current Liabilities



As of July 31, 2010, Rebuilding Together Silicon Valley's current assets totaled about \$575,000 while current liabilities totaled about \$81,000, resulting in working capital of about \$494,000.

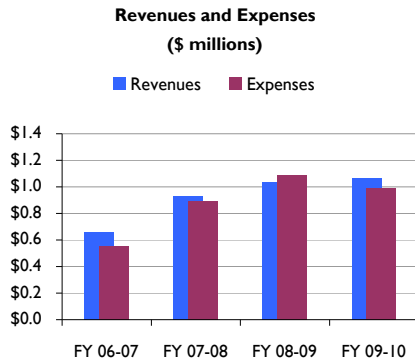
Cash & Average Monthly Expenses
(\$ millions)

■ Cash ■ Average. Monthly. Expenses

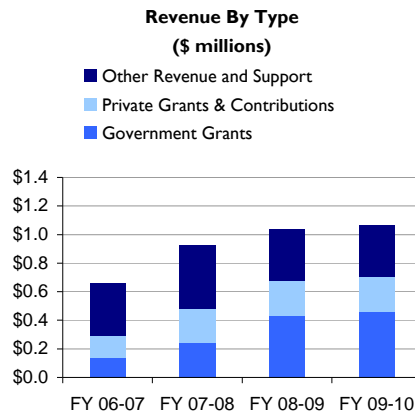


As of July 31, 2010, the organization's cash totaled about \$471,000, Average monthly expenses were about \$66,000 an increase of about 77% since FY 2006-07 primarily due to increased and expanded services but an 11% decrease from FY 2008-09. The financial statements noted that in 2010 the organization's Board of Directors continued to designate \$40,000 of the organization's approximately \$591,000 in unrestricted net assets for future general operating expenses and as a management planning tool.

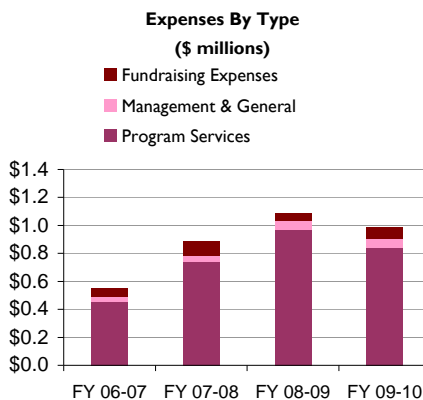
REBUILDING TOGETHER SILICON VALLEY (continued)



The organization ended FY 2009-10 with an operating surplus of about \$75,000. In FY 2008-09, the organization had ended the year with a deficit of about \$51,000. In the two prior years, the organization ended the year with surpluses of about \$38,000 (2008) and \$107,000 (2007).



Revenue totaled about \$1.1 million in FY 2009-10, an increase of 2% compared to FY 2008-09 and an increase of about 61% compared to FY 2006-07. Since FY 2006-07, government grants as a percentage of total funding has increased from 21% to 43%. The increase in government funding as a percentage of the total was due primarily to increases in funding from local governments, including the City of San José. Although the dollar amount that San José has provided to the organization has increased, as a percentage of government funding, San José has decreased from 74% in FY 2006-07 to 66% in FY 2009-10. In FY 2009-10, the City of San José provided \$303,268 in funding or about 29% of the organization's total revenues.



Expenses totaled about \$989,000 in FY 2009-10, 9% less than in FY 2008-09, but about 79% more than in FY 2006-07. Spending on program services was about 85% of total spending. Program services included 3,663 home and facility repairs at 231 facilities and residences in Santa Clara County.

Notes based on financial statement audits:

1) Rebuilding Together Silicon Valley received an unqualified audit opinion for fiscal years ending, 2007, 2008, 2009, and 2010.

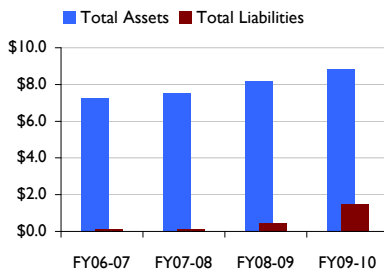
SACRED HEART COMMUNITY SERVICE

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.

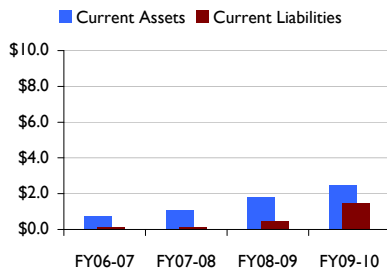
City of San José Funding: In FY 2009-10, the City of San José awarded \$1,270,559 in grant funding to Sacred Heart Community Service, including \$1,088,281 from federal American Recovery & Reinvestment Act (ARRA) program funds (to be spent over a 2-year period), \$110,000 from the Housing Trust Fund, \$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. At the end of FY 2009-10, \$447,345 had been spent. For FY 2010-11, the City of San José has awarded \$786,796 in grant funding to Sacred Heart Community Service.

Total Assets & Liabilities
(\$ millions)



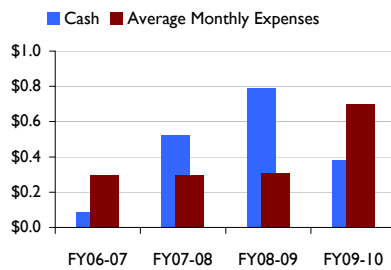
Sacred Heart's net worth as of June 30, 2010, was \$7.3 million, a 5% decrease since FY 2008-09, but a 3% increase since FY 2006-07. Sacred Heart Community Service's assets totaled \$8.8 million as of June 30, 2010. About 58% (\$5.1 million) of these total assets consisted of property, land, and equipment. Sacred Heart's liabilities totaled about \$1.5 million as of June 30, 2010; this consisted of accounts payable, accrued expenses, and deferred revenue. In FY 2009-10, Sacred Heart's total debt was about 17% of its total assets.

Current Assets & Liabilities
(\$ millions)



As of June 30, 2010, working capital for Sacred Heart was about \$1 million, 65% more than at the year ended June 30, 2007. Sacred Heart Community Service had about \$2.5 million in current assets, including \$1.9 million in grants receivables, and \$1.5 million in current liabilities.

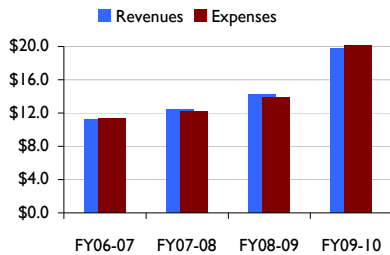
Cash & Average Monthly Expenses
(\$ millions)



Sacred Heart had about \$385,000 in cash at the end of FY 2009-10, more than four times the amount it had at the end of FY 2006-07. Cash has declined in FY 2009-10 compared to the prior year due to the increase in state and federal cost reimbursement contracts awarded to the agency. As of June 30, 2010, Sacred Heart Community Service did not have enough cash to cover a month of average monthly expenses, excluding about \$11.6 million worth in donated items that Sacred Heart received in that year.

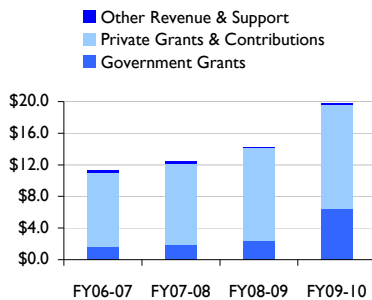
SACRED HEART COMMUNITY SERVICE (continued)

Revenues & Expenses
(\$ millions)



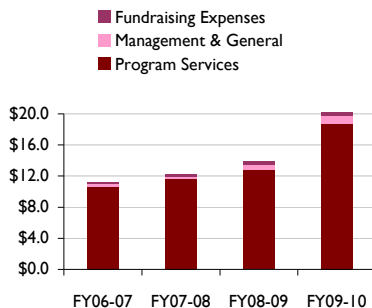
For the year ending June 30, 2010, Sacred Heart Community Service had a deficit of about \$376,000, which was about 2% of expenses in that year. In comparison, Sacred Heart had small surpluses in FY 2007-08 in FY 2008-09 and a deficit in FY 2006-07. Since FY 2006-07, total revenues and expenses for Sacred Heart have increased by 76% and 79%, respectively.

Revenues by Type
(\$ millions)



Sacred Heart's revenues in FY 2009-10 totaled nearly \$19.8 million, a 39% increase since FY 2008-09, including \$1.1 million in stimulus funds. Private grants and contributions were about 67% of all revenues (\$13.3 million) in FY 2009-10; this included about \$11.6 million of donated food, clothing, and household items from the community that are distributed as part of Sacred Heart's "Essential Services" programs. Sacred Heart also received \$6.4 million in government grants in FY 2009-10, a 167% increase since FY 2008-09 due mostly to the receipt of stimulus funding. (See Notes below.) In FY 2009-10, the City of San José awarded Sacred Heart Community Service over \$1.2 million in grant funding; \$447,345 was spent by the end of June 30, 2010. City funding comprised about 2% of Sacred Heart's revenues in FY 2009-10.

Expenses by Type (\$ millions)



Sacred Heart's expenses in FY 2009-10 totaled nearly \$20.2 million, a 45% increase since FY 2008-09. Including all items donated and distributed through the Essential Services programs, about 93% (\$18.7 million) of all expenses in FY 2009-10 were related to program services. Spending on program services has increased by 46% since last year and 76% since FY 2006-07, due to the use of stimulus funds. In FY 2009-10, City funds were used to prevent homelessness in 118 households, provide emergency food assistance to 2,654 individuals, clothing assistance to 2,000 individuals, housing assistance to 158 individuals, and a variety of academic and educational programs to children and parents.

Notes based on the financial statements:

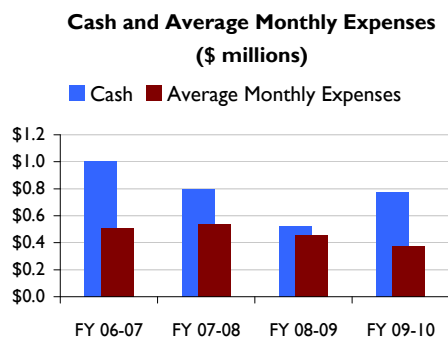
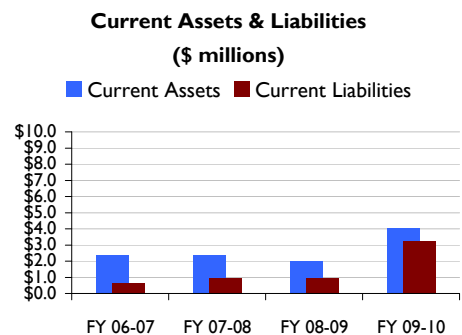
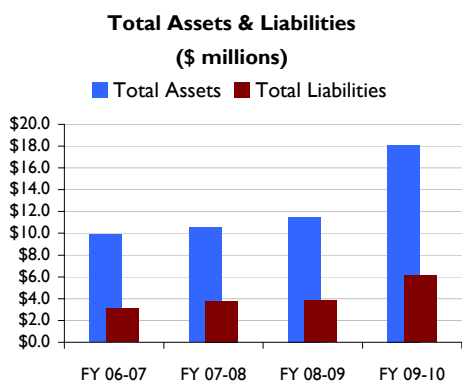
- 1) Sacred Heart Community Service received an unqualified opinion from its external auditors for its financial statements for the years ended 2007, 2008, 2009 and 2010. In a management letter accompanying the audit, auditors identified an issue with Sacred Heart's participant file documentation as part of the ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP). Management responded in the letter that it has taken action and is now in compliance with HUD guidelines.
- 2) The organization also received donated services in addition to the \$11.6 million in donated food, clothing, and other items. Sacred Heart Community Service received approximately 72,282 hours of volunteer time during the year ended June 30, 2010, at an estimated value of approximately \$1,507,080; the value of these services is not reflected in the financial statements or in the graphs above.
- 3) 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), \$2 million from Community Service Block Grant Funds, and \$2.1 million in DOE Weatherization Assistance Program funds.

SAN JOSE CONSERVATION CORPS

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

The San Jose 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 Jose Conservation Corps Charter School which provides vocational training as well as academic hands-on learning.

City of San Jose Funding: The City of San Jose awarded SJCC \$1,397,658 in funding, including service contracts in FY 2009-2010. The funding came from the following sources: GF, WIA, CDBG, IWM, and RDA. This includes a below-market lease whose fair market value is \$88,431. In FY 2010-11, SJCC was awarded \$658,711 in City funding, including service contracts.

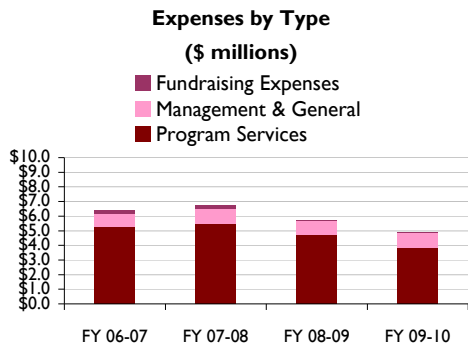
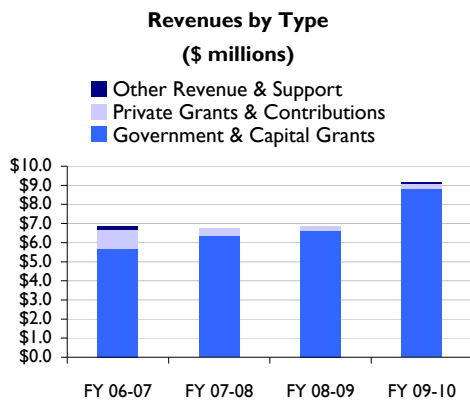
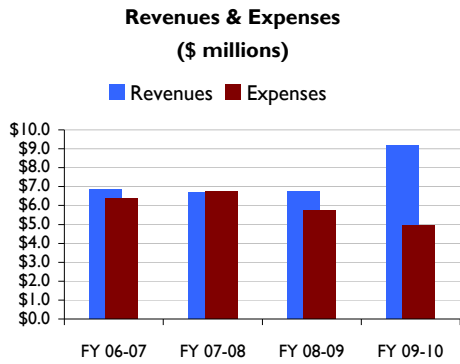


As of June 30, 2010, SJCC's assets totaled about \$18.1 million and liabilities totaled about \$6.1 million, leaving a net worth of about \$12 million. Property and equipment accounted for 62% (\$11.1 million) of the organization's total assets. This includes land and buildings acquired in 2003 and 2004. Property and equipment increased by \$4.2 million from the prior year primarily due to completed building improvements. Under its current liabilities, the organization owed \$1.9 million in construction costs related to these buildings. In February 2010, the organization entered into a revolving line-of-credit arrangement for \$730,000 which will be used to pay for the construction costs associated with the above-mentioned properties.

As of June 30, 2010, SJCC's current assets totaled about \$4 million while its current liabilities totaled about \$3.2 million. This includes the current portion on a note payable of about \$36,000. Current assets include about \$2.9 million in contracts and grants receivable (73% of total current assets). This was an increase of \$1.8 million from the previous year. As of June 30, 2010, SJCC had about \$791,000 in working capital.

As of June 30, 2010, SJCC had about \$904,000 in cash (of which \$125,000 was restricted). Its average monthly expenses were about \$374,000, leaving SJCC with enough cash to cover two month's average expenses. As of June 30, 2010, SJCC also had about \$73,000 in investments.

