



Certified Public Accountants, LLP

**WEINGART CENTER ASSOCIATION, INC.
AND WCA DEVELOPMENT CORPORATION
(California Nonprofit Corporations)**

**CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTAL SCHEDULE AND STATEMENTS,
and
ADDITIONAL INFORMATION**

APRIL 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Weingart Center Association, Inc.
and WCA Development Corporation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Weingart Center Association, Inc. and WCA Development Corporation (nonprofit organizations), which comprise the Consolidated Statements of Financial Position as of April 30, 2017 and 2016, and the related Consolidated Statements of Activities and Cash Flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Weingart Center Association, Inc. and WCA Development Corporation as of April 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017, on our consideration of Weingart Center Association, Inc. and WCA Development Corporation's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Weingart Center Association, Inc. and WCA Development Corporation's internal control over financial reporting and compliance.

Harrington Group

Pasadena, California

November 28, 2017

**WEINGART CENTER ASSOCIATION, INC.
AND WCA DEVELOPMENT CORPORATION
(California Nonprofit Corporations)**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
April 30, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS								
Current assets:								
Cash	\$ 1,348,412	\$ 57,652	\$ -	\$ 1,406,064	\$ 2,185,176	\$ 58,424	\$ -	\$ 2,243,600
Accounts receivable	2,461,715			2,461,715	2,043,426			2,043,426
Pledges receivable (Note 3)	60,320			60,320	11,667			11,667
Prepaid expenses	282,171			282,171	317,970			317,970
Investments (Note 4)	4,408,835			4,408,835	3,172,101			3,172,101
TOTAL CURRENT ASSETS	8,561,453	57,652	-	8,619,105	7,730,340	58,424	-	7,788,764
Property and equipment:								
Land	1,483,282			1,483,282	1,483,282			1,483,282
Building and improvements	18,454,840	618,474		19,073,314	18,311,915	665,957		18,977,872
Equipment, furniture, and fixtures	2,310,703			2,310,703	2,217,430			2,217,430
TOTAL PROPERTY AND EQUIPMENT	22,248,825	618,474	-	22,867,299	22,012,627	665,957	-	22,678,584
Less: accumulated depreciation	(16,014,349)			(16,014,349)	(15,518,274)			(15,518,274)
TOTAL PROPERTY AND EQUIPMENT, NET	6,234,476	618,474	-	6,852,950	6,494,353	665,957	-	7,160,310
Non-current assets:								
Investment in 600 San Pedro LP (Note 5)	625,026			625,026	510,530			510,530
Investments - endowment (Notes 4 and 9)		66,749	150,000	216,749		59,247	150,000	209,247
TOTAL NON-CURRENT ASSETS	625,026	66,749	150,000	841,775	510,530	59,247	150,000	719,777
TOTAL ASSETS	\$ 15,420,955	\$ 742,875	\$ 150,000	\$ 16,313,830	\$ 14,735,223	\$ 783,628	\$ 150,000	\$ 15,668,851

These accompanying notes are an integral part of these consolidated financial statements.

**WEINGART CENTER ASSOCIATION, INC.
AND WCA DEVELOPMENT CORPORATION
(California Nonprofit Corporations)**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

April 30, 2017 and 2016

continued

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
LIABILITIES AND NET ASSETS								
Current liabilities:								
Accounts payable	\$ 509,765	\$ -	\$ -	\$ 509,765	\$ 336,862	\$ -	\$ -	\$ 336,862
Accrued liabilities (Note 6)	863,958			863,958	741,000			741,000
Note payable - current portion (Note 8)	89,976			89,976	89,973			89,973
TOTAL CURRENT LIABILITIES	1,463,699	-	-	1,463,699	1,167,835	-	-	1,167,835
Line of credit (Note 7)				-				-
Note payable - long term portion (Note 8)	134,951			134,951	224,930			224,930
TOTAL LIABILITIES	1,598,650	-	-	1,598,650	1,392,765	-	-	1,392,765
Net assets:								
Unrestricted	13,822,305			13,822,305	13,342,458			13,342,458
Temporarily restricted (Note 9)		742,875		742,875		783,628		783,628
Permanently restricted (Note 10)			150,000	150,000			150,000	150,000
TOTAL NET ASSETS	13,822,305	742,875	150,000	14,715,180	13,342,458	783,628	150,000	14,276,086
TOTAL LIABILITIES AND NET ASSETS	\$ 15,420,955	\$ 742,875	\$ 150,000	\$ 16,313,830	\$ 14,735,223	\$ 783,628	\$ 150,000	\$ 15,668,851

These accompanying notes are an integral part of these consolidated financial statements.

