

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

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

APRIL 30, 2014 and 2013

CONTENTS

Independent Auditors' Report	1-2
Consolidated Statements of Financial Position	3-4
Consolidated Statements of Activities	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-18
Supplemental Schedule and Statements:	
Schedule of Expenditures of Federal Awards	19
Consolidating Statement of Financial Position	20-21
Consolidating Statement of Activities	22
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 <i>Government Auditing Standards</i>	23
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	24-25
Schedule of Findings and Questioned Costs	26

INDEPENDENT AUDITORS' REPORT

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

Report on the 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, 2014 and 2013, 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 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 auditors consider 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 entities' 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 financial position of Weingart Center Association, Inc. and WCA Development Corporation as of April 30, 2014 and 2013, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 August 28, 2014 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

August 28, 2014

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
April 30, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets								
Current assets:								
Cash	\$ 1,423,717	\$ 96,416	\$ -	\$ 1,520,133	\$ 828,989	\$ 167,637	\$ -	\$ 996,626
Accounts receivable	2,453,153			2,453,153	2,260,647			2,260,647
Pledges receivable (Note 3)	12,500			12,500	12,500			12,500
Prepaid expenses	159,372			159,372	258,530			258,530
Investments (Note 4)	3,049,369			3,049,369	3,044,702			3,044,702
Total current assets	7,098,111	96,416	-	7,194,527	6,405,368	167,637	-	6,573,005
Property and equipment:								
Land	1,483,282			1,483,282	1,483,282			1,483,282
Building and improvements	18,076,517	760,929		18,837,446	18,025,034	808,412		18,833,446
Equipment, furniture, and fixtures	2,111,878			2,111,878	2,083,374	600		2,083,974
Total property and equipment	21,671,677	760,929	-	22,432,606	21,591,690	809,012	-	22,400,702
Less: accumulated depreciation	(14,361,546)			(14,361,546)	(13,546,346)			(13,546,346)
Total property and equipment, net	7,310,131	760,929	-	8,071,060	8,045,344	809,012	-	8,854,356
Investments - endowment (Notes 4 and 8)		52,531	150,000	202,531		54,040	150,000	204,040
Total non-current assets	-	52,531	150,000	202,531	-	54,040	150,000	204,040
Total assets	<u>\$ 14,408,242</u>	<u>\$ 909,876</u>	<u>\$ 150,000</u>	<u>\$ 15,468,118</u>	<u>\$ 14,450,712</u>	<u>\$ 1,030,689</u>	<u>\$ 150,000</u>	<u>\$ 15,631,401</u>

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, 2014 and 2013
continued

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Liabilities and net assets								
Current liabilities:								
Accounts payable	\$ 421,857	\$ -	\$ -	\$ 421,857	\$ 393,094	\$ -	\$ -	\$ 393,094
Accrued liabilities (Note 5)	577,083			577,083	433,820			433,820
Total current liabilities	998,940	-	-	998,940	826,914	-	-	826,914
Note payable (Note 7)	494,852			494,852	584,826			584,826
Total liabilities	1,493,792	-	-	1,493,792	1,411,740	-	-	1,411,740
Net assets:								
Unrestricted	12,914,450			12,914,450	13,038,972			13,038,972
Temporarily restricted (Note 8)		909,876		909,876		1,030,689		1,030,689
Permanently restricted (Note 9)			150,000	150,000			150,000	150,000
Total net assets	12,914,450	909,876	150,000	13,974,326	13,038,972	1,030,689	150,000	14,219,661
Total liabilities and net assets	<u>\$ 14,408,242</u>	<u>\$ 909,876</u>	<u>\$ 150,000</u>	<u>\$ 15,468,118</u>	<u>\$ 14,450,712</u>	<u>\$ 1,030,689</u>	<u>\$ 150,000</u>	<u>\$ 15,631,401</u>