SAN JOSE CONSERVATION CORPS (continued)



For the year ending June 30, 2010, SJCC's revenues totaled about \$9.2 million while its expenses totaled about \$4.9 million. This left a surplus of \$4.2 million largely due to capital grants (\$4.2 million) for the property construction at 1560 and 1534 Berger Drive which has now been spent. In 2007-08, SJCC had a deficit of \$76,000 (or 1% of total expenses), which was covered by the release of grants received in prior years. In 2009, the organization had a surplus of about \$1 million. For the year ending June 30, 2010, SJCC had a surplus of \$4.2 million.

For the year ended June 30, 2010, SJCC's revenues totaled about \$9.2 million, including capital grants. Total revenues increased 33% since 2006-07, in spite of a decrease of 77% in contributions and a decrease of 60% in other revenues. Government and capital grant income comprised 97% (\$8.8 million) of the organization's total revenues for 2010. In 2009-10, the City of San Jose awarded SJCC \$1,397,658 million in total funding which accounts for about 15% of the organization's total funding in 2009-10. In 2007-08, SJCC ceased operation of the In-School Youth program due to lack of local funding. In FY 2009-10, SJCC was awarded \$32,820 in federal stimulus money which came from non-City sources.

For the year ended June 30, 2010, expenses totaled about \$4.9 million. Total expenses decreased 23% from 2006-07 to 2009-10 due to decreased funding. For the year ended June 30, 2010, program services expenses were about \$3.8 million, or 78% of SJCC's total expenses. Program services expenses include expenses for corpsmember training (109 students) and for the charter school (average daily attendance of 210 students) as reported by the organization.

Notes based on financial statements:

- 1) The San Jose Conservation Corps received an unqualified audit opinion in all four years. In a management letter accompanying its 2010 audit, the auditors reported prior year recommendations related to allocation of interest, depreciation, and fundraising costs have been resolved.
- 2) SJCC's external auditors stated, "In May 2009, the City of San Jose released the results of its independent audit on City contracts with the Corps for four fiscal years ending June 30, 2008. As a result of that audit, the City requested reimbursement for alleged overpayments on some of the contracts, which the Corps disputed. In December 2009, the parties reached a non-monetary resolution of the issues. The City Council approved the settlement agreement on January 12, 2010." 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. The City audit report can be found online at www.sanjoseca.gov/auditor/AuditReportsMemos.asp.

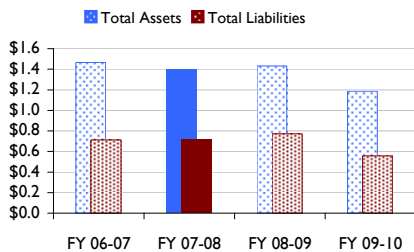
SAN JOSÉ DOWNTOWN ASSOCIATION

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

The purposes of the Association include: (1) encouraging, stimulating, and improving the business conditions in downtown San José (2) beautifying the downtown area (3) promoting and sponsoring public events and (4) promoting 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.

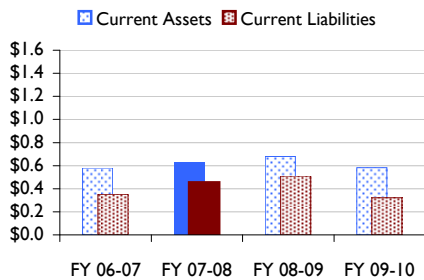
City of San José Funding: In FY 2009-10, the City of San José provided \$863,000 in financial assistance to the Association, including \$532,000 in contract services with the Redevelopment Agency (RDA), \$125,000 for public space programming, \$155,000 for the annual Ice Rink and \$51,200 from the Office of Cultural Affairs. BID assessments of about \$600,000 also flowed through the City to the Association resulting in total City funding of about \$1.5 million. In FY 2010-11, the City awarded about \$722,011 in grants and \$1,200 of in-kind donations. BID assessments also continued and, based on historical experience, are expected to total about \$600,000. (Data for all years below are from an accountant's review other than FY 2007-08 when the organization was audited-- indicated by solid bar graph. See Notes.)

Total Assets & Liabilities
(\$ millions)



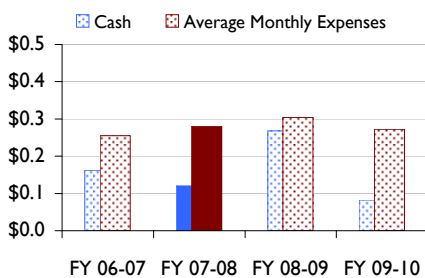
The Association's assets totaled \$1.2 million as of June 30, 2010 while liabilities totaled about \$558,000, resulting in a net worth of about \$628,000. About half of total assets consisted of property and equipment (\$605,000), including the ice rink equipment for the annual winter Ice Rink. Liabilities included a mortgage of about \$243,000 for the Association's office condominium. The Association's total debt was about 47% of its total assets at the end of FY 2009-10.

Current Assets & Liabilities
(\$ millions)



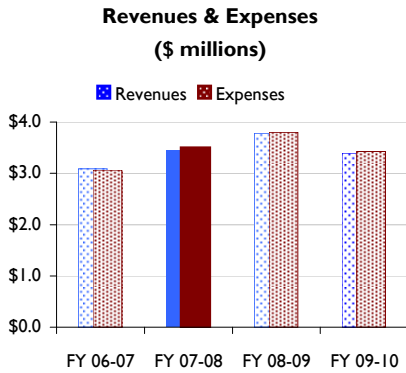
As of June 30, 2010, the Association had about \$581,000 in current assets and about \$323,000 in current liabilities, resulting in working capital of about \$258,000, a 14% increase compared to June 30, 2007. In terms of cash and other liquid assets, the Association had \$1.58 on hand for every \$1 in current debt as of June 30, 2010.

Cash & Average Monthly Expenses
(\$ millions)

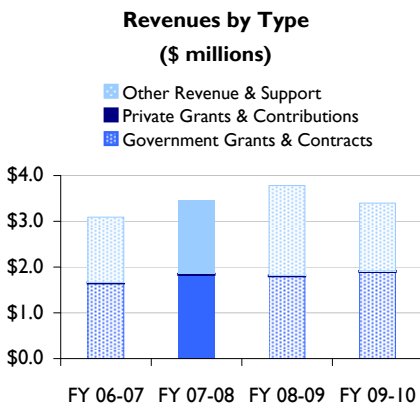


As of June 30, 2010, the Association had about \$83,000 in cash, which was not enough to cover one month of average expenses, excluding depreciation. The Association also had about \$429,000 in receivables as of June 30, 2010. The Association's management notes that cash flows vary throughout the year due to the Association's event productions and the timing of cash collections in accounts and contracts receivable; some of the event-related expenses are paid in the following fiscal year.

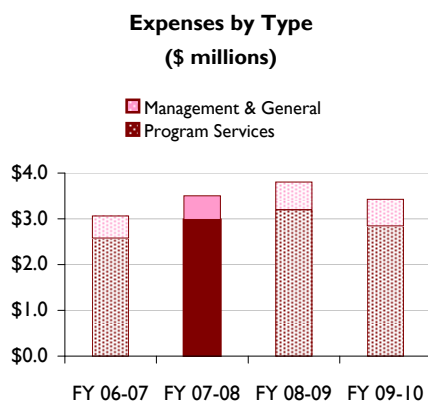
SAN JOSÉ DOWNTOWN ASSOCIATION (continued)



For the year ended FY 2009-10, the Association had a deficit of \$29,761, or less than 1% of expenses. The year ending June 30, 2010, was the third time in four years that the Association ran an operating deficit. The deficit for the year ending June 30, 2009 was \$16,341, also less than 1% of expenses. In each year, however, the Association notes that depreciation and amortization (non-cash expenses) were about \$150,000.



The Downtown Association's revenues in FY 2009-10 totaled \$3.4 million, a 10% increase compared to FY 2006-07 but a 10% decrease compared to FY 2008-09. Earned income sources totaled nearly \$1.9 million in FY 2009-10, a 28% increase since FY 2006-07 but a 7% decrease compared to FY 2008-09 due to decreases in event sponsorships, concessions, admissions, and participant fees. The City of San José provided the Association about \$1.5 million in FY 2009-10, or about 43% of all revenues. This included about \$532,000 in a RDA service contract for promotional activities and the management and coordination of such activities as well as an additional \$125,000 contract for public space programming for a total from RDA of about \$657,000. RDA funding accounted for about 19% of the Association's total revenues. Other City funding included \$155,000 in a contract for the Ice Rink, and \$51,000 in City grants as well as \$600,000 in BID assessments that flowed through the City. In prior years, the City had provided funding to the Association for the DASH Shuttle but such funding was discontinued in FY 2009-10. The Association also received \$14,000 in private grants and contributions in FY 2009-10.



Expenses in FY 2009-10 totaled \$3.4 million, a 12% increase since FY 2006-07 but a 10% decrease since FY 2008-09. About 83% (\$2.8 million) of expenses in FY 2009-10 were related to various programs and events such as Music in the Park, the Ice Rink, Farmers' Market, and various public events and promotions. Since FY 2006-07, management and general costs have remained about 15% to 17% of total expenses. The accountant's review reports did not separate fundraising expenses.

Notes based on financial statements:

1) The San José Downtown Association issued reviewed financial statements for the years ending June 30, 2007, 2009, and 2010. 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.

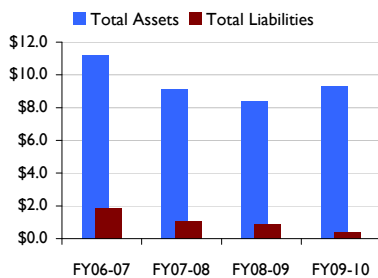
SAN JOSÉ MUSEUM OF ART

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

The San Jose Museum of Art is a museum of modern and contemporary art with an innovative, participatory approach to the visual arts and education and its commitment to accessibility. The Museum's mission is rooted in the belief that art is a central form of human communication and cultural expression, as well as a catalyst for creativity. The Museum's exhibitions and wide-ranging public and school programs are designed to connect art and life; promote cross-cultural understanding; and contribute to the vitality of downtown San Jose. The Museum's growing permanent collection focuses on the art of our time and California art in an international context.

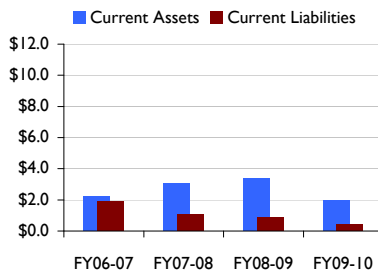
City of San José Funding: In FY 2009-10, the City of San José awarded \$816,987 worth of financial assistance to the Museum of Art, including \$500,000 in subsidies for operations and maintenance, \$226,722 in arts grants, a \$60,000 RDA grant, and \$30,265 for the Art School. In addition, the City of San José provides facilities for the museum, museum store and administrative offices at no charge to the Museum; the estimated fair value of rent for these facilities was \$1,638,001 at the end of FY 2008-09. Generally, the City is responsible for replacement of key building components and the Museum is responsible for general maintenance unless otherwise specified. In FY 2010-11, the City awarded the Museum \$669,371 in financial assistance, plus \$1.4 million in estimated fair value of rent for facilities at the end of FY 2009-10.

Total Assets & Liabilities
(\$ millions)



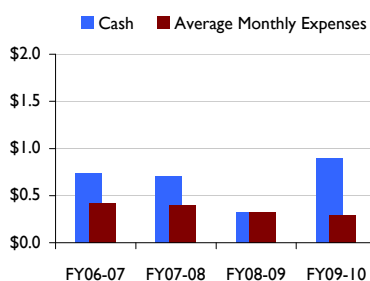
The Museum's net worth as of June 30, 2010, was \$8.9 million, a 4% decrease compared to June 30, 2007 and an 12% increase since June 30, 2008. The Museum's assets totaled \$9.3 million as of June 30, 2010, including \$5.7 million (61%) in investments and \$930,000 (10%) in estimated future earnings from foundation funds. The Museum's liabilities totaled about \$409,000 at the end of FY 2009-10, including about \$238,000 (58%) in accrued liabilities. At the end of FY 2009-10, the Museum's total liabilities were about 4% of its total assets.

Current Assets & Liabilities
(\$ millions)



At the end of FY 2009-10, the Museum's working capital was about \$1.5 million, a 38% decrease compared to FY 2008-09. As of June 30, 2010, the Museum had about \$1.9 million in current assets and about \$409,000 in current liabilities. Current assets included \$817,000 in contributions receivable and \$1 million in cash; only \$267,000 in cash was unrestricted.

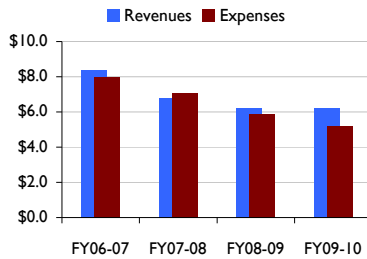
Cash & Average Monthly Expenses
(\$ millions)



As of June 30, 2010, the Museum had about \$1 million in cash, including about \$267,000 in unrestricted cash and about \$634,000 in temporarily restricted cash for programs and art acquisitions. In total, the Museum had enough unrestricted and temporarily restricted cash to cover three months of average expenses, excluding in-kind rent from the City of San José and other in-kind or volunteer expenses.

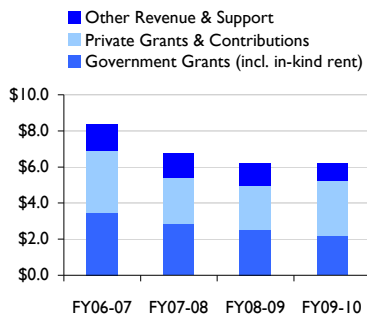
SAN JOSÉ MUSEUM OF ART (continued)

Operating Revenues & Expenses (\$ millions)



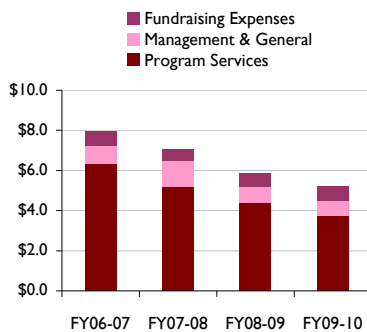
For the year ended June 30, 2010, the Museum received \$6.2 million in revenues and incurred \$5.2 million in operating expenses. The Museum also had nonoperating activities resulting in a net gain of about \$392,000, including endowment investment income of about \$419,000. The Museum has had an operating surplus in three of the past four years. According to the Museum, since early 2009, new Museum leadership has restructured the organization to align costs with reductions in contributions, earned revenues, and endowment assets, as the result of the economic downturn. Including both operating and nonoperating activities, the Museum had a surplus of nearly \$1.4 million for the year ended June 30, 2010.

Operating Revenues by Type (\$ millions)



The Museum's revenues for the year ended June 30, 2010 totaled \$6.2 million, a 26% decrease since FY 2006-07. Private grants, contributions and in-kind support totaled nearly \$3 million, or 48% of all revenues in FY 2009-10. Government grants totaled \$2.2 million, or 36% of all revenues in FY 2009-10. The City of San José awarded the Museum of Art \$816,987 in grant funding in FY 2009-10. 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 \$1.4 million for the year ended June 30, 2010, and was recorded as part of the Museum's support and revenue. In total, the City provided about 36% of the Museum's revenue in FY 2009-10. In FY 2009-10, the Museum had a total attendance of more than 93,000, including about 50,000 in general admission and 30,000 participants in education programs. According to the Museum, the City's grant funding went towards arts education programs in the Museum, as well as in schools throughout Santa Clara County.