**WEINGART CENTER ASSOCIATION, INC.
AND WCA DEVELOPMENT CORPORATION
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CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended at April 30, 2017 and 2016

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT:								
Government contracts and grants	\$ 12,265,441	\$ -	\$ -	\$ 12,265,441	\$ 10,630,140	\$ -	\$ -	\$ 10,630,140
Leases and rentals (Note 14)	1,189,653			1,189,653	1,075,273			1,075,273
Private support	614,174	65,015		679,189	1,110,258	69,628		1,179,886
Special events, net of expenses of \$331,305 and \$97,683, respectively	212,451			212,451	143,325			143,325
Other revenue	164,697	7,502		172,199	311,776	574		312,350
In-kind contributions (Note 2)	101,569			101,569	81,442			81,442
Release of restrictions	113,270	(113,270)		-	291,806	(291,806)		-
TOTAL REVENUES AND SUPPORT	<u>14,661,255</u>	<u>(40,753)</u>	<u>-</u>	<u>14,620,502</u>	<u>13,644,020</u>	<u>(221,604)</u>	<u>-</u>	<u>13,422,416</u>
EXPENSES:								
Salaries, payroll taxes, and employee benefits	8,262,536			8,262,536	7,735,670			7,735,670
Outside services	1,608,005			1,608,005	1,783,495			1,783,495
Program assistance	1,099,643			1,099,643	829,164			829,164
Supplies	906,108			906,108	748,938			748,938
Utilities	623,972			623,972	604,962			604,962
Depreciation	496,073			496,073	501,204			501,204
Food and beverages	353,304			353,304	359,484			359,484
Maintenance and repairs	203,936			203,936	167,465			167,465
Other	270,685			270,685	110,347			110,347
Insurance	152,609			152,609	138,981			138,981
Lease and rental costs	134,389			134,389	107,787			107,787
Training and personnel	86,964			86,964	82,128			82,128
Transportation	45,149			45,149	54,400			54,400
Promotion and business development	28,011			28,011	32,874			32,874
TOTAL EXPENSES (NOTE 12)	<u>14,271,384</u>	<u>-</u>	<u>-</u>	<u>14,271,384</u>	<u>13,256,899</u>	<u>-</u>	<u>-</u>	<u>13,256,899</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	389,871	(40,753)	-	349,118	387,121	(221,604)	-	165,517
OTHER CHANGES:								
Loan amortization (Note 8)	89,976			89,976	89,976			89,976
CHANGE IN NET ASSETS	479,847	(40,753)	-	439,094	477,097	(221,604)	-	255,493
NET ASSETS, BEGINNING OF YEAR	13,342,458	783,628	150,000	14,276,086	12,865,361	1,005,232	150,000	14,020,593
NET ASSETS, END OF YEAR	<u>\$ 13,822,305</u>	<u>\$ 742,875</u>	<u>\$ 150,000</u>	<u>\$ 14,715,180</u>	<u>\$ 13,342,458</u>	<u>\$ 783,628</u>	<u>\$ 150,000</u>	<u>\$ 14,276,086</u>

These accompanying notes are an integral part of these consolidated financial statements.

**WEINGART CENTER ASSOCIATION, INC.
AND WCA DEVELOPMENT CORPORATION
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CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended at April 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 439,094	\$ 255,493
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	496,073	501,204
(Gain) loss on investments	(68,058)	130
Loan amortization	(89,976)	(89,976)
Dividends reinvested, net of fees	2,326	(55,422)
(Increase) decrease in operating assets:		
Accounts and pledges receivable	(466,942)	399,570
Prepaid expenses	35,799	(143,282)
Increase (decrease) in operating liabilities:		
Accounts payable	172,903	(131,556)
Accrued liabilities	122,958	67,739
	644,177	803,900
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,392,075)	-
Proceeds for sale of investments	3,213,571	-
Purchase of property and equipment	(188,713)	(96,903)
Investment in limited partnership	(114,496)	(510,530)
	(1,481,713)	(607,433)
NET CASH (USED) FROM INVESTING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH	(837,536)	196,467
CASH, BEGINNING OF YEAR	2,243,600	2,047,133
CASH, END OF YEAR	\$ 1,406,064	\$ 2,243,600
SUPPLEMENTAL INFORMATION:		
Non-cash financing activity:		
Amortized loan cost	\$ 89,976	\$ 89,976

These accompanying notes are an integral part of these consolidated financial statements.

**WEINGART CENTER ASSOCIATION, INC.
AND WCA DEVELOPMENT CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

The mission of the Weingart Center Association, Inc. (“the Center”) is to empower and transform lives by delivering innovative solutions to combat poverty and break the cycle of homelessness.

The Center was established in 1983 through collaboration between the Weingart Foundation, Volunteers of America, the City of Los Angeles, and the Federal Urban Development Action agency. In 1984, it formally became the Center, a grassroots 501(c)(3) nonprofit organization with a strong business orientation, sound leadership, and an extraordinary mission. The Center is recognized as the most comprehensive “one-stop” service center for homeless men and women in the Western United States.

The Center is a 600-bed transitional housing facility located in the heart of Los Angeles’ “Skid Row”. It is a multi-service agency providing a full spectrum of services for individuals who are homeless or at risk for homelessness. The Center’s primary objective is to provide a broad range of comprehensive services that enable thousands of homeless individuals to lead productive, self-sufficient lives off the streets permanently. The Center collaborates with other private and public agencies, ensuring clients receive access to a wide range of other resources that are available to them to help increase their chances of making the permanent changes necessary for them to become self-sufficient. This unique strategy successfully links services that address the immediate needs of the homeless population, such as transitional housing, emergency shelter, on-site health care, education, vocational training, employment, mental health, recovery services, and food and safety. In addition to transitional programs and services, the Center provides supportive services, including a community based medical clinic; hot meals for resident clients served in Skid Row’s largest cafeteria; recuperative care for persons that are recovering from illness, injury, or surgery, and do not have medical insurance to stay in hospitals; and a temporary shelter that serves as an alternative to sleeping on the streets. The Center provides direct services to more than 20,000 economically disadvantaged individuals and families per year.

The Center continuously seeks government contracts and private grants to expand and enhance the services it offers to the community. The Center evaluates the impact of its programs through various measures such as job retention rates, housing retention rates, and the rates of improvement in the health and the self-determination of its clients throughout their residency and long term follow-up care. In the past 33 years, the Center has enabled over 150,000 men, women and their families to permanently exit the streets and return to lives of self-sufficiency with permanent jobs and permanent housing.

In 2006, WCA Development Corporation (“WDC”), a nonprofit public benefit corporation, was organized as a supporting organization of the Center. In the fiscal year ended April 30, 2012, WDC officially began operations.

**WEINGART CENTER ASSOCIATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization, continued

Generally accepted accounting principles provide guidance for the reporting and disclosure of financially interrelated not-for-profit organizations. Based upon the nature of the relationship between the Center and WDC, consolidated financial statements are presented. The two organizations together will be collectively referred to as “WCA”.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements is as follows:

Basis of Presentation

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

Principles of Consolidation

The consolidated financial statements include the accounts of the Center and WDC. The Center and WDC are consolidated since WDC is financially related to the Center and under common control. All inter-organization transactions have been eliminated.

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of WCA are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted. These generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Temporarily Restricted. WCA reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities as net assets released from program, capital, or time restrictions.

**WEINGART CENTER ASSOCIATION, INC.
AND WCA DEVELOPMENT CORPORATION
(California Nonprofit Corporations)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit WCA to expend all of the income (or other economic benefits) derived from the donated assets.

Accounts Receivable

Accounts receivable are recorded when billed or accrued. Accounts receivable primarily represent receivables from governmental agencies and are deemed fully collectible. Therefore, no allowance for doubtful accounts has been provided

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments

Investments consist of fixed income and money market funds at a security institution. WCA values its investments at fair value. Gains or losses (including investments bought, sold, and held during the year) are included in the Consolidated Statement of Activities under other revenue.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

WCA is required to measure certain investments, pledged contributions, and non-cash contributions at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

**WEINGART CENTER ASSOCIATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Concentration of Credit Risks

WCA places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. However, WCA performs ongoing evaluations of the commercial bank to limit its concentration of credit risk.

The primary receivable balances outstanding at April 30, 2017 and 2016 consist of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to the government contract receivables is limited, as these receivables consist of earned fees from contract programs.

WCA holds investments in the form of fixed income assets, equities, and short-term money market investments. The Board of Directors routinely reviews market values of such investments and the credit ratings of the bond issuers.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than three years.

Prior to the fiscal year 2008-09, in accordance with WCA's policy, property and equipment funded with contributions specifically restricted for that purpose were capitalized and included as temporarily restricted support. Over the useful life of these assets (five to thirty years), the restricted support related to the contributions is reclassified as unrestricted support in the Consolidated Statements of Activities as "Net Assets Released from Restrictions". The amount released from restriction is equal to depreciation. There are no donor stipulations on how long these assets must be used by WCA. The assets are depreciated over their useful life as well. Depreciation expense is reported in the Consolidated Statement of Activities as a decrease in unrestricted net assets. Property and equipment purchased under this policy will continue to be released from restriction under this practice.

However, beginning in the fiscal year 2008-09, WCA changed its policy on contributions specifically restricted for property and equipment. New restricted contributions received are reclassified from temporarily restricted support to unrestricted support when the expenditures are made for the acquisition or improvement of the property.

**WEINGART CENTER ASSOCIATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the years ended April 30, 2017 and 2016, WCA recorded in-kind donations of \$101,569 and \$81,442, respectively (see Note 15).

Income Taxes

WCA is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by WCA in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. WCA returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the periods presented. Actual results could differ from those estimates.

3. Pledges Receivable

Pledges receivable are recorded as support when pledged unless designated otherwise. All pledges are valued at estimated fair value at April 30, 2017 and 2016, and are deemed fully collectible. Pledges receivable were \$60,320 and \$11,667, respectively at April 30, 2017 and 2016. Pledges receivable at April 30, 2017 of \$60,320 are expected to be collected within one year, accordingly, no discount on pledges receivable is recorded.

**WEINGART CENTER ASSOCIATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Investments

WCA's investments are stated at market value. Investments at April 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Fixed income:		
Corporate bonds – domestic	\$2,084,310	\$ 808,823
U.S. government bonds and notes	37,032	241,929
U.S. agencies	-	596,138
Municipal bonds	-	286,289
Floating rate and adjusted rate notes	-	165,210
U.S. government REMIC/CMOs	-	155,965
Mutual funds – fixed	-	117,247
Foreign bonds	-	84,051
Mortgage backed government issues	-	82,363
Corporate CMOs	-	75,245
Asset backed corporate issues	-	70,135
	<u>2,121,342</u>	<u>2,683,395</u>
Equities:		
Domestic common and foreign stock	47,616	283,356
Mutual fund – closed end	-	41,266
	<u>47,616</u>	<u>324,622</u>
Cash and cash equivalents:		
Money market sweep funds	2,456,626	354,887
Estimated accrued interest	-	18,444
	<u>2,456,626</u>	<u>373,331</u>
	<u>\$4,625,584</u>	<u>\$3,381,348</u>

Included in total investments above is a permanent endowment of \$150,000 at April 30, 2017 and 2016. The investments which comprise this endowed asset are restricted for the purpose of funding the Leavey Endowment operational costs. The endowed asset is shown on the Consolidated Statement of Financial Position as a non-current asset. Investment earnings on the permanent endowment are reflected as a change in temporarily restricted, non-current assets.