Operating Expenses by Type (\$ millions)



The Museum's operating expenses for the year ended June 30, 2010 totaled about \$5.2 million, a 41% decrease since FY 2006-07. The estimated value of in-kind rent of \$1.4 million from the City of San José was included in total expenses. About \$3.7 million, or 72% of total operating expenses in FY 2009-10, were related to program services, which included museum exhibitions, arts education programs, and the Museum Store. Management and general operating expenses were about \$782,000 in FY 2009-10, a 14% decrease since FY 2006-07. Fundraising operating expenses were about \$701,000 in FY 2009-10, a 2% decrease since FY 2006-07.

Notes based on financial statements:

1) The San José Museum of Art Association received an unqualified opinion from its external auditors for their financial statements for the fiscal years ended 2007, 2008, 2009 and 2010. In a management letter accompanying the audit, auditors identified a number of issues from prior years, including the accounting and recognition of both government and non-government restricted grants and contributions. Management has implemented many of the prior audits' recommendations and is taking action to address the remaining outstanding issues.

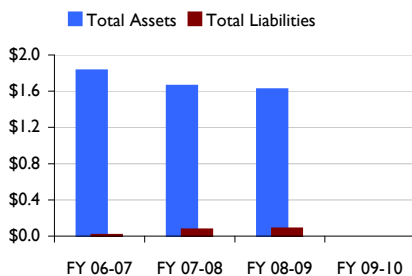
SAN JOSÉ POLICE ACTIVITIES LEAGUE

680 South 34th Street, San José, CA 95116 | www.sjdpal.com

The San José Police Activities League (PAL) provides amateur athletic programs under the direction of qualified police officers for the purpose of promoting community involvement and preventing juvenile delinquency. San José Police Activities League is a nonprofit voluntary health and welfare organization that was incorporated in 1968.

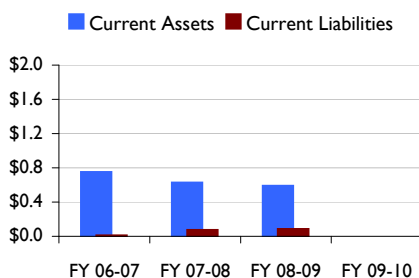
City of San José Funding: In FY 2008-09, the City of San José contributed in-kind donations to PAL that totaled \$1.6 million. This included: seven employees, office space, utilities, communications, supplies, equipment, maintenance, vehicles and other items considered necessary to support PAL programs. See the Notes below for information on PAL's stadium lease agreement with the City. As of the printing of this report, PAL's FY 2009-10 audit was not yet completed (see the Notes for more information). However, the Police Department estimated that its contribution to PAL in FY 2009-10 totaled \$963,000 and in FY 2010-11 would total about \$450,000.

Total Assets & Liabilities
(\$ millions)



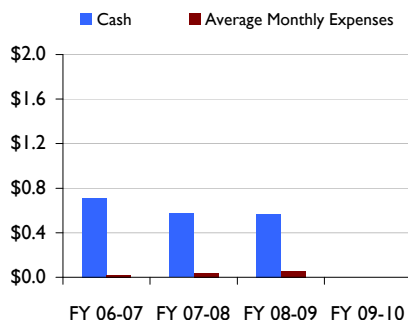
As of June 30, 2009, PAL's assets totaled \$1.6 million while liabilities totaled about \$82,000, resulting in a net worth of about \$1.5 million. More than half of total assets consisted of property and equipment (\$956,000), including stadium improvements to the City-owned stadium and a fitness center. Cash accounted for about 35% of PAL's total assets. About half of PAL's liabilities was revenue already collected for services not yet provided.

Current Assets & Liabilities
(\$ millions)



PAL had about \$504,000 in working capital as of June 30, 2009. PAL also had about \$586,000 in current assets, of which about 96% was cash. Current liabilities totaled about \$82,000.

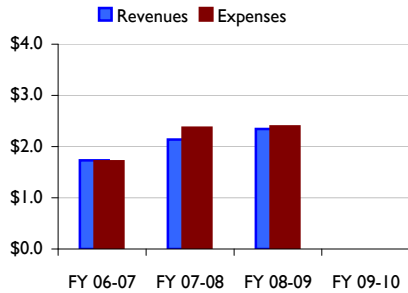
Cash & Average Monthly Expenses
(\$ millions)



As of June 30, 2009, PAL had about \$565,000 in cash, of which most (\$540,000) was unrestricted and was enough to cover more than two months of average expenses, excluding depreciation and in-kind. (Note the in-kind donations were significant, accounting for about 70% of the organization's revenue and came primarily from the City of San José.)

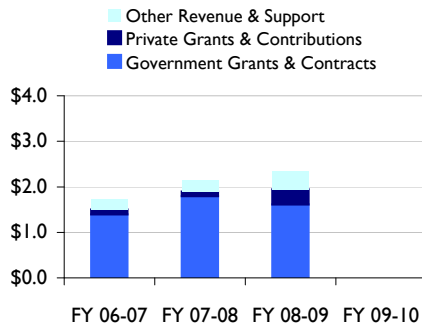
SAN JOSÉ POLICE ACTIVITIES LEAGUE (continued)

Revenues & Expenses
(\$ millions)



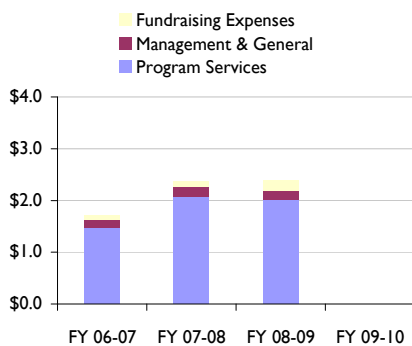
The year ending June 30, 2009, was the second time in three years that PAL ran an operating deficit. For the year ended FY 2008-09, PAL had a deficit of \$49,135, or about 2% of expenses.

Revenues by Type
(\$ millions)



PAL's revenues in FY 2008-09 totaled \$2.3 million, a 35% increase over two years. Significant revenue sources include in-kind donations (\$1.6 million from the City of San José), contributions (\$327,000), and stadium income (\$181,000), and program fees (\$178,000). The City of San José's in-kind contributions accounted for about 69% of the organization's total revenues and support in FY 2008-09.

Expenses by Type
(\$ millions)



Expenses in FY 2008-09 totaled \$2.4 million, a 40% increase since FY 2006-07 and a 1% increase compared to FY 2008-09. Program services accounted for about 84% of spending and included working closely with children in the community to provide sports recreation and delinquency prevention. Sports activities included boxing, baseball, football, law enforcement, martial arts, soccer, and softball.

Notes based on financial statements:

- 1) PAL received an unqualified opinion from its external auditors for financial statements in 2007, 2008, and 2009.
- 2) A management letter accompanying the 2009 audit noted several areas regarding the need for improved internal controls and operating efficiency. These included: signed approvals for payroll; failure to submit an annual audit to the City of San José timely; signed contractor agreements, lack of a formal accounting manual, stadium rental agreements (see below), temporarily restricted donations received and released were not tracked, and control over cash receipts including those for cash from people entering the stadium. Neither PAL's board or management provided a response to the auditor's report.
- 3) As of the writing of this report in early 2011, PAL had not yet issued financial statements for the year ending June 30, 2010 so the requirement to submit an audit to the City within 90 days of the end of the fiscal year was again not met.
- 4) The stadium lease also requires setting aside 50% of special events proceeds in excess of \$50,000 in a separate account for future stadium repairs and maintenance expenditures. The management letter notes that this provision was not met (but the audit also previously notes that the \$50,000 in proceeds threshold was not met).

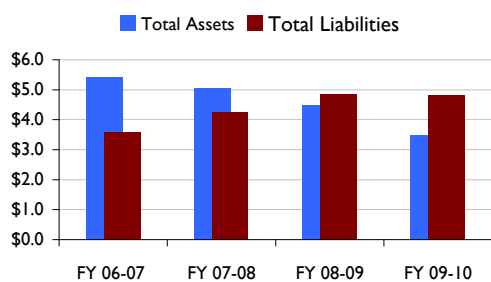
SAN JOSÉ REPERTORY THEATRE

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.

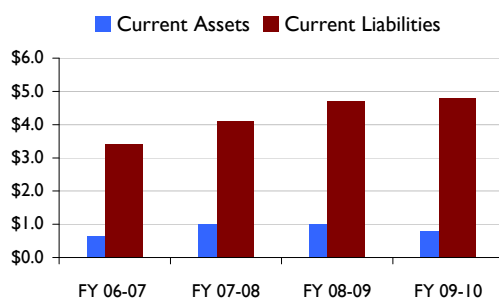
City of San José Funding: In FY 2009-10, the City awarded the Rep a total of \$880,623. These awards included: \$82,138 (TOT), \$23,485 (GF - Arts Multiyear Stabilization Fund), \$300,000 (Operations & Maintenance subsidy), \$475,000 (est. fair market value of lease). Under the terms of the "Operation 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. In addition, the Rep entered into a \$2 million line-of-credit agreement with the City in October 2006. As of August 31, 2010, the Rep owed \$1.99 million on this line-of-credit. In FY 2010-11, the City has awarded the Rep \$876,853 (TOT, GF, O&M, est. lease value).

Total Assets & Liabilities
(\$ millions)



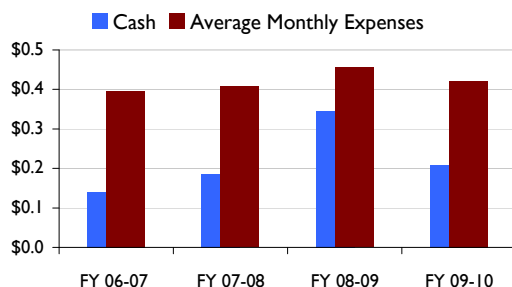
As of August 31, 2010 (the organization's fiscal year end) the Rep had \$3.5 million in total assets down from \$5.4 million four years ago. The Rep's liabilities, all current, totaled approximately \$4.8 million up from \$3.6 million four years ago. As of August 31, 2010, the Rep's net worth was negative \$1.3 million.

Current Assets & Liabilities
(\$ millions)



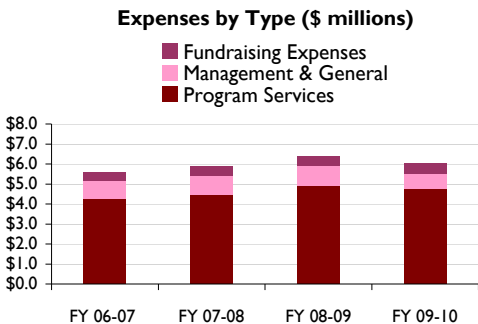
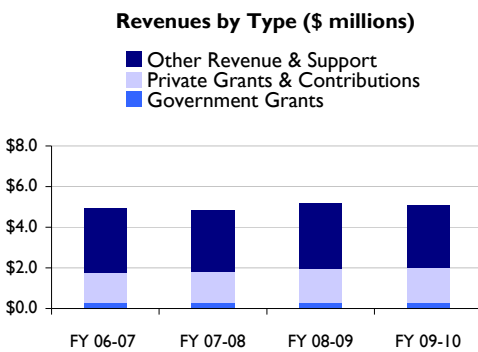
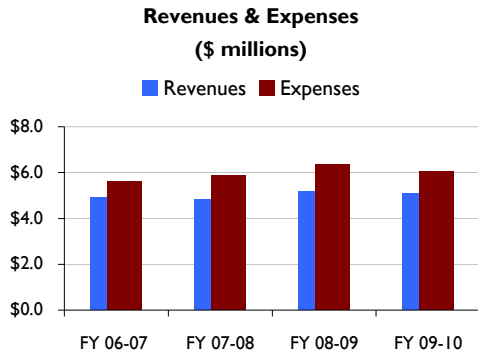
As of August 31, 2010, the Rep had approximately \$791,000 in current assets, but about \$4.8 million in current liabilities, resulting in negative \$4.0 million in working capital. Current liabilities included its lines-of-credit with the City of San Jose (\$1.99 million) and Comerica Bank (\$791,000). Borrowings under the Comerica line-of-credit are secured by all of the Rep's assets and investment accounts. 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, 2010, the Rep had about \$208,000 in cash (some of which may have been restricted), or less than one month's average monthly expenses (about \$421,000). 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, 2010, the Rep had borrowed \$1,118,422 (with donor permission) against its permanently restricted net assets to cover short-term cash flow shortages. All but \$100,000 of this amount was borrowed prior to FY 2006-07.

SAN JOSÉ REPERTORY THEATRE (continued)



For the past four years, the Rep's expenses have exceeded revenues. For the year ended August 31, 2010, revenues totaled approximately \$5.1 million and expenses totaled about \$6 million resulting in a deficit of about \$960,000. In FY 2006-07, FY 2007-08, and FY 2008-09, deficits were about \$660,000, \$1.0 million, and \$1.2 million, respectively.

The Rep's revenues increased 3% from FY 2006-07 to FY 2009-10. For the year ended August 31, 2010, revenues totaled about \$5.1 million, including \$1.7 million in private grants and contribution (33% of total revenues) and \$2.7 million in admissions revenues (53% 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. The City provides the Rep with \$300,000 to operate and maintain the theatre; a 2009 outside consultant report estimated the total annual building-specific cost at about \$900,000.

The Rep's expenses have increased 8% from FY 2006-07 to FY 2009-10. Of the Rep's total expenses in FY 2009-10, 79% were for program expenses. Program services include theatre productions and education programs. The Rep produced a six-show subscription season, two summer book-in productions, and hosted local presentations such as Cinequest and the San Jose Jazz Festival.

Notes based on financial statements:

1) The Rep received an unqualified audit opinion in all four 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 \$4,980,000 at August 31, 2010. The [Rep] is also subject to seasonality of cash flow throughout its fiscal year which requires additional borrowing under its line of credit facility. As of November 30, 2010, the [Rep] has used substantially all of its borrowing capacity under its line of credit facilities. However, the [Rep] has also taken substantial measures to reduce its operating costs, defer or eliminate certain programs and continue to streamline production costs. In addition, the [Board] continues to support special fundraising efforts designed to pay down debt and secure additional working capital. Based on management's best estimate of future cash flows, these actions are expected to allow the [Rep] to operate through August 31, 2011 and prepare for the 2011-12 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, 2011."

2) In the management letter accompanying the FY 2009-10 financial audit, the auditors identified issues in the following areas: review of facility lease agreements, segregation of duties, contributions, voided checks, reconciliation of permanently restricted net assets, outstanding checks, debit cards, purchase orders, and exposure draft on operating leases. Management responded that it has taken action to address these issues.

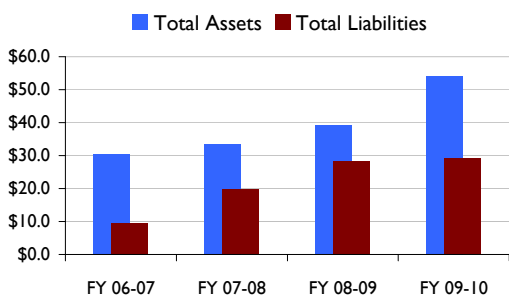
SANTA CLARA FAMILY HEALTH PLAN

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). As of June, 2010, SCFHP had an average monthly enrollment of 123,017.