**WEINGART CENTER ASSOCIATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. **Investments, continued**

Investment activity - April 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Total</u>
Dividends and interest income	\$ (4,933)	\$ 2,607	\$ -	\$ (2,326)
Gain (loss) on investments	74,014	(5,956)		68,058
Investment management fees	<u>(14,665)</u>	<u>(1,061)</u>		<u>(15,726)</u>
Net investment income	<u>\$ 54,416</u>	<u>\$(4,410)</u>	<u>\$ -</u>	<u>\$ 50,006</u>

Investment activity - April 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Total</u>
Dividends and interest income	\$ 69,181	\$ 2,929	\$ -	\$ 72,110
Gain (loss) on investments	1,321	(1,451)		(130)
Investment management fees	<u>(15,784)</u>	<u>(904)</u>		<u>(16,688)</u>
Net investment income	<u>\$ 54,718</u>	<u>\$ 574</u>	<u>\$ -</u>	<u>\$ 55,292</u>

5. **Investment in 600 San Pedro LP**

On January 14, 2016, the Center, a California nonprofit corporation, 600 San Pedro GP LLC, a California limited liability company, and SRHT Property Holding LLC, a California limited liability company, filed an Articles of Organization for 600 San Pedro LP, a California limited Partnership (“the Partnership”), with the Secretary of State of California. The Center, 600 San Pedro GP LLC, and SRHT Property Holding LLC, entered into an Operating Agreement. The Partnership’s primary purpose shall be to acquire, construct, own, hold for investment, operate, manage, lease or sell an affordable rental housing development for low-income person.

The Center and 600 San Pedro GP LLC are called “General Partners” with 600 San Pedro GP LLC as the “Manager” of the Partnership. SRHT Property Holding LLC is called the “Initial Limited Partner”. Per operating agreement, net profits and losses of the Partnership shall be allocated as 0.5% to the General Partners and 99% to be held by future limited partners.

As of the year ended April 30, 2017, the Center’s total investment in 600 San Pedro LP is \$625,026.

**WEINGART CENTER ASSOCIATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Accrued Liabilities

Accrued liabilities at April 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Accrued salaries	\$407,403	\$248,002
Accrued vacation	256,441	220,971
Other accrued liabilities	<u>200,114</u>	<u>272,027</u>
	<u>\$863,958</u>	<u>\$741,000</u>

7. Line of Credit

WCA currently has a line of credit in the amount of \$500,000, with a bank, with variable interest rate currently at 3.25% per annum, due December 2017. WCA had no outstanding balance on the line of credit at April 30, 2017. As of the date of these consolidated financial statements, WCA was in negotiations to extend its line of credit.

8. Note Payable

On October 31, 2012, WCA received a \$629,813 forgivable loan through the Emergency Housing Assistance Program (“EHAP”). Funds under the program are awarded as forgivable deferred loans for capital development to acquire, construct or rehabilitate sites for emergency shelters, transitional housing, and safe haven facilities for homeless persons. The loan term is for 7 years (84 months). WCA will record the amortization of the forgivable loan over the 84-month term. The outstanding balance at April 30, 2017 was \$224,927. Amortization of the loan, and the corresponding revenue recorded, for the year ended April 30, 2017 was \$89,976. Amortized maturities for the loan are as follows:

<u>Year ended April 30,</u>	
2018	\$ 89,976
2019	89,976
2020	<u>44,975</u>
	<u>\$224,927</u>

**WEINGART CENTER ASSOCIATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Temporarily Restricted Net Assets

Temporarily restricted net assets at April 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Building renovation	\$448,877	\$481,721
Contributions for building	169,597	184,237
Endowment (unspent earnings)	66,749	59,247
Women's Renaissance	45,910	2,214
Clinical services	6,630	44,490
Workforce development	5,000	7,692
Resource center	<u>112</u>	<u>4,027</u>
	<u>\$742,875</u>	<u>\$783,628</u>

For the years ended April 30, 2017 and 2016, net assets released for program restrictions were \$113,270 and \$291,806, respectively.

10. Permanently Restricted Net Assets and Endowment Funds

Permanently restricted net assets of \$150,000 and \$150,000 at April 30, 2017 and 2016, respectively, are restricted for the Thomas and Dorothy Leavey Learning and Employment Center Endowment.

Generally accepted accounting principles provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). Generally accepted accounting principles also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of California enacted UPMIFA effective January 1, 2009, the provisions of which apply to endowment funds existing on or established after that date. WCA classifies as permanently restricted net assets, (a) the original value of the gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by WCA.