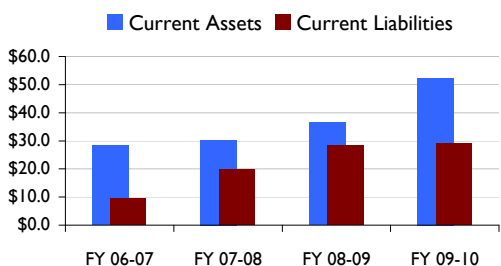
City of San José Funding: In FY 2009-10, the City awarded SCFHP \$2.1 million from HNMF. In FY 2010-11, the City awarded SCFHP the same amount of \$2.1 million. According to the organization, the funding is being used to cover health insurance premiums for 2,035 children in San Jose.

Total Assets & Liabilities
(\$ millions)



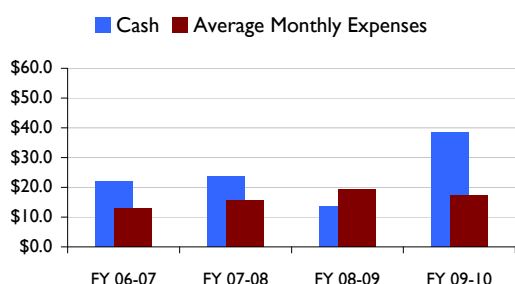
As of June 30, 2010, SCFHP's total assets were about \$54.3 million and total liabilities were about \$29.2 million, resulting in a net worth of \$25.1 million. Total assets and liabilities grew by 77% and 208%, respectively, since FY 2006-07. This was primarily due to the growth in their Medi-Cal membership of over 32% during that time period. SCFHP has no long-term liabilities.

Current Assets & Liabilities
(\$ millions)



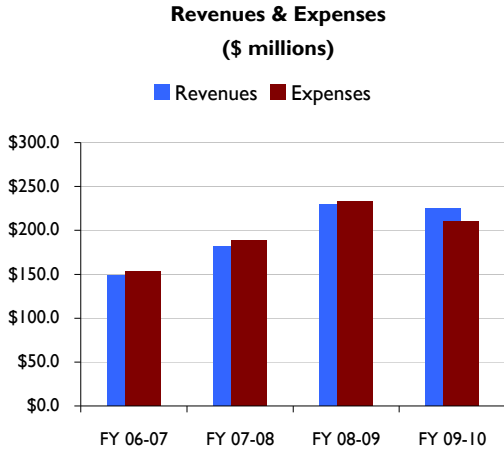
As of June 30, 2010, SCFHP's current assets totaled about \$52.3 million and current liabilities totaled about \$29.2 million. Cash and premiums receivables were about 98% of total current assets. Of the total current liabilities, 39% was incurred but not reported medical claims payable. SCFHP had about \$23.2 million in working capital.

Cash & Average Monthly Expenses
(\$ millions)

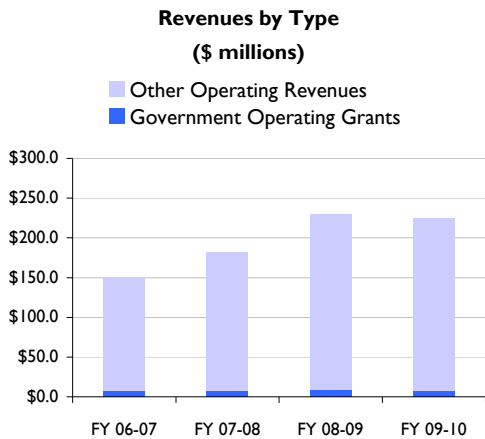


As of June 30, 2010, SCFHP had approximately \$38.6 million in cash. Monthly expenses in FY 2008-09 averaged about \$17.5 million, leaving the organization with more than two month's cash to cover expenses.

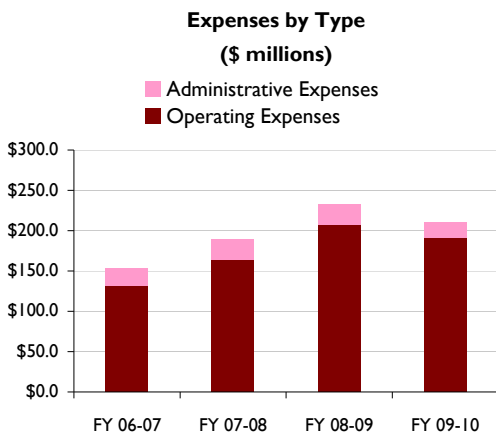
SANTA CLARA FAMILY HEALTH PLAN (continued)



For the year ended June 30, 2010, SCFHP's revenues totaled about \$224.7 million and expenses totaled about \$210.4 million, resulting in a surplus of \$14.3 million. During the FY 2009-10, SCFHP experienced enrollment increases in the Medi-Cal and Healthy Families lines of business. The Health Plan's total revenue has increased from \$149.1 million in FY 2006-07 to \$224.7 million in FY 2009-10, or a 51% increase. In the previous year, SCFHP had a deficit of \$2.8 million (1% of expenses).



SCFHP's total revenues increased by 51% from FY 2006-07 to FY 2009-10, but decreased by 2.3% last year. For the year ended June 30, 2010, government grants totaled about \$8.0 million, a 15% increase compared to FY 2006-07. Operating revenues (i.e. premium revenues) in FY 2009-10 totaled about \$216.7 million, a 52% increase from FY 2006-07. In FY 2009-10, the City of San José awarded SCFHP \$2.1 million which was about 1% of the organization's revenues. A \$16.1 million decrease in revenues was attributed to the ending of the Healthy Generations Programs effective December 31, 2009 (in operation for only six months), offset by increases in the Medi-Cal program of \$11.9 million.



SCFHP's total expenses increased 37% from FY 2006-07 to FY 2009-10, but decreased by 9.6% last year. For the year ended June 30, 2010, operating expenses (i.e. medical expenses) totaled about \$191.8 million, a 46% increase compared to FY 2006-07. Operating expenses were about 91% of the organization's total expenses. Administrative expenses totaled about \$18.6 million, a 16% decrease compared to FY 2006-07.

Notes based on financial statements:

- 1) The Santa Clara Family Health Plan received an unqualified audit opinion from FY 2007 to 2010.
- 2) Related Party Transactions: The auditors noted that the Health Authority has a capitated contractual relationship with Valley Health Plan, a wholly owned health plan of the County of Santa Clara, to provide medical services to certain Health Authority enrollees. The Health Authority also has provider incentive and medical case management arrangements with Valley Health Plan.

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

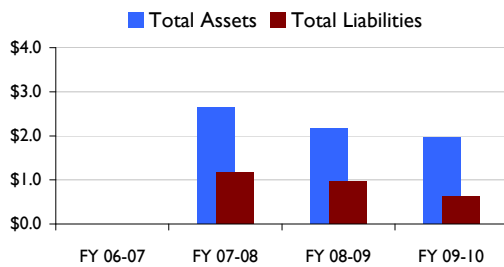
408 Almaden Blvd., San Jose, CA 95110 | <http://www.sanjose.org/>

Team San Jose, Inc.'s (TSJ) mission is first, to promote San Jose as a site for meetings, conventions, and trade shows, as a destination for pleasure travel, and second, to manage the City's convention and cultural facilities (separately accounted for in the City's financial statements and not reflected here). On March 2, 2011, William Sherry, Director of Aviation was hired as Team San Jose's new CEO.

City of San José Funding: In FY 2009-10, the City allocated a total of \$4,091,411 to TSJ to support the Convention and Visitor Bureau operations. This included: \$2,138,280 (TOT), \$1,708,295 (GF), \$150,000 convention center management fee, and \$94,836 (est. fair market value for office space and software use). This does not include \$25.7 million expended through the City Convention and Cultural Facilities Fund for the convention center and theatre operations. In FY 2010-11, the City has allocated \$4,291,353 to TSJ.

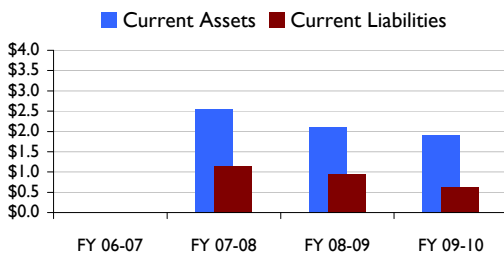
(In February 2009, Team San Jose, Inc. merged with the San Jose Convention & Visitors Bureau and now operate under the name Team San Jose, Inc. dba San Jose Convention and Visitors Bureau. The June 30, 2008 financial statements have been restated; pre-merger 2007 data was not restated and is not shown here.)

Total Assets & Liabilities (\$ millions)



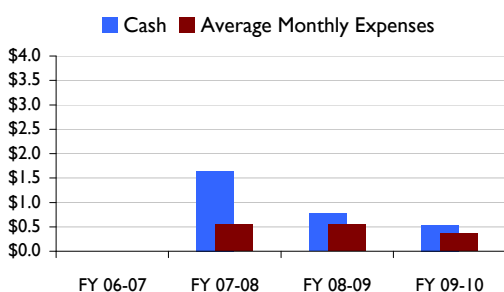
As of June 30, 2010, TSJ's assets totaled \$2 million and liabilities totaled \$620,000, resulting in a net worth of \$1.3 million. Since FY 2007-08 total assets and total liabilities have both decreased 26% and 47%, respectively. Cash and investments were 68% (\$1.3 million) of TSJ's total assets.

Current Assets & Liabilities (\$ millions)



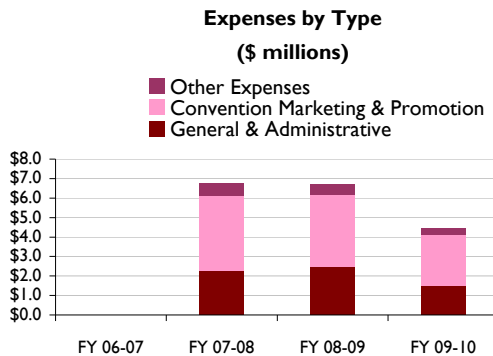
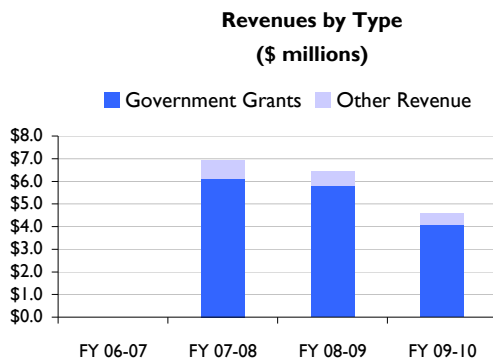
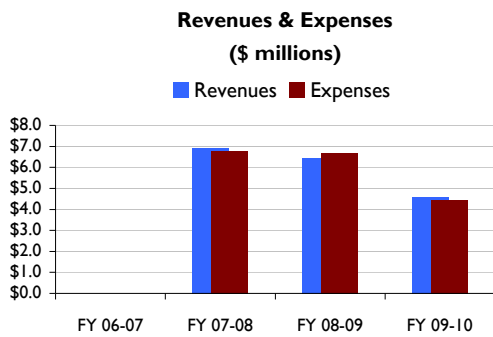
As of June 30, 2010, TSJ had \$1.3 million in working capital. TSJ's current assets totaled \$1.9 million while current liabilities totaled \$620,000. TSJ's receivables totaled \$391,000 (City receivables accounts for \$346,000) while accounts payable totaled \$124,000. The decreases in current assets and liabilities were due to decreases in its cash, accounts payable, investments and accrued expenses.

Cash & Average Monthly Expenses (\$ millions)



As of June 30, 2010, TSJ had \$540,000 in cash. Average monthly expenses totaled \$362,000, meaning TSJ had enough cash to cover about one month's average expenses.

TEAM SAN JOSE, INC. (continued)



For the year ended June 30, 2010, revenues totaled \$4.6 million while expenses totaled \$4.5 million, resulting in a surplus of \$143,000. Last year, TSJ's deficit was \$278,000 (or about 4% of total expenses). In FY 2007-08, TSJ had a surplus of \$160,000. Revenues and expenses decreased by 34% over the last three years. According to TSJ management, decreases in its revenues and expenses have been due to reductions in funding from the TOT Fund and General Fund (its main sources) by 40% and 22%, respectively. Further, these decreases in funding led the organization to scale back operations proportionately.

In FY 2009-10, the City of San José allocated TSJ a total of \$4,091,411. City of San José funding was about 89% of TSJ's total revenues in FY 2009-10. The organization received \$516,000 in other revenues in FY 2009-10, a decrease of 38% from FY 2007-08. Other revenues include convention services (\$274,000) and membership (\$155,000).

For the year ended June 30, 2010, total expenses decreased 34% from FY 2007-08. Convention marketing & promotion comprised 58% (\$2.6 million) of total expenses, a decrease of 33% since FY 2007-08. Other expenses accounted for 12% (\$347,000) of TSJ's total expenses. General and administrative expenses totaled \$1.5 million, a decrease of 33% from FY 2007-08 to FY 2009-10.

Notes based on the financial statements:

- 1) TSJ received an unqualified audit opinion for all for years. In a management letter accompanying the 2010 audit, the auditors identified the following issues: Cash on deposit in excess of the federally insured limit, lacked a written policy regarding selection/approval of events to subsidize, and proper sign-off approval prior to posting general journal entries.
- 2) Related Party Transactions: TSJ provides accounting and other administrative services to San Jose Hotels, Inc. (SJHI), a related party. TSJ is reimbursed for direct costs incurred, but is not reimbursed for staff time. TSJ also has receivables from Team San Jose Convention & Cultural Facilities (CCF), an affiliated activity.
- 3) Subsequent Event: On August 18, 2010, the City of San Jose notified TSJ that it was in default of their management agreement. As a result of this notice, the City has commissioned two audits of the organization. In addition, the City of San Jose approved direction to begin steps to create an RFP process to evaluate options regarding the future management of the Convention Center and Cultural Facilities.
- 4) TSJ's operation and maintenance of the Facilities is funded by the City's Convention and Cultural Facilities Fund. The financial activities of the City's convention and cultural facilities are audited separately by a third party. The City Auditor's Office issues annual performance audits of Team San José's management of the City's facilities which are found online at: www.sanjoseca.gov/auditor/

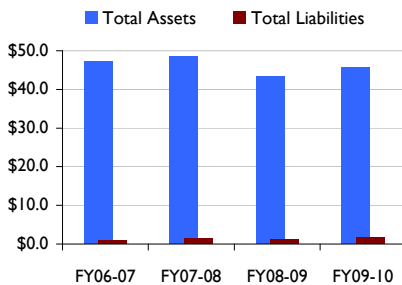
THE TECH MUSEUM OF INNOVATION

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.