**WEINGART CENTER ASSOCIATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Permanently Restricted Net Assets and Endowment Funds, continued

Endowment net assets composition by type of fund as of April 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Total</u>
Donor restricted funds	<u>\$ -</u>	<u>\$66,749</u>	<u>\$150,000</u>	<u>\$216,749</u>

Changes in endowment net assets for the years ended April 30, 2017 and 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Total</u>
Endowment assets on April 30, 2016	\$ -	\$59,247	\$150,000	\$209,247
Investment income		2,607		2,607
Unrealized investment gain		5,956		5,956
Amount appropriated for expenditure	_____	(1,061)	_____	(1,061)
Endowment assets on April 30, 2017	<u>\$ -</u>	<u>\$66,749</u>	<u>\$150,000</u>	<u>\$216,749</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Total</u>
Endowment assets on April 30, 2015	\$ -	\$58,673	\$150,000	\$208,673
Investment income		2,929		2,929
Unrealized investment (loss)		(1,451)		(1,451)
Amount appropriated for expenditure	_____	(904)	_____	(904)
Endowment assets on April 30, 2016	<u>\$ -</u>	<u>\$59,247</u>	<u>\$150,000</u>	<u>\$209,247</u>

11. Donated Food

During the year ended April 30, 2017 and 2016, WCA received donated food from the Los Angeles Regional Foodbank and private sources with values of approximately \$0 and \$5,198, respectively. This donated food is included in in-kind contributions and recorded for the same amount under food and beverages (program expenses).

**WEINGART CENTER ASSOCIATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Functional Expenses

Expenses, as outlined in the Consolidated Statements of Activities for the years ended April 30, 2017 and 2016, can be categorized by function as follows:

	<u>2017</u>	<u>2016</u>
Programs	\$12,286,059	\$11,536,771
Administrative	1,730,524	1,505,499
Fundraising	<u>254,801</u>	<u>214,629</u>
	<u>\$14,271,384</u>	<u>\$13,256,899</u>

13. Profit Sharing Retirement Plan

WCA sponsors a defined contribution plan. Benefits are funded by contributions from WCA eligible employees who have completed a full year of employment and are 21 years of age or older. All qualifying employees are fully vested after three years. WCA made no contributions to the plan for the years ended April 30, 2017 and 2016.

14. Commitments and Contingencies

Rental Income Under Operating Leases

WCA receives rental income for portions of its facilities leased under long-term arrangements with lease terms expiring through April 2024. Future minimum lease income under these contracts, with an initial or remaining term of one year or more, is as follows:

<u>Year ended April 30,</u>	
2018	\$1,040,852
2019	1,040,852
2020	1,040,852
2021	1,040,852
2022	1,040,852
Thereafter	<u>2,563,749</u>
	<u>\$7,768,009</u>

Lease income under these leases, including year-to-year leases, were \$1,189,653 and \$1,075,273 for the years ended April 30, 2017 and 2016, respectively.

**WEINGART CENTER ASSOCIATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Commitments and Contingencies, continued

Contracts

WCA's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits often cannot be reasonably estimated. However, WCA has no provisions on its consolidated financial statements under its other governmental contracts and grants for the possible disallowance of program costs related to those contracts.

15. Fair Value Measurements

The tables below present the balance of assets measured at fair value at April 30, 2017 and 2016 on a recurring basis:

April 30, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income:				
Corporate bonds - domestic	\$ -	\$2,084,310	\$ -	\$2,084,310
U.S. government bonds and notes		37,032		37,032
Equities:				
Domestic common and foreign	<u>47,616</u>			<u>47,616</u>
	<u>\$47,616</u>	<u>\$2,121,342</u>	<u>\$ -</u>	<u>\$2,168,958</u>

continued

**WEINGART CENTER ASSOCIATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Fair Value Measurements, continued

April 30, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income:				
Corporate bonds - domestic	\$ -	\$ 808,823	\$ -	\$ 808,823
U.S. agencies		596,138		596,138
Municipal bonds		286,289		286,289
U.S. government bonds and notes		241,929		241,929
Floating rate and adjusted rate notes		165,210		165,210
U.S. government REMICs /CMOs		155,965		155,965
Mutual funds – fixed		117,247		117,247
Foreign bonds		84,051		84,051
Mortgage backed government issues		82,363		82,363
Corporate CMOs		75,245		75,245
Asset backed corporate issues		70,135		70,135
Equities:				
Domestic common and foreign	283,356			283,356
Mutual fund - closed end	<u>41,266</u>			<u>41,266</u>
	<u>\$324,622</u>	<u>\$2,683,395</u>	<u>\$ -</u>	<u>\$3,008,017</u>

The fair value of equity has been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The fair value of fixed income investments has been measured on a recurring basis using quoted prices in active markets for the same or similar assets (Level 2 inputs).

The table below presents the transactions measured at fair value at April 30, 2017 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity investment LP	<u>\$ -</u>	<u>\$ -</u>	<u>\$625,026</u>	<u>\$625,026</u>

Equity investment in 600 San Pedro LP represents its cash capital investment in a corporation formed to acquire and operate affordable rental housing (see Note 5). WCA has a 0.5% economic interest in the Partnership.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Fair Value Measurements, continued

The following is a reconciliation of the Level 3 assets as of April 30, 2017:

Fair value at April 30, 2016	\$510,530
Investment in LP	114,496
Share of net gain from LP 2017 operations	<u>-</u>
Fair value at April 30, 2017	<u>\$625,026</u>

The tables below present transactions measured at fair value on a non-recurring basis during the years ended April 30, 2017 and 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed materials	\$ -	\$101,569	\$ -	\$101,569
Contributed food				-
Pledges received - current year			<u>157,903</u>	<u>157,903</u>
Fair value at April 30, 2017	<u>\$ -</u>	<u>\$101,569</u>	<u>\$157,903</u>	<u>\$259,472</u>
Contributed materials	\$ -	\$76,244	\$ -	\$ 76,244
Contributed food		5,198		5,198
Pledges received - current year			<u>26,667</u>	<u>26,667</u>
Fair value at April 30, 2016	<u>\$ -</u>	<u>\$81,442</u>	<u>\$26,667</u>	<u>\$108,109</u>

The fair value of contributed material and food has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of pledged contributions in the current year has been measured on a non-recurring basis using the value provided by the donor at the date of pledge and with consideration of the credit worthiness of the donor (Level 3 inputs).