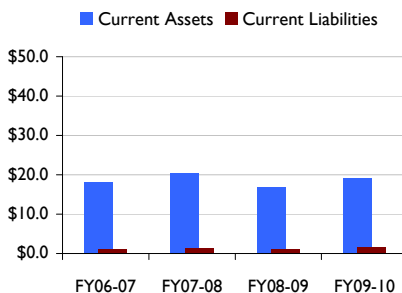
City of San José Funding: In FY 2009-10, the City of San José awarded \$1,300,000 worth of financial assistance for operations and maintenance support of the City-owned facility. In addition, the Tech has an agreement with the City to lease the facility for \$1 a year (lease valued at about \$1.3 million at the end of FY 2009-10). The City is responsible for operations and maintenance support of the City-owned building. For FY 2010-11, the City of San José has provided \$1.3 million for operations and maintenance support and a lease valued at \$1.3 million.

Total Assets & Liabilities
(\$ millions)



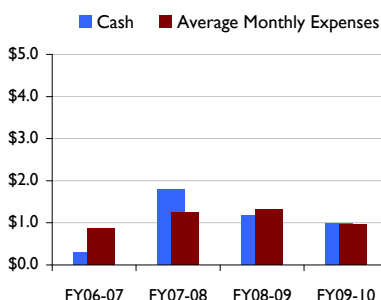
The Tech's net worth as of June 30, 2010, was \$44.2 million, a 4% increase since FY 2008-09. The Tech Museum of Innovation had \$45.8 million in total assets as of June 30, 2010, including about \$21.5 million for the contributed use of the City facility, and \$5.5 million for the Tech's exhibits and other property and equipment. The Tech had about \$1.6 million in total liabilities at the end of FY 2009-10. The Tech's total debt was about 4% of its total assets at the end of FY 2009-10.

Current Assets & Liabilities
(\$ millions)



The Tech had about \$17.6 million in working capital at the end of FY 2009-10, an 11% increase since FY 2008-09. The Tech had about \$19.2 million in current assets at the end of FY 2009-10, including about \$1 million in cash and \$14.6 million in investments. Investments have increased by about \$2.3 million since FY 2008-09. Current liabilities totaled \$1.6 million in FY 2009-10, which consisted mostly of accounts payable and accrued expenses.

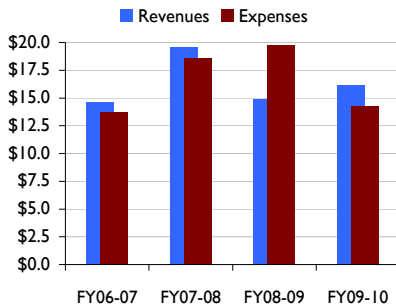
Cash & Average Monthly Expenses
(\$ millions)



As of June 30, 2010, the Tech had about \$987,000 in cash, some of which may be restricted. This was just enough cash to cover one month of average operating expenses, excluding depreciation and donated property, services and rent. The Tech also had about \$27.6 million in temporarily restricted net assets, including \$21.5 million for the fair value of the use of the City facility, \$2.2 million for special projects, and \$1.6 million for operations.

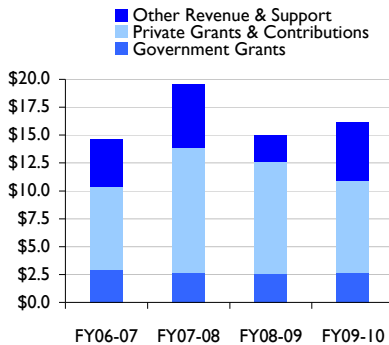
THE TECH MUSEUM OF INNOVATION (continued)

Revenues & Expenses
(\$ millions)



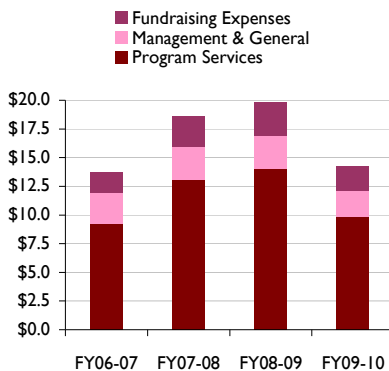
The Tech ended FY 2009-10 with a surplus of \$1.8 million; this came after a deficit of \$4.8 million in FY 2008-09 due in part to net investment losses of \$3.2 million in that year. Total revenues increased by 10% from FY 2006-07 to FY 2009-10; total expenses increased by 4% since FY 2006-07 but have decreased by 28% since FY 2008-09.

Revenues by Source
(\$ millions)



The Tech's revenues in FY 2009-10 totaled \$16.2 million, an 8% increase from FY 2008-09 and a 10% increase since FY 2006-07. About 52% (or \$8.3 million) of all revenue in FY 2009-10 came from contributed support and special events, not including the contributed use of the facility from the City. Fourteen donors accounted for 71% of all contributed support in FY 2009-10. In terms of other revenue and support in FY 2009-10, \$5.2 million came through admissions, fees, and other earned revenue sources. For example, admission and fee revenue totaled about \$3.5 million in FY 2009-10, a 26% drop (or \$1.2 million) since FY 2008-09. The Tech also had over \$1 million in realized investment gains in FY 2009-10. The City's contributions to the Tech in FY 2009-10 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 16% of the Tech's revenues that year. In FY 2009-10, the Tech reported having more than 400,000 visitors and offered more than 100 hands-on exhibits and an 8-story IMAX dome theater to help bring science and technology to life.

Expenses by Type (\$ millions)



The Tech's expenses in FY 2009-10 totaled about \$14.3 million, a 28% decrease since FY 2008-09, due in part to expenses associated with the Leonardo Exhibit in that year. About 69% (\$9.8 million) of expenses in FY 2009-10 were related to program services. The Tech's program expenses in FY 2009-10 decreased by 30%, or about \$4.3 million, since FY 2008-09. Similarly, management and general expenses (marketing, public relations, and administration) decreased by about 17% and fundraising expenses (including special events and membership) decreased by 25% since the end of FY 2008-09.

Notes based on financial statements:

- 1) The Tech Museum of Innovation received an unqualified opinion on its financial statements for the years ended 2007, 2008, 2009 and 2010.
- 2) 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, 2010.

WORKFORCE INSTITUTE (San José/Evergreen Community College District)

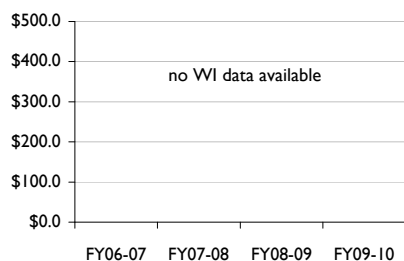
600 South Bascom Avenue, Suite T-101, San José, CA 95128 | <http://ibpadvantage.com>

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.

City of San José Funding: In FY 2009-10, the City of San José awarded \$4,337,920 in Workforce Investment Act (WIA) grant funding to the Workforce Institute. The Workforce Institute also subcontracted some adult workshops and services to the Center for Training and Careers (see page 36); funding for those services is reflected here. In FY 2010-11, the City of San José awarded \$3,209,920 in WIA funding.

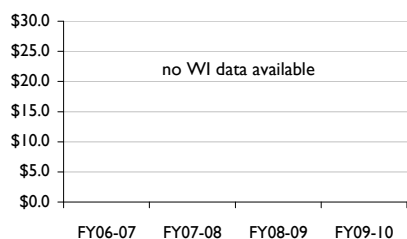
NOTE: As a division of the San José/Evergreen Community College District, the Workforce Institute does not produce its own audited financial statements and is included in the District's financial statements. The City uses the District's financial statements when making its funding decisions.

Total Assets & Liabilities (\$ millions)



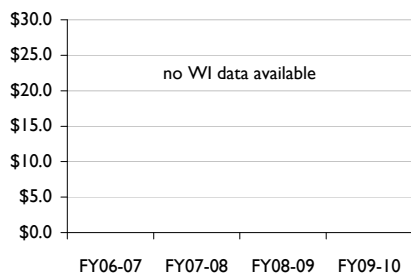
The Workforce Institute is a division of the San José/Evergreen Community College District; any related assets and liabilities are included as part of the District's audited financial statements. The District's net worth as of June 30, 2010, was \$84.5 million.

Current Assets & Liabilities (\$ millions)



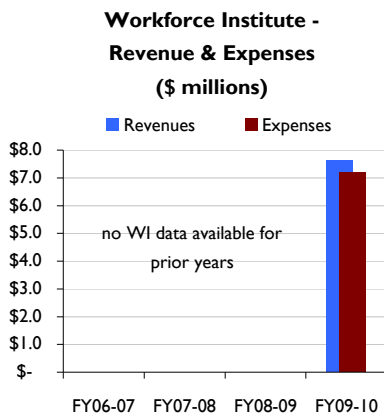
As a division of the San José/Evergreen Community College District, all current assets and liabilities are included as part of the District's audited financial statements. As of June 30, 2010, the District had \$22 million in current assets, including accounts receivable from federal and state government and other local sources, and \$23.6 million in current liabilities, for negative working capital of about \$1.6 million.

Cash & Average Monthly Operating Expenses (\$ millions)

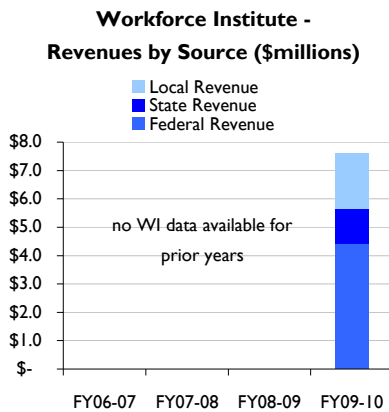


The Workforce Institute is a division of the San José/Evergreen Community College District; the Institute does not track a separate cash balance on an accounting basis. The District had about \$9.2 million in unrestricted cash and cash equivalents at the end of FY 2009-10.

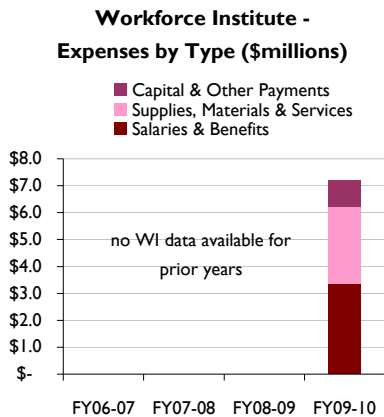
WORKFORCE INSTITUTE (San José/Evergreen Community College District; continued)



For the year ending June 30, 2010, the Workforce Institute had an operating surplus of about \$408,000. Any operating surplus is used to ensure a fund balance to cover the Institute's ongoing fixed expenses (not attached to specific contracts or funding streams). In prior fiscal years, the Workforce Institute's financial position was reflected within the audited financial statements of the San José/Evergreen Community College District. The Workforce Institute is a cost-recovery center within the District and as such, funds direct services through contracts and fees charged for services provided. The District supports the Institute by providing facilities and administrative costs.



The Workforce Institute's operating revenues for the year ended June 30, 2010, totaled \$7.6 million. In FY 2009-10, the Institute was awarded \$4.3 million in federal Workforce Investment Act (WIA) grant funding through the City of San José, accounting for about 57% of the Institute's total revenues. This included \$1,935,000 in contracts for adult case management, \$1,762,920 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. In addition, the Workforce Institute received over \$58,000 in one-time stimulus (ARRA) grant funding in FY 2009-10.



The Workforce Institute's operating expenses for the year ended June 30, 2010 totaled about \$7.2 million; about 47% of these expenses consisted of staff salaries and benefits. In FY 2009-10, the Institute spent its contract funds except for about \$41,844 for the WIA adult contract, \$152,396 for the WIA workshops contract, and \$69,592 for the WIA older youth contract. In 2009-10, the Workforce Institute provided over 42,000 clients with 770 workshops and 2,581 hours of job readiness workshops in FY 2009-10, as well as customized Rapid Response Workshops for transitioning employees from NUMMI and the City of San José.

Notes:

- 1) As a division of the San José/Evergreen Community College District, the Workforce Institute does not produce its own audited financial statements and is included in the District's financial statements. The City uses the District's financial statements when making its funding decisions. The San José/Evergreen Community College District received an unqualified opinion from its external auditors for their financial statements for the years ended 2007, 2008, 2009 and 2010.
- 2) In January 2011, the Accrediting Commission for Community and Junior Colleges released its findings and recommendations for the San José/Evergreen Community College District. San José City College was placed on "probation" and Evergreen Valley College was on "warning" until various issues have been resolved; the colleges and the District continue to be fully accredited as they continue making progress on the Commission's recommendations.



Memorandum

TO: Sharon Erickson
City Auditor

FROM: Jeff Ruster

SUBJECT: SEE BELOW

DATE: April 11, 2011

Approved

Deena Ruster

Date

4/13/11

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

The Departments of Housing, Public Works, Parks, Recreation and Neighborhood Services, Transportation, and the Office of Economic Development, including the Office of Cultural Affairs and work2future, have reviewed the financial scan of City funded Community Based Organizations by the City Auditor. The information provided from the financial scan represents an important component of the City's monitoring efforts of its nonprofit partners.

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 impetus for the Nonprofit Platform stemmed from City Council direction following a series of non-profit institutions experiencing serious financial difficulties that negatively impact their ability to meet their contractual obligations with the City.

The Nonprofit Platform is a City-wide approach to strategically manage the relationships with the many nonprofits that the City engages for the delivery of services. The interdepartmental focus of the Platform centers upon providing uniformity regarding the City's policies and procedures related to contract preparation and administration and monitoring, enhancing communications both internally and externally.

A key objective of the Nonprofit Platform is to identify nonprofits with marginal financial or other issues with a potential of jeopardizing the investment of City funds for the intended service to the community.

The City Auditor's financial scan is one key component of the overall monitoring effort that City Departments conduct to evaluate contractual compliance. The financial scan reviewed the 26 CBOs receiving financial assistance of \$250,000 or more from the City. Financial assistance includes grants, operations and maintenance subsidies, below market lease values and in-kind contributions.

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 enhance funding decisions in subsequent years. Based on the financial scan and complementary monitoring efforts, Departments have developed corrective action plans. 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 A).

Summary Overview of Financial Assistance provided to Community Based Organizations.

As of January 7, 2011, the City has provided \$36,951,894 of combined financial assistance to nonprofits. Financial assistance provided to the 26 organizations included in the scan totaled \$28.7 million.

The following diagram shows the amount by type of financial assistance provided by the City. A full listing of CBOs and the amounts contributed by type of financial assistance are included in Attachment B. Grant and Operations and Maintenance Agreement data is based on awarded amounts as of January 7, 2011. Below Market Lease agreement data is as of March 11, 2011. The estimate of the below market value for some of the lease agreements is still pending and anticipated prior to June 30, 2011.