16. Subsequent Events

Management has evaluated subsequent events through November 28, 2017, the date which the consolidated financial statements were available for issue.

Subsequent to the fiscal year end, WCA was awarded a direct distribution of \$8,000,000 from the Department of Housing and Community Development for the rehabilitation of the existing facility at 566 South San Pedro Avenue and the future acquisition and rehabilitation of properties in the City of Los Angeles for the purpose of providing supportive and transitional housing to serve homeless and low-income individuals and families, or those at risk of homelessness. The distribution was granted in October 2017. The financial statements as of April 30, 2017 do not include any adjustment resulting from this transaction.

No other events or transactions have occurred during this period, except as noted above, that appear to require recognition or disclosure in these financial statements

SUPPLEMENTAL SCHEDULE AND STATEMENTS

**WEINGART CENTER ASSOCIATION, INC.
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended at April 30, 2017

Program Name	Contract Number	Federal CFDA No.	Grant Period	Program Award	Program Expenditure	Pass-through to Sub-recipients
Federal Awards						
U.S. Department of Housing and Urban Development ("HUD"):						
Pass-through Los Angeles Homeless Services Authority-Winter Shelter Program/City (ESG) (b)	2016WSP08	14.231	12/01/16 - 03/30/17	\$ 59,620	\$ 55,363	\$ -
Pass-through Los Angeles Homeless Services Authority-City ESG (b)	2015HFSS12	14.231	07/01/15 - 06/30/16	782,975	177,955	
Pass-through Los Angeles Homeless Services Authority-City ESG (b)	2016HFSS12	14.231	07/01/16 - 06/30/17	477,108	407,437	
Pass-through Los Angeles Homeless Services Authority-City CDBG	2015HFSS12	14.218	07/01/15 - 06/30/16	113,148	29,428	
Pass-through Los Angeles Homeless Services Authority-City CDBG	2016HFSS12	14.218	07/01/16 - 06/30/17	119,201	107,765	
Pass-through Los Angeles Homeless Services Authority-County HPI (b)	2015HFSS12	14.231	07/01/15 - 06/30/16	98,465	52,072	
Pass-through Los Angeles Homeless Services Authority-County HPI (b)	2016HFSS12	14.231	07/01/16 - 06/30/17	65,000	80,828	
Sub-total passed-through LAHSA				<u>1,715,517</u>	<u>910,848</u>	<u>-</u>
Total HUD				<u>1,715,517</u>	<u>910,848</u>	<u>-</u>
U.S. Department of Health and Human Services ("DHHS"):						
Pass-through Los Angeles County-Department of Mental Health ("DMH"):						
Substance Abuse Prevention and Treatment Block Grant	MH200306	93.959	07/01/16 - 06/30/17	33,144	33,144	
Sub-total passed-through Los Angeles County-DMH				<u>33,144</u>	<u>33,144</u>	<u>-</u>
Pass-through Los Angeles County-Department of Public Social Services ("DPSS"):						
Community Services Block Grant ("CSBG")	2EES1362JT	93.570	07/01/15 - 06/30/16	118,823	3,820	
Community Services Block Grant ("CSBG")	2EES1362JT	93.570	07/01/16 - 06/30/17	118,823	51,678	
Sub-total passed-through Los Angeles County-DPSS				<u>237,646</u>	<u>55,498</u>	<u>-</u>
Pass-through JWCH Institute, Inc.:						
Substance Abuse & Mental Services Administration ("SAMHSA")		93.243	10/01/15 - 09/30/16	100,000	53,483	
Substance Abuse & Mental Services Administration ("SAMHSA")		93.243	10/01/16 - 09/30/17	100,000	47,888	
Sub-total passed-through JWCH Institute, Inc.				<u>200,000</u>	<u>101,371</u>	<u>-</u>
Pass-through Los Angeles Homeless Services Authority-County DPSS						
Temporary Assistance for Needy Families	2016FDPSS12	93.558	07/01/15 - 06/30/16	1,385,298	163,309	
Temporary Assistance for Needy Families	2015FDPSS12	93.558	07/01/16 - 06/30/17	2,228,399	1,123,163	
Sub-total passed-through LAHSA				<u>3,613,697</u>	<u>1,286,472</u>	<u>-</u>
Total DHHS				<u>4,084,487</u>	<u>1,476,485</u>	<u>-</u>
U.S. Department of Veterans Affairs:						
VA Homeless Providers Grant and Per Diem Program	98-083-CA	64.024	04/01/16 - 03/31/17	1,122,638	730,202	
VA Homeless Providers Grant and Per Diem Program	98-083-CA	64.024	04/01/17 - 03/31/18	1,122,638	56,403	
VA Homeless Providers Grant and Per Diem Program	02-137-CA	64.024	04/01/16 - 03/31/17	458,542	390	
Healthcare for Homeless Veterans Program	VA262-13-D-0025	64.024	10/01/15 - 09/30/16	436,832	143,573	
Healthcare for Homeless Veterans Program	VA262-13-D-0025	64.024	10/01/16 - 09/30/17	436,832	258,552	
Total direct awards from Department of Veterans Affairs				<u>3,577,482</u>	<u>1,189,120</u>	<u>-</u>
U.S. Department of Agriculture:						
Pass-through the State of California Department of Social Services U.S. Department of Agriculture ("CDSS"):						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Programs:						
General Relief Opportunities for Work Orientation (GROW)	GRJS14004	10.561	07/01/15 - 06/30/16	1,469,400	244,900	
General Relief Opportunities for Work Orientation (GROW)	GRJS14004	10.561	07/01/16 - 06/30/17	1,469,400	1,245,100	
Sub-total passed-through CDSS				<u>2,938,800</u>	<u>1,490,000</u>	<u>-</u>
Pass-through Los Angeles Regional Housing Food Bank:						
Emergency Food Assistance Program (Food Commodities) (a)	FOOD BANK	10.569	05/01/16 - 04/30/17	51,457	51,457	
Sub-total passed-through Los Angeles Regional Housing Food Bank				<u>51,457</u>	<u>51,457</u>	<u>-</u>
Total Department of Agriculture				<u>2,990,257</u>	<u>1,541,457</u>	<u>-</u>
Corporation for National and Community Service:						
Pass-through the State of California Department of General Services:						
AmeriCorps (b)	14AFHY21-F67 Y22 A-1	94.006	07/01/15 - 12/31/16	256,497	105,212	
AmeriCorps (b)	14AFHY23-F67	94.006	07/01/16 - 12/31/17	306,428	142,632	
AmeriCorps - CALVETS (b)	14AFHY21-F159 Y22-A1	94.006	07/01/15 - 12/31/16	288,115	141,722	
Sub-total passed-through State of California Department of General Services				<u>851,040</u>	<u>389,566</u>	<u>-</u>
Total Corporation for National and Community Services				<u>851,040</u>	<u>389,566</u>	<u>-</u>
Total Federal Awards				<u>\$ 13,218,783</u>	<u>\$ 5,507,476</u>	<u>\$ -</u>

(a) Commodities are passed-through from the Los Angeles Regional Foodbank

(b) Audited as a major program

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal Award activity of WCA under the programs of the federal government for the year ended April 30, 2017 in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit requirement for Federal Award (Uniform Guidance). Because the schedule presents only a selected portion of the operations of WCA it is not intended to and does not present the financial position, changes in net assets, or cash flows of WCA.

Note 2. Summary of Accounting Significant Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or limited as to reimbursement. WCA has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

WCA is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.

**WEINGART CENTER ASSOCIATION, INC.
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(California Nonprofit Corporations)**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

April 30, 2017

	Weingart Center Association			Total	Weingart Development Corporation	Eliminating Entries	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total	Total	Total
ASSETS							
Current assets:							
Cash	\$ 1,336,931	\$ 57,652	\$ -	\$ 1,394,583	\$ 11,481	\$ -	\$ 1,406,064
Accounts receivable	2,443,048			2,443,048	93,667	(75,000)	2,461,715
Pledges receivable (Note 3)	60,320			60,320			60,320
Prepaid expenses	256,239			256,239	25,932		282,171
Investments (Note 4)	4,408,835			4,408,835			4,408,835
TOTAL CURRENT ASSETS	8,505,373	57,652	-	8,563,025	131,080	(75,000)	8,619,105
Property and equipment:							
Land	1,483,283			1,483,283			1,483,283
Building and improvements	18,454,839	618,474		19,073,313			19,073,313
Equipment, furniture, and fixtures	2,243,048			2,243,048	67,655		2,310,703
TOTAL PROPERTY AND EQUIPMENT	22,181,170	618,474	-	22,799,644	67,655	-	22,867,299
Less: accumulated depreciation	(15,948,338)			(15,948,338)	(66,011)		(16,014,349)
TOTAL PROPERTY AND EQUIPMENT, NET	6,232,832	618,474	-	6,851,306	1,644	-	6,852,950
Non-current assets:							
Investments in 600 San Pedro LP (Note 5)	625,026			625,026			625,026
Investments - endowment (Note 4 and Note 9)		66,749	150,000	216,749			216,749
TOTAL NON-CURRENT ASSETS	625,026	66,749	150,000	841,775	-	-	841,775
TOTAL ASSETS	\$ 15,363,231	\$ 742,875	\$ 150,000	\$ 16,256,106	\$ 132,724	\$ (75,000)	\$ 16,313,830

See independent auditor's report.