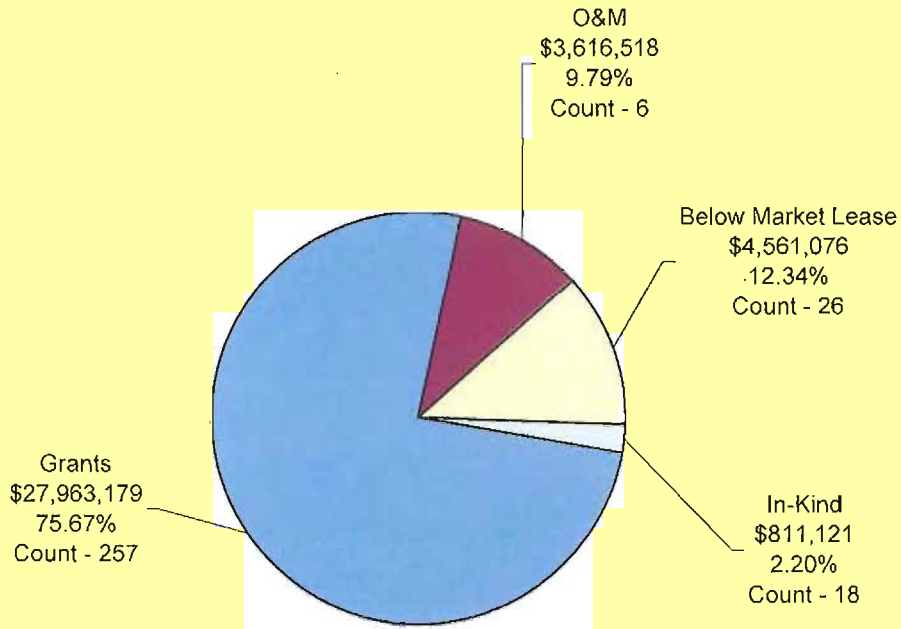
Financial Assistance to CBOs by Type

2010-2011

Grant and O&M data is based on awarded amounts as of January 7, 2011

Below Market Lease data is as of March 11, 2011

In-kind data is as of January 7, 2011



*PAL in-kind data is estimated for 2010-2011

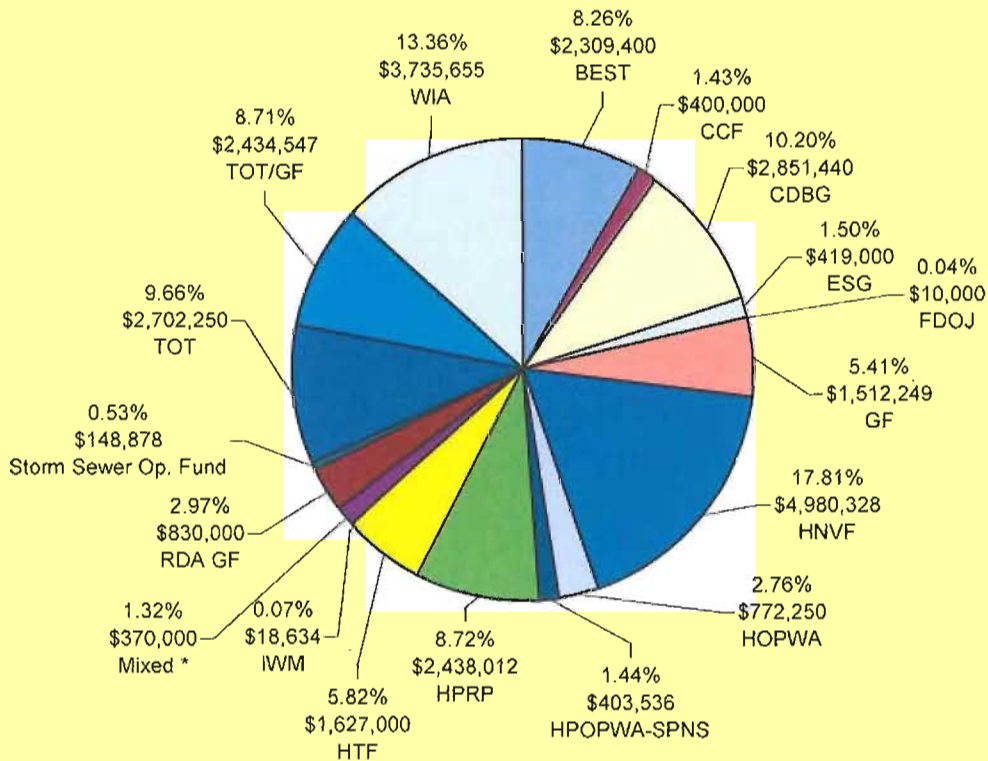
* In certain instances, grants amounts also include fee for service arrangements.

A further description of the various kinds of financial assistance is provided below.

Grants Funding

For fiscal year 2010-2011, the City of San José awarded \$27.9 million of grants to 257 nonprofits in support of a wide range of services. The following diagram shows the sources of funds for the awarded amounts. In most cases, the funding sources are restricted for specific purposes with guidelines for use.

Source of City Grant Funding 2010-2011
\$27,963,179



The diagram on the previous page includes the following funding sources:

BEST	Bringing Everyone's Strengths Together
CCF	Convention & Cultural Facilities Fund
CDBG	Community Development Block Grant
ESG	Environmental Services Grant
FDOJ	Federal Department of Justice Grant
GF	General Fund
HNVF	Healthy Neighborhood Venture Fund
HOPWA	Housing Opportunities for People With Aids
HOPWA-SPNS	Housing Opportunities for People With Aids- Special Programs of National Significance
HPRP	Homeless Prevention and Rapid Re-Housing Program
HTF	Housing Trust Fund
IWM	Integrated Waste Management Fund
Mixed	Service agreements funded by various sources depending on project
RDA-GF	Redevelopment Agency (General fund)
Storm Sewer	Storm Sewer Operating Fund
TOT	Transient Occupancy Tax
TOT/GF	Combination of Transient Occupancy Tax and General Fund
WIA	Workforce Investment Act

Operations and Maintenance

For FY 2010-2011, \$3.2 million is budgeted for long-term agreements in place that relate to the operations and maintenance of City cultural facilities. The following lists the cultural facilities that have these agreements and the amount of General Funds allocated annually for this purpose. Operations and Maintenance agreement data is based on awarded amounts as of January 7, 2011.

Cultural Facility	Date of Agreement	Agreement Term (Years)	O & M Agreement General Fund Annual Allocation
Children's Discovery Museum	June 1987	55 + 44 year renewal option	\$300,000
San José Museum of Art	June 1988	55	\$500,000
Tech Museum of Innovation	July 1994	55	\$1,300,000
San José Repertory Theater	Dec.1995	15 + two 10 year renewal options	\$300,000
History San José	April 1998	20 + 10 year renewal option	\$825,000
TOTAL Annual O & M Agreement General Fund Allocation			\$3,225,000

Another major cultural facility, the Mexican Heritage Plaza, is in a transition phase during which the City is providing direct operations and maintenance support. The total net amount (expenditures less revenues from events) for these services in FY 2010-2011 is approximately \$680,000. The Community & Economic Development Committee recently directed staff to negotiate an Interim Incubator Operator agreement for the Plaza with 1stACT Silicon Valley. The proposed agreement will be presented to Council in May, and it is likely to include a recommended annual allocation for the facility in the range of \$600,000.

In addition, PRNS provided an additional \$391,518 to Catholic Charities for operations and maintenance at its Washington United Youth Center.

Below Market Leases

The City provided an additional \$4,561,076 in below market leases to 26 CBOs. The fair market value of City-owned properties was calculated and the annualized amount paid by the CBOs subtracted to get the amount of subsidization. Of the 26 leases, 17 have an estimated market value, with the remaining values for the 9 leases still to be determined. The Below Market Lease amounts are as of March 11, 2011. It is anticipated that by June 30, 2011 the values of the remaining leases will be available.

In-kind Support

As reported by the Departments, 18 CBOs received \$811,121 of in-kind contributions. The largest recipient was the Police Activities League that received an estimated \$450,000 of in-kind staffing support in FY 10-11. All other in-kind data is as of January 7, 2011.

ANALYSIS

The City Auditor's Financial Scan has provided important support to City staff during the initial implementation of the Nonprofit Platform. Last year's Financial Scan facilitated, where appropriate, assisted staff in developing corrective actions to address financially distressed nonprofits. Corrective actions ranged broadly, and included reduction or elimination of funding, mobilization of technical assistance to assist nonprofits in developing fund raising strategies, enhanced board governance and financial controls, and development and implementation of budgeting and accounting practices. The City Manager's Office monitored the progress of these corrective actions through the year, and in certain instances, assisted the Departments with the development of corrective action plans.

As mentioned above, a core element of the Platform continues to be the mobilization of technical assistance to nonprofits engaged in *strategic* service delivery. The Nonprofit Platform has been successful in developing important partnerships with national and regional institutions such as SCORE, the Nonprofit Finance Fund, CompassPoint, the United Way Effective Fund, and the Health Trust, all of whom are able to provide or fund technical assistance to City nonprofit contractors. Interventions addressed through this technical assistance have been identified through the City Auditor's Financial Scan and/or other Departmental monitoring efforts. Key areas of assistance have centered upon development of internal financial controls and fund development strategies, strategic and business planning support, and board development. One example was a fund development training sponsored by the City of San Jose in partnership with CompassPoint and Deloitte Touche in Fall 2010. Approximately, 60 City grantees attended this training focusing on fund raising strategies and development of appropriate financial controls. In addition, a resource fair with 10 technical assistance agencies, was held to increase CBO awareness of the availability of a wide range of technical assistance available to them.

Lastly, in March 2011, City staff attended a training sponsored by the Health Trust and the NonProfit Finance Fund regarding the implementation of a new, standardized financial dashboard tool that all City grantees receiving more than \$25,000 from the City will submit to the City. This same financial dashboard will be utilized by other third-party granting entities, including the County of Santa Clara, United Way, First 5, and other foundations and granting agencies to assess their portfolio of grantees. Utilization of the Financial Dashboard by the City and other Funders will provide for a streamlined, systematic and consistent approach to assess the financial health of nonprofit agencies and thereby enhance funding decisions by the City and other members of the Funder's Collaborative.

City Response to Financial Scan Recommendations

The City's response to the two recommendations contained with the Auditor's Financial Scan follows:

Recommendation 1. To ensure that the annual list is accurate and complete, responsible grant-making departments should (1) update grant information timely in WebGrants and (2) establish a process for tracking other forms of financial assistance that are not currently included in WebGrants. The City Manager's Office should ensure the completeness and accuracy of such information before publishing the annual list of financial assistance.

City will continue to use best efforts within staffing limitations to track all forms of financial assistance. Through three internal working groups, the NonProfit Strategic Engagement Committee, Grants Management Working Group and the WebGrants team, continued emphasis on the need to include all grants within WebGrants will be pursued. Commencing in FY 11-12, WebGrants will capture in-kind financial assistance as provided by the corresponding City Department to CBOs. The Real Estate Group of the Office of Economic Development will annually provide to the City Manager's Office information regarding Below Market Lease values that subsequently will be included in the annual list of financial assistance.

Recommendation 2. To ensure that the City's Sunshine Reform Task Force requirements are met, grant making departments should verify that financial statements are posted before making a funding recommendation regarding a CBO. The City Manager's Office should further ensure at the start of each fiscal year that any CBO subject to the Sunshine Reform Task Force requirements has complied.

City grant making departments will require applicable CBOs subject to Sunshine Reform Task Force requirements to post their most recent financial statements prior to making a funding recommendation. City Manager's Office will confirm such compliance through the Grants Management Working Group representatives and prior to the issuance of the annual list of financial assistance.

Platform Focus for the Upcoming Fiscal Year 2011-2012

For the upcoming Fiscal Year 2011-12, further reductions in the financial assistance to non-profits are anticipated in light of the City's current budget challenges. These reductions, combined with the continued dampening effect of the economic downturn, have significantly impacted nonprofit fund raising and revenue generation efforts.

This context emphasizes the need to ensure that City resources provided to nonprofits are strategically directed to organizations with the programmatic and financial controls to comply

with their contractual obligations. The application of the new Financial Dashboard for all nonprofits that receive more than \$25,000 annually from the City will further enhance the City's capacity and ability to work with its nonprofit partners. City Manager's staff will continue to work with the various Departments to assist in the development and on-going progress of corrective action plans resulting from the City Auditor's financial scan and subsequently the Funder's Collaborative Financial Dashboard referenced above.

Finally, staffing levels will challenge the City regarding the on-going management of the Nonprofit Platform, the administration of WebGrants, and Departmental oversight of financial assistance provided to CBOs. These resource limitations will necessitate a targeted approach to ensure the City focuses its monitoring efforts in as effective manner as possible. The introduction of the Funder's collaborative financial dashboard, continued trainings to build staff capacity to administer and monitor their CBO portfolio, the continued roll-out of WebGrants to include potentially other forms of financial assistance, and the ability to work through partnering agencies to mobilize technical assistance to strategic nonprofits will represent key components in allowing the City to understand the full impact of its financial assistance to nonprofits.

/s/

JEFF RUSTER
Director of Strategic
Partnership Development

For questions, please contact Jeff Ruster, Office of Economic Development, at 408-535-8183

Attached: **A.** Summary reports by lead departments of additional information
 B. Consolidated list of City CBOs receiving financial assistance

ATTACHMENT A

Summary reports by lead departments of additional information

Response to the City Auditor's Financial Scan of the San Jose Repertory Theater

Response prepared by Office of Cultural Affairs

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.

Context

In recognition of its unique partnership with the City to develop the Hammer Theater Centre and the Rep's activation of the downtown through quality arts programming, in October 2006 the City Council approved a \$2 million Line of Credit (LOC) with the Rep to support its financial stabilization. The Rep is closely monitored so that the City's financial and facility assets remain protected and productive.

The Rep's leadership has made progress in stabilizing the organization, although the path to recovery has been hindered by the severe economic downturn in recent years.

Monitoring and Assessment

When the Rep entered into a \$2 million LOC agreement with the City of San Jose in 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. Monitored performance metrics include: cash on hand, earned and contributed revenues, ticket sales, expenses, accounts payable, and interest payments to the City. According to the current terms, the LOC drops to \$1.6 m in November 2011 and by \$400,000 each subsequent year.

Based on a November 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.

The Rep hired a new artistic director in 2008, whose energized vision is now being implemented. With a complement of artistic innovation and commercial viability, the Rep's productions are aimed at building on its audience base.

In the middle of its 2009-2010 fiscal year, the Rep made significant "mid course" corrections to reduce operating costs through staff reductions and outsourcing activities such as marketing. This effort buffered its deficit. Similar to previous years, the Rep's reported deficit in FY 2009-2010 includes two significant non-cash expenses: 1) depreciation valued at \$306,602 and 2) net decrease in temporarily restricted net assets of \$408,031 in connection with accounting for the Rep's use of the theater facility.

Despite positive changes, there remains a need for a balanced annual budget, increased fundraising efforts and a formalized debt elimination plan.

Over the past year and a half, the City has stepped up its scrutiny and involvement in the Rep's finances in addition to its regular monitoring. The Rep has submitted corrective action plan to the City which includes: production schedule changes, additional cost reductions, renewed emphasis on individual giving, and new programmatic elements. The Rep is working to build on its base of support from individual donors, corporate donors and philanthropic organizations, including the Packard Foundation, which has committed to funding a new strategic plan.

Rep Business Cycle

The City Auditor's financial scan is based on audited financial statements ending August 31, 2010. 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 December/January months. The Rep was able to raise sufficient funds through donations, loans and earned revenue to sustain itself during these months in the current fiscal year. Its cash position at the close of its fiscal year on August 31, 2011 will be a key indicator of its ability to sustain operations.

Looking Ahead

The City will continue its ongoing efforts to support the Rep in its recovery, and be prepared to develop a contingent cultural use plan, so that the 584-seat Hammer Theatre remains a productive community asset.

Response to the City Auditor's Financial Scan of History San Jose

Response prepared by Public Works

In response to the City Auditor's financial scan of History San Jose (HSJ) the Administration outlines its current efforts to support History San Jose's financial recovery.