**WEINGART CENTER ASSOCIATION, INC.
AND WCA DEVELOPMENT CORPORATION
(California Nonprofit Corporations)**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
April 30, 2017
continued

	Weingart Center Association			Total	Weingart Development Corporation	Eliminating Entries	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted				
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable	\$ 437,658	\$ -	\$ -	\$ 437,658	\$ 72,107	\$ -	\$ 509,765
Accrued liabilities (Note 6)	857,055			857,055	81,903	(75,000)	863,958
Note payable - current portion (Note 8)	89,976			89,976			89,976
TOTAL CURRENT LIABILITIES	1,384,689	-	-	1,384,689	154,010	(75,000)	1,463,699
Line of credit (Note 7)				-			-
Note payable - long term portion (Note 8)	134,951			134,951			134,951
TOTAL LIABILITIES	1,519,640	-	-	1,519,640	154,010	(75,000)	1,598,650
Net assets:							
Unrestricted	13,843,591			13,843,591	(21,286)		13,822,305
Temporarily restricted (Note 9)		742,875		742,875			742,875
Permanently restricted (Note 10)			150,000	150,000			150,000
TOTAL NET ASSETS	13,843,591	742,875	150,000	14,736,466	(21,286)	-	14,715,180
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,363,231</u>	<u>\$ 742,875</u>	<u>\$ 150,000</u>	<u>\$ 16,256,106</u>	<u>\$ 132,724</u>	<u>\$ (75,000)</u>	<u>\$ 16,313,830</u>

See independent auditors' report.

**WEINGART CENTER ASSOCIATION, INC.
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(California Nonprofit Corporations)**

CONSOLIDATING STATEMENT OF ACTIVITIES
April 30, 2017

	Weingart Center Association			Weingart Development Corporation	Eliminating Entries	Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted				Total
REVENUES AND SUPPORT:							
Government contracts and grants	\$ 11,921,389	\$ -	\$ -	\$ 11,921,389	\$ 344,052	\$ -	\$ 12,265,441
Leases and rentals (Note 14)	1,189,653			1,189,653			1,189,653
Private support	614,174	65,015		679,189			679,189
Special events, net of expenses of \$331,305	212,451			212,451			212,451
Other revenue	154,691	7,502		162,193	10,006		172,199
In-kind contributions (Note 2)	101,569			101,569			101,569
Release of restrictions	113,270	(113,270)		-			-
TOTAL REVENUES AND SUPPORT	14,307,197	(40,753)	-	14,266,444	354,058	-	14,620,502
EXPENSES:							
Salaries, payroll taxes, and employee benefits	8,065,371			8,065,371	197,165		8,262,536
Outside services	1,528,888			1,528,888	79,117		1,608,005
Program assistance	1,099,643			1,099,643			1,099,643
Supplies	891,590			891,590	14,518		906,108
Utilities	618,231			618,231	5,741		623,972
Depreciation	481,668			481,668	14,405		496,073
Food and beverages	353,304			353,304			353,304
Maintenance and repairs	189,927			189,927	14,009		203,936
Other	256,797			256,797	13,888		270,685
Insurance	144,417			144,417	8,192		152,609
Lease and rental costs	134,389			134,389			134,389
Training and personnel	74,282			74,282	12,682		86,964
Transportation	35,290			35,290	9,859		45,149
Promotion and business development	27,866			27,866	145		28,011
TOTAL EXPENSES (NOTE 12)	13,901,663	-	-	13,901,663	369,721	-	14,271,384
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	405,534	(40,753)	-	364,781	(15,663)	-	349,118
OTHER CHANGES:							
Loan amortization (Note 8)	89,976			89,976			89,976
CHANGE IN NET ASSETS	495,510	(40,753)		454,757	(15,663)	-	439,094
NET ASSETS, BEGINNING OF YEAR	13,348,081	783,628	150,000	14,281,709	(5,623)	-	14,276,086
NET ASSETS, END OF YEAR	\$ 13,843,591	\$ 742,875	\$ 150,000	\$ 14,736,466	\$ (21,286)	\$ -	\$ 14,715,180

See independent auditors' report.

ADDITIONAL INFORMATION

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Board of Directors
Weingart Center Association, Inc.
and WCA Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Weingart Center Association, Inc. and WCA Development Corporation ("WCA"), which comprise the Consolidated Statements of Financial Position as of April 30, 2017, and the related Consolidated Statements of Activities and Cash Flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered WCA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of WCA's internal control. Accordingly, we do not express an opinion on the effectiveness of WCA's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Harrington Group

Pasadena, California
November 28, 2017

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors
Weingart Center Association, Inc.
and WCA Development Corporation

Report on Compliance for Each Major Federal Program

We have audited Weingart Center Association, Inc. and WCA Development Corporation ("WCA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of WCA's major federal programs for the year ended April 30, 2017. WCA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of WCA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about WCA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, WCA complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2017.

Report on Internal Control Over Compliance

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

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

continued

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harrington Group

Pasadena, California
November 28, 2017

**WEINGART CENTER ASSOCIATION, INC.
AND WCA DEVELOPMENT CORPORATION**
(California Nonprofit Corporations)
Schedule of Findings and Questioned Costs
For the year ended April 30, 2017

Section I – Summary of Auditors’ Results

Consolidated Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Noncompliance material to consolidated financial statements noted? No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516 Audit Findings of the Uniform Guidance? No

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Identification of Major Programs:

Corporation for National and Community Services:

AmeriCorps 94.006

U.S. Department of Housing and Urban Development:

Emergency Solutions Grant Program 14.231

Section II – Financial Statements Findings

There are no findings required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There are neither findings nor questioned costs for Federal Awards as defined in the Uniform Guidance.

Section IV – Summary of Prior Year Findings

None.