In 2009-10 a Corrective Action Plan was developed with History San Jose that was designed to provide the non-profit with the tools and reporting mechanisms to operate during a very challenging economic time. Since implementing the Plan, History San Jose has managed to operate in the black but its financial health has not improved significantly.

In 2010-11, the annual operating allocation the City provides to History San Jose was reduced by \$50,000. While this reduction has created further difficulty meeting financial performance goals, the City has actively worked with HSJ to provide support in positioning the organization for long-term financial sustainability.

In 2010, as part of the Corrective Action Plan, History San Jose worked with SCORE (an organization that provides retired executives for business counseling and mentoring) to develop a new Strategic Plan for the organization. One objective of the plan was to expand fundraising capability and awareness of the Museum through Board Development by growing the Board of Directors, and developing a functional and diverse Council of Advisors. To achieve this, History San Jose secured a Board Development grant from the Taproot Foundation, which was completed in March 2011 resulting in a recruiting package for new board members. The package includes specific board job descriptions that address a gap analysis done on the current board and staff; new committee descriptions; new marketing materials; and board and staff training. HSJ has developed a targeted list of community members to begin soliciting, particularly targeting individuals with fundraising capacity and financial expertise.

Another objective of the plan was to secure institutional sustainability through the development and execution of a new sound business model to strengthen the organization's infrastructure, financial health and programs, in part, by focusing on robust marketing and fundraising components. Working with Group of Minds, History San Jose redesigned its logo, and has a new website under development that will launch in early June 2011. Goals for the new website include making donations, ticketing, and merchandising easier for the user. History San Jose has also partnered with Print Room to make images from the collection available for sale on line, and is in meetings with two companies about merchandising and distribution of items reproduced from the collection.

Moving forward, History San Jose continues to strive for financial stability in this challenging economic period by pursuing grants and partnerships. History San Jose is developing a partnership with Happy Hollow staff to create an admission program for History Park that is compatible with Happy Hollow, and to create new cross-promotional marketing to members and the general public. Later this summer, History San Jose will initiate its 7th grant with the Historic Heritage Commission to restore the historic buildings at History Park, an investment totaling more than \$500,000. The organization has also secured the Master Gardeners as a new partner and they have begun work on enhancing History Park grounds. Working with San Jose's Italian community, History San Jose is fundraising to restore the Fallon House basement, scheduled for

PUBLIC SAFETY, FINANCE AND STRATEGIC SUPPORT COMMITTEE

Date: 4/13/2011

Subject: Response to City Auditor's Financial Scan of City-Funded CBOs

Page # 13

completion this summer to coincide with the opening of the Urban Market. Finally, History San Jose is collaborating with Urban Markets to develop an integrated programming, marketing and sales program for the Peralta-Fallon Site.

APPENDIX B

CBOs Receiving Financial Assistance 2010-2011

Grants and O&M data as of 1/7/11 * (see footnote)

Grants and O&M data based on awarded amounts

Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
1 Abhinaya Dance Company of San Jose	\$29,031				OED/OCA	\$29,031	TOT/GF
2 Abraham Lincoln High School Foundation	\$500				Clerk	\$500	GF
3 Abrazos & Books	\$500				Clerk	\$500	GF
4 ACT for Mental Health			\$29,988		OED	\$29,988	GF
5 African American Community Services Agency	\$8,210		\$86,761		OED/OCA	\$94,971	TOT/GF, GF
6 Alameda Business Association	\$15,114			\$25,000	OED/OCA	\$40,114	TOT/GF, RDA
7 Almaden Community Center Advisory Council	\$1,500				Clerk	\$1,500	GF
8 Almaden Valley Counseling Services	\$1,000				Clerk	\$1,000	GF
9 Almaden Valley Women's Club	\$14,032			\$2,298	OED/OCA	\$16,330	GF, IWM, TOT/GF
10 Alum Rock Counseling Center, Inc.	\$238,144				PRNS	\$238,144	BEST, HNVF
11 Alum Rock Village Business Association	\$17,046			\$25,000	Housing	\$42,046	GF, RDA, TOT/GF
12 Alviso Family Health Center			\$21,599		OED	\$21,599	GF
13 Alviso Neighborhood Group	\$585				Clerk	\$585	GF

* Grant, O&M data as of 1/7/2011
 BML data as of 3/11/11
 In-kind data as of 1/7/11

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Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
14 Alviso Post Office			\$33,543		OED	\$33,543	GF
15 American G.I. Forum of San Jose			\$40,180		OED	\$40,180	GF
American Legion Post 858							
16 Northside Community Center	\$1,150				Clerk	\$1,150	GF
AnewAmerica Community Corporation	\$250,000				Housing	\$250,000	CDBG
18 Arab Film Festival	\$14,280				OED/OCA	\$14,280	TOT/GF
19 Areon Flutes Inc	\$2,800				OED/OCA	\$2,800	TOT/GF
Asian American Center of Santa Clara County (AASC)	\$15,000				PRNS	\$15,000	BEST
Asian American Recovery Services, Inc.	\$40,000				PRNS	\$40,000	BEST
Asian Americans for Community Involvement	\$306,673				Housing	\$306,673	BEST, CDBG, ESG, HNVF
Associated Students of San Jose State	\$15,120				OED/OCA	\$15,120	TOT/GF
Baker West Neighborhood Association	\$3,705				OED/CAP	\$3,705	GF
Ballet Afsaneh Art & Cultural Society	\$4,778				OED/OCA	\$4,778	TOT/GF
26 Ballet San Jose Silicon Valley	\$165,130				OED/OCA	\$165,130	TOT/GF
27 Bay Area Glass Institute	\$33,568				OED/OCA	\$33,568	TOT/GF
28 Bay Area Legal Aid	\$35,000				Housing	\$35,000	HNVF
29 Bellarmine College Preparatory			\$73,703		OED	\$73,703	GF

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 BML data as of 3/11/11
 In-kind data as of 1/7/11

APPENDIX B

	Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
30	Berryessa Cougars	\$500				Clerk	\$500	GF
31	BESCA Booksin Elementary School Community Assoc.	\$1,200				Clerk	\$1,200	GF
32	Best Buddies International	\$750				Clerk	\$750	GF
33	Big Brothers Big Sisters of the Bay Area	\$45,000				Housing	\$45,000	HNVF
34	Bill Wilson Center	\$196,031				Housing	\$196,031	BEST, CDBG, ESG
35	Blackford Neighborhood Action Coalition	\$4,105				OED/CAP	\$4,105	GF
36	Breakout Prison Outreach dba California Youth Outreach	\$447,000		tbd	\$2,700	PRNS	\$449,700	BEST
37	Breathe California of the Bay Area	\$35,000				Housing	\$35,000	HNVF
38	Buddhist Tzu Chi Foundation Burbank /Del Monte Neighborhood Advisory	\$500				Clerk	\$500	GF
39	Committee	\$500				OED/CAP	\$500	GF
40	Calle Willow Business Association	\$10,000			\$25,000	RDA	\$35,000	RDA
41	Cambodian American Resource Agency	\$2,940				OED/OCA	\$2,940	TOT/GF
42	Campus Community Association	\$11,896				OED/OCA	\$11,896	TOT/GF
43	Capitol Goss Dobern Neighborhood Association	\$4,105				OED/CAP	\$4,105	GF
44	Catholic Charities of Santa Clara County	\$572,710	\$391,518	tbd		PRNS	\$964,228	BEST, CDBG, GF, HNVF

* Grant, O&M data as of 1/7/2011
 BML data as of 3/11/11
 In-kind data as of 1/7/11

APPENDIX B

	Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
45	Center for Training and Careers	\$375,855				OED/WIA	\$375,855	BEST, WIA
46	Chavez Family Vision Inc.	\$250				Clerk	\$250	GF
47	Children's Discovery Museum of San Jose	\$136,712	\$300,000	\$720,000		OED/OCA	\$1,156,712	TOT/GF
48	Chinese American Chamber of Commerce	\$1,000				Clerk	\$1,000	GF
49	Chinese Performing Artists of America, San Jose	\$30,158				OED/OCA	\$30,158	TOT/GF
50	Christmas in the Park	\$12,789				OED/OCA	\$12,789	TOT/GF
51	Cinequest, Inc.	\$120,073				OED/OCA	\$120,073	TOT/GF
52	City Lights Performance Group of San Jose	\$34,936				OED/OCA	\$34,936	GF, TOT/GF
53	City Year Inc	\$1,775				Clerk	\$1,775	GF
54	Community Partners for Youth, Inc. (CCPY)	\$198,370				Housing	\$198,370	BEST, CDBG
55	Community Technology Alliance (CTA)	\$176,349				Housing	\$176,349	CDBG, HPRP
56	Continuing Development Inc. DBA Choices for Children	\$105,218				Housing	\$105,218	HNVF
57	Country Lane Neighborhood Association	\$3,605				OED/CAP	\$3,605	GF
58	County of Santa Clara	\$250				Clerk	\$250	GF
59	Delmas Park NAC	\$2,205				OED/CAP	\$2,205	GF
60	Diabetes Society	\$64,000				Housing	\$64,000	HNVF

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Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
61 District 1 Leadership	\$600				OED/CAP	\$600	GF
62 District 8 Community Roundtable	\$2,705				OED/CAP	\$2,705	GF
63 Earthquakes Soccer, LLC	\$500				Clerk	\$500	GF
64 East Santa Clara St. Business Association	\$10,000			\$25,000	RDA	\$35,000	RDA
65 East Valley/680 Neighborhood Action Coalition	\$8,100				OED/CAP	\$8,100	GF
66 Easterbrook Neighborhood Association	\$5,755				OED/CAP	\$5,755	GF
67 Eden Neighborhood Association	\$5,605				OED/CAP	\$5,605	GF
68 EHC/ LifeBuilders	\$3,206,503				Housing	\$3,206,503	CDBG, ESG, HPRP, HTF
69 Erikson NA	\$3,505				OED/CAP	\$3,505	GF
70 Escuela Popular del Pueblo	\$95,840				Housing	\$95,840	HNVF
71 Ethiopian Community Services, Inc.	\$92,798				Housing	\$92,798	CDBG, HNVF
72 Evergreen Elementary Education Foundation	\$500				Clerk	\$500	GF
73 Evergreen Little League	\$1,000				Clerk	\$1,000	GF
74 FamiliesFirst, Inc.	\$58,400				PRNS	\$58,400	BEST
75 Family and Children Services	\$184,000				Housing	\$184,000	BEST, HNVF
76 Family Supportive Housing, Inc.	\$207,486				Housing	\$207,486	CDBG, ESG, HNVF

* Grant, O&M data as of 1/7/2011
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	Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
77	Far East Dragon Lion Dance Assoc. Inc	\$500				Clerk	\$500	GF
78	Filipino Youth Coalition	\$55,120				PRNS	\$55,120	BEST, TOT/GF
79	Firebird Youth Chinese Orchestra	\$21,877				OED/OCA	\$21,877	TOT/GF
80	Foundation for Housing Equity	\$100				Clerk	\$100	GF
81	Fresh Lifelines For Youth	\$288,522				Housing	\$288,522	BEST, CDBG, HNVF, FDOJ
82	Friends of Santa Teresa Park	\$1,000				OED/CAP	\$1,000	GF
83	Friends of the San Jose Rose Garden	\$1,700				Clerk	\$1,700	GF
84	Gardner Family Health Network	\$120,000				Housing	\$120,000	HNVF
85	Generations Community Wellness Centers, Inc.	\$106,200				Housing	\$106,200	BEST, HNVF
86	Gilbert & Sullivan Society of San Jose	\$13,230				OED/OCA	\$13,230	TOT/GF
87	Girl Scouts of Northern California	\$32,000				PRNS	\$32,000	BEST
88	Goodwill Industries of Silicon Valley	\$127,462				Housing	\$127,462	HNVF
89	Goodyear Mastic NA	\$3,105				OED/CAP	\$3,105	GF
90	Great Oaks NA	\$3,105				OED/CAP	\$3,105	GF
91	Greater Gardner Coalition	\$3,305				OED/CAP	\$3,305	GF
92	Guadalupe River Park Conservancy	\$68,450			tbd	PRNS	\$68,450	GF, TOT/GF

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Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
93 Hanchett Park Heritage Project	\$605				OED/CAP	\$605	GF
94 Health Mobile	\$255,000				Housing	\$255,000	HNVF
95 Hellenic Heritage Institute Hispanic Development	\$1,000				Clerk	\$1,000	GF
96 Corporation Hispanic Foundation of Silicon	\$1,500				Clerk	\$1,500	GF
97 Valley	\$1,100				Clerk	\$1,100	GF
98 History San Jose Hoffman/Viamonte Neighborhood		\$825,000	\$48,000		OED	\$873,000	GF
99 Action Committee Holy Apostiolic Catholic Assyrina Church of the East Dioceses of	\$6,105				OED/CAP	\$6,105	GF
100 Western CA	\$650				Clerk	\$650	GF
101 Hope Services	\$100				Clerk	\$100	GF
102 Horace Mann School Foundation Hyde Park Neighborhood	\$250				Clerk	\$250	GF
103 Association Indian Health Center of Santa	\$3,905				OED/CAP	\$3,905	GF
104 Clara Valley Indo-American Senior Center of	\$102,233				Housing	\$102,233	CDBG, HNMF, TOT/GF
105 San Jose	\$500				Clerk	\$500	GF
106 InnVision The Way Home International Children Assistance	\$213,424				Housing	\$213,424	CDBG, ESG
107 Network (CAN)	\$25,000				Housing	\$25,000	CDBG

* Grant, O&M data as of 1/7/2011
 BML data as of 3/11/11
 In-kind data as of 1/7/11

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	Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
108	Involved Evergreen Italian American Heritage	\$2,605				OED/CAP	\$2,605	GF
109	Foundation	\$12,929			\$4,097	OED/OCA	\$17,026	IWM, TOT/GF
110	Japantown Business Association Japantown Community Congress of San Jose	\$10,000			\$25,000	RDA	\$35,000	RDA
111	-dba Spirit of Japantown Festival Japantown Neighborhood	\$9,418			\$2,563	OED/OCA	\$11,981	GF, IWM, TOT/GF
112	Association	\$4,105				OED/CAP	\$4,105	GF
113	Jewish Family Services of Silicon Valley	\$78,094				Housing	\$78,094	HNVF
114	Joyner/Payne Youth Services Agency	\$500				Clerk	\$500	GF
115	Kaisahan of San Jose Dance Company	\$18,547				OED/OCA	\$18,547	TOT/GF
116	King Ocala Neighborhood Association (KONA SNI)	\$3,000				OED/CAP	\$3,000	GF
117	La Raza Lawyers Charitable Foundation	\$100				Clerk	\$100	GF
118	Lanai Cunningham Neighborhood Association	\$250				Clerk	\$250	GF
119	Law Foundation of Silicon Valley	\$285,089				Housing	\$285,089	CDBG
120	Legal Aid Society of Santa Clara	\$150,000				Housing	\$150,000	CDBG
121	Leyva Community Action Team	\$100				Clerk	\$100	GF
122	Lincoln Theatre Guild, Inc	\$600				Clerk	\$600	GF

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 In-kind data as of 1/7/11

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Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
123 Live oak Adult Day Services	\$72,273				Housing	\$72,273	CDBG, HNVF
124 Loaves & Fishes Family Kitchen	\$50,000				Housing	\$50,000	HTF
Lyndale Neighborhood Association	\$2,750				OED/OCA	\$2,750	GF
125 Lyndale Neighborhood Association	\$2,750				OED/OCA	\$2,750	GF
126 Lynhaven Neighborhood Association	\$2,727				OED/OCA	\$2,727	GF
127 Maitri	\$25,000				Housing	\$25,000	CDBG
128 Margaret Wingrove Dancers	\$13,230				OED/OCA	\$13,230	TOT/GF
129 Mark A Browne	\$63,000				PRNS	\$63,000	BEST
Market/Almaden Neighborhood Association	\$2,405				OED/CAP	\$2,405	GF
130 Market/Almaden Neighborhood Association	\$2,405				OED/CAP	\$2,405	GF
131 Martha's Kitchen	\$77,000				Housing	\$77,000	HTF
McKinley/Bonita Neighborhood Association	\$6,605				OED/CAP	\$6,605	GF
132 McKinley/Bonita Neighborhood Association	\$6,605				OED/CAP	\$6,605	GF
133 McLaughlin Area Tenants	\$3,105				OED/CAP	\$3,105	GF
McLaughlin Corridor Neighborhood Association	\$2,305				OED/CAP	\$2,305	GF
134 McLaughlin Corridor Neighborhood Association	\$2,305				OED/CAP	\$2,305	GF
Meadowfair neighborhood Association	\$100				Clerk	\$100	GF
135 Meadowfair neighborhood Association	\$100				Clerk	\$100	GF
136 Mexican Heritage Corporation	\$104,669		tbd		OED/OCA	\$104,669	GF, TOT/GF
137 Miller Neighborhood Association	\$2,064				OED/CAP	\$2,064	GF
Mountain Spring Homeowners Association	\$909				OED/CAP	\$909	GF
138 Mountain Spring Homeowners Association	\$909				OED/CAP	\$909	GF

* Grant, O&M data as of 1/7/2011
 BML data as of 3/11/11
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	Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
139	Movimiento de Arte y Cultura Latino Americana	\$52,947				OED/OCA	\$52,947	TOT/GF
140	Mt. Pleasant NA	\$2,305				OED/CAP	\$2,305	GF
141	Murdock Neighborhood Association	\$2,705				OED/CAP	\$2,705	GF
142	N. 13th St./Luna Park Business Association	\$10,000			\$25,000	RDA	\$35,000	BEST, CDBG, ESG, HNVF
143	Next Door Solutions to Domestic Violence	\$211,576				Housing	\$211,576	TOT/GF
144	Nikkei Matsuri	\$4,551				OED/OCA	\$4,551	TOT/GF
145	North Valley Community Association	\$4,605				OED/CAP	\$4,605	GF
146	North Willow Glen NA	\$1,705				OED/CAP	\$1,705	GF
147	Northside Theatre Council	\$14,854				OED/OCA	\$14,854	TOT/GF
148	Oak Grove High School	\$500				Clerk	\$500	GF
149	Oak Grove School District	\$1,000				Clerk	\$1,000	GF
150	Olinder Neighborhood Association	\$4,105				OED/CAP	\$4,105	GF
151	OM Music Circle	\$4,215				OED/OCA	\$4,215	TOT/GF
152	Opera San Jose, Inc.	\$187,010				OED/OCA	\$187,010	TOT/GF
153	Opportunity Fund Northern California	\$258,677				Housing	\$258,677	CDBG
154	Our City Forest	\$268,878		\$95,784		DOT	\$364,662	GF, Storm Sewer

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Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
155 Outreach & Escort, Inc.	\$160,190				Housing	\$160,190	CDBG, HNVF
156 Pamlar Neighborhood Association	\$4,105				OED/CAP	\$4,105	GF
157 Park Pleasant NA	\$2,105				OED/CAP	\$2,105	GF
158 Pathway Society, Inc.	\$299,000				PRNS	\$299,000	BEST, HNVF
159 PHHS C/O 2000 Pinehurst Residents Association	\$500				Clerk	\$500	GF
160 Inc.	\$705				OED/CAP	\$705	GF
161 Portuguese Heritage Society of San Jose	\$7,931				OED/OCA	\$7,931	TOT/GF
162 Portuguese Organization for Social Services & Opportunities (POSSO)	\$63,592				Housing	\$63,592	CDBG
163 Positive Alternative Recreational Teambuilding	\$250				Clerk	\$250	GF
164 Prusch Farm Park Foundation	\$1,500				Clerk	\$1,500	GF
165 Rancho Santa Teresa Swim & Racquet Club	\$3,105				OED/CAP	\$3,105	GF
166 Rebuilding Together Silicon Valley	\$303,268				Housing	\$303,268	CDBG
167 Respite and Research For Alzheimer's Disease	\$107,300				Housing	\$107,300	CDBG, HNVF
168 Rocksprings Neighborhood Association	\$3,105				OED/CAP	\$3,105	GF

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APPENDIX B

	Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
169	ROHI Alternative Community Outreach	\$64,800				PRNS	\$64,800	BEST
170	Roosevelt Park Neighborhood Association	\$3,855				OED/CAP	\$3,855	GF
171	Roosevelt Park Softball Field			tbd			tbd	GF
172	Rosemary Gardens Neighborhood Association	\$2,105				OED/CAP	\$2,105	GF
173	Russian Music Competition, Inc.	\$17,010				OED/CAP	\$17,010	TOT/GF
174	Sacred Heart Community Service	\$786,796				Housing	\$786,796	CDBG, GF, HPRP
175	San Antonio Northwest NA	\$2,105				OED/CAP	\$2,105	GF
176	San Benito County Health and Human Services Agy	\$27,250				Housing	\$27,250	HOPWA
177	San Jose Astronomical Association	\$1,000				Clerk	\$1,000	GF
178	San Jose Chamber Music Society	\$15,120				OED/OCA	\$15,120	TOT/GF
179	San Jose Chamber Orchestra	\$24,341				OED/OCA	\$24,341	TOT/GF
180	San Jose Children's Musical Theater	\$128,998				OED/OCA	\$128,998	TOT/GF
181	San Jose Conservation Corps	\$570,280		\$88,431		OED/WIA	\$658,711	WIA, Mixed
182	San Jose Dance Theatre	\$15,120				OED/OCA	\$15,120	TOT/GF
183	San Jose Day Nursery	\$112,500				Housing	\$112,500	HNVF
184	San Jose Downtown Association	\$722,011			\$1,200	OED/OCA	\$723,211	IWM, RDA, TOT/GF

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APPENDIX B

	Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
185	San Jose Downtown Residents Association	\$2,605				OED/CAP	\$2,605	GF
186	San Jose Grail Family Services	\$40,362				Housing	\$40,362	GF, HNVF
187	San Jose Institute of Contemporary Art	\$61,432				OED/OCA	\$61,432	TOT/GF
188	San Jose Jazz Society	\$144,371			\$20,327	OED/OCA	\$164,698	IWM, TOT/GF
189	San Jose Multicultural Artists Guild	\$25,918		\$7,188		OED/OCA	\$33,106	TOT/GF
190	San Jose Museum of Art Association	\$169,371	\$500,000	\$1,404,000		OED/OCA	\$2,073,371	TOT/GF
191	San Jose Museum of Quilts & Textiles	\$52,108				OED/OCA	\$52,108	TOT/GF
192	San Jose Parents Participating Nursery School			\$43,200		OED	\$43,200	GF
193	San Jose Parks Foundation	\$250				Clerk	\$250	GF
194	San Jose Police Activities League				\$450,000	Police	\$450,000	GF
195	San Jose Public Library Foundation	\$200				Clerk	\$200	GF
196	San Jose Repertory Theatre	\$101,853	\$300,000	\$475,000		OED/OCA	\$876,853	TOT/GF
197	San Jose Stage Company	\$43,691				OED/OCA	\$43,691	TOT/GF
198	San Jose State Univ. Research Foundation	\$118,809				OED/OCA	\$118,809	BEST, RDA, TOT/GF
199	San Jose Symphonic Choir	\$11,111				OED/OCA	\$11,111	TOT/GF
200	San Jose Taiko Group, Inc	\$49,477				OED/OCA	\$49,477	TOT/GF

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APPENDIX B

Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
201 San Jose Unified School District Empire Gardens Elem School			tbd			tbd	GF
202 San Jose Youth Symphony	\$42,722				OED/OCA	\$42,722	TOT/GF
203 San Thomas West NA	\$3,105				OED/CAP	\$3,105	GF
204 Santa Clara County Asian Law Alliance	\$44,395				Housing	\$44,395	CDBG
205 Santa Clara County Black Chamber of Commerce	\$150,078				Housing	\$150,078	CDBG
206 Santa Clara Family Health Foundation	\$900				Clerk	\$900	GF
207 Santa Clara Family Health Plan	\$2,100,000				Housing	\$2,100,000	HNVF
208 Santa Clara Unified School District	\$68,000				PRNS	\$68,000	BEST
209 Santa Clara Valley Performing Arts Foundation	\$12,495				OED/OCA	\$12,495	TOT/GF
210 Santa Clara Valley Rifle Club			\$21,021		OED	\$21,021	GF
211 Santa Teresa Citizen Action Group	\$5,000				Clerk	\$5,000	GF
212 Santee Community Group	\$3,855				OED/CAP	\$3,855	GF
213 Schallenberger Home and School Association	\$450				Clerk	\$450	GF
214 School Health Clinics of Santa Clara County	\$44,663				Housing	\$44,663	HNVF
215 Second Harvest Food Bank of Santa Clara and San Mateo Co	\$25,950				Housing	\$25,950	CDBG
216 Senior Adults Legal Assistance (SALA)	\$115,205				Housing	\$115,205	CDBG, GF, HNVF

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 BML data as of 3/11/11
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Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
217 Shasta/Hanchett Park Neighborhood	\$2,675				OED/CAP	\$2,675	GF
218 Sherman Oaks Neighborhood Association	\$2,905				OED/CAP	\$2,905	GF
219 Silicon Valley African Productions	\$40,000				PRNS	\$40,000	BEST
220 Silicon Valley Crime Stopper	\$500				Clerk	\$500	GF
221 Silicon Valley FACES	\$500				Clerk	\$500	GF
222 Silicon Valley Independent Living Center	\$26,089				Housing	\$26,089	CDBG, GF
223 Silicon Valley Jewish Film Festival	\$12,600				OED/OCA	\$12,600	TOT/GF
224 Silverleaf Neighborhood Association	\$2,605				OED/CAP	\$2,605	GF
225 SJ Dance Co	\$13,433				OED/OCA	\$13,433	TOT/GF
226 Soccer Silicon Valley Community Foundation	\$500				Clerk	\$500	GF
227 Somos Mayfair, Inc	\$13,100				OED/OCA	\$13,100	GF, TOT/GF
228 South Bay Guitar Society of San Jose	\$21,652				OED/OCA	\$21,652	TOT/GF
229 South University Neighborhood Association	\$2,605				OED/CAP	\$2,605	GF
230 Spartan Keyes NAC	\$8,105				OED/CAP	\$8,105	GF
231 St. Elizabeth's Day Home	\$60,000				Housing	\$60,000	HNVF
232 St. Paul's United Methodist Church	\$13,230				OED/OCA	\$13,230	TOT/GF

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Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
233 Steinway Society-The Bay Area	\$17,552				OED/OCA	\$17,552	TOT/GF
234 Story Road Business Association	\$10,000			\$25,000	RDA	\$35,000	RDA
235 Support Network for Battered Women	\$50,000				Housing	\$50,000	CDBG, ESG
236 Symphony Silicon Valley	\$136,443				OED/OCA	\$136,443	TOT/GF
237 Tamien Neighborhood Association	\$2,200				OED/CAP	\$2,200	GF
238 Team San Jose	\$4,196,517			\$94,836		\$4,291,353	CCF, GF, TOT
239 Teatro Vision de San Jose	\$42,775		tbd		OED/OCA	\$42,775	TOT/GF
240 Tech Museum of Innovation		\$1,300,000	\$1,300,000		OED	\$2,600,000	GF
241 The Firehouse Community Development Corp.	\$140,000		tbd	\$8,100	PRNS	\$148,100	BEST CDBG, HNVF. HOPWA, HOPWA- SPNS
242 The Health Trust	\$1,301,248				Housing	\$1,301,248	
243 The North 13th Street Business Association	\$4,801				OED/OCA	\$4,801	GF, RDA, TOT/GF
244 The San Jose Cambodian Committee Coalition	\$6,105		tbd		OED/CAP	\$6,105	GF
245 The Tenacious Group	\$40,000				Housing	\$40,000	BEST
246 Third Street Community Center	\$153,372				Housing	\$153,372	HNVF
247 Trace Elementary Home and School Club	\$5,000				Clerk	\$5,000	GF
248 Ujima Adult and Family Services	\$80,000				PRNS	\$80,000	BEST

* Grant, O&M data as of 1/7/2011
 BML data as of 3/11/11
 In-kind data as of 1/7/11

APPENDIX B

Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
249 Union School District	\$3,000				Clerk	\$3,000	GF
250 United Veteran's Council of Santa Clara County	\$5,046				OED/OCA	\$5,046	TOT/GF
251 University Neighborhood Association	\$1,475				OED/CAP	\$1,475	GF
252 Viet-American Youth Association	\$500				Clerk	\$500	GF
253 Vietnamese American Community of Northern California	\$1,460				ESD	\$1,460	GF, IWM
254 Vietnamese Voluntary Foundation (VIVO)	\$49,503				Housing	\$49,503	CDBG
255 Vivace Youth Chorus of San Jose	\$15,120				OED/OCA	\$15,120	TOT/GF
256 VMC Foundation	\$200				Clerk	\$200	GF
257 West Coast Aquatics	\$100				Clerk	\$100	GF
258 West Evergreen Neighborhood Association	\$7,305				OED/CAP	\$7,305	GF
259 West San Carlos Street Neighborhood Business Assoc	\$14,551			\$25,000	OED/OCA	\$39,551	RDA, TOT/GF
260 West Valley Community Services (WVCS)	\$25,000				Housing	\$25,000	ESG
261 Westside Property & HOA	\$3,605				OED/CAP	\$3,605	GF
262 William C. Overfelt High School	\$500				Clerk	\$500	GF
263 Willow Glen Business & Professional Association	\$12,789				OED/OCA	\$12,789	TOT/GF
264 Willow Glen Middle School PTA	\$300				Clerk	\$300	GF

* Grant, O&M data as of 1/7/2011
 BML data as of 3/11/11
 In-kind data as of 1/7/11

APPENDIX B

Name of Entity	Grants	O&M	Lease Subsidy	In-Kind	Lead Department	Total Received	Sources of Funds
265 Willow Glen Neighborhood Association	\$1,760				OED/CAP	\$1,760	GF
266 Winchester Business Association	\$10,000			\$25,000	RDA	\$35,000	RDA
267 Winchester NAC	\$4,105				OED/CAP	\$4,105	GF
268 Workforce Institute	\$3,209,920				OED/WIA	\$3,209,920	WIA
269 YMCA of Silicon Valley (Central Branch)	\$120,000				Housing	\$120,000	HNVF
270 YU-AI KAI Japanese American Community Senior Service			\$72,678		OED	\$72,678	GF
TOTAL	\$27,963,179	\$3,616,518	\$4,561,076	\$811,121		\$36,951,894	

* Grant, O&M data as of 1/7/2011
 BML data as of 3/11/11
 In-kind data as of 1/7/11