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

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the years ended April 30, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:								
Government contracts and grants	\$ 11,063,901	\$ -	\$ -	\$ 11,063,901	\$ 10,094,914	\$ -	\$ -	\$ 10,094,914
Leases and rentals	1,009,506			1,009,506	983,900			983,900
Private support	688,183	96,416		784,599	425,886	51,938		477,824
Special events, net of expenses of \$194,608 and \$163,119, respectively	161,193			161,193	170,227			170,227
In-kind contributions (Note 2)	156,532			156,532	212,106			212,106
Other revenue	126,426	(1,509)		124,917	97,614	2,956		100,570
Release of restrictions	215,720	(215,720)		-	200,147	(200,147)		-
Total revenues and support	<u>13,421,461</u>	<u>(120,813)</u>	<u>-</u>	<u>13,300,648</u>	<u>12,184,794</u>	<u>(145,253)</u>	<u>-</u>	<u>12,039,541</u>
Expenses:								
Salaries, payroll taxes, and employee benefits	8,757,093			8,757,093	7,837,344			7,837,344
Outside services	1,177,002			1,177,002	1,231,021			1,231,021
Depreciation	815,199			815,199	856,481			856,481
Supplies	793,646			793,646	641,721			641,721
Utilities	590,588			590,588	527,279			527,279
Program assistance	589,424			589,424	-			-
Food and beverages	244,827			244,827	299,829			299,829
Maintenance and repairs	199,548			199,548	282,779			282,779
Other	119,384			119,384	135,463			135,463
Insurance	131,844			131,844	119,812			119,812
Training and personnel	82,303			82,303	95,157			95,157
Lease and rental costs	71,695			71,695	72,625			72,625
Transportation	48,410			48,410	61,201			61,201
Promotion and business development	14,994			14,994	21,136			21,136
Total expenses (Note 11)	<u>13,635,957</u>	<u>-</u>	<u>-</u>	<u>13,635,957</u>	<u>12,181,848</u>	<u>-</u>	<u>-</u>	<u>12,181,848</u>
Change in net assets before other changes	(214,496)	(120,813)	-	(335,309)	2,946	(145,253)	-	(142,307)
Other changes:								
Loan amortization (Note 7)	89,974			89,974	44,987			44,987
Change in net assets	(124,522)	(120,813)	-	(245,335)	47,933	(145,253)	-	(97,320)
Net assets, beginning of year	<u>13,038,972</u>	<u>1,030,689</u>	<u>150,000</u>	<u>14,219,661</u>	<u>12,991,039</u>	<u>1,175,942</u>	<u>150,000</u>	<u>14,316,981</u>
Net assets, end of year	<u>\$ 12,914,450</u>	<u>\$ 909,876</u>	<u>\$ 150,000</u>	<u>\$ 13,974,326</u>	<u>\$ 13,038,972</u>	<u>\$ 1,030,689</u>	<u>\$ 150,000</u>	<u>\$ 14,219,661</u>

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 CASH FLOWS
For the years ended April 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Changes in net assets	\$ (245,335)	\$ (97,320)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	815,199	856,481
Loss on investments	78,717	5,661
Loan amortization	(89,974)	(44,987)
Dividends reinvested, net of fees	(81,875)	(86,050)
Changes in assets and liabilities:		
(Increase) decrease in accounts and pledges receivable	(192,506)	65,859
Decrease (increase) in prepaid expenses	99,158	(181,642)
Increase in accounts payable	28,763	102,961
Increase (decrease) in accrued liabilities	143,263	(64,385)
Net cash provided by operating activities	555,410	556,578
Cash flows from investing activities:		
Purchase of property and equipment	(31,903)	(209,835)
Purchase of investments	-	(637,102)
Net cash (used) in investing activities	(31,903)	(846,937)
Cash flows from financing activities:		
Proceeds from borrowings on note payable	-	629,813
Net cash provided by financing activities	-	629,813
Net increase in cash	523,507	339,454
Cash, beginning of year	996,626	657,172
Cash, end of year	\$ 1,520,133	\$ 996,626
Supplemental information:		
Non-cash financing activity:		
Amortized loan cost	\$ 89,974	\$ 44,987

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

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

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 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 13,000 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 27 years, the Center has enabled over 85,000 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.
AND WCA DEVELOPMENT CORPORATION
(California Nonprofit Corporations)**

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 one type of assets and certain revenues at fair value: certain investments, pledged contributions, and non-cash contributions. The specific techniques used to measure fair value for each element is described in the notes below that relate to each element.

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

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, 2014 and 2013 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 bonds 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.

continued

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

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, 2014 and 2013, WCA recorded in-kind donations of \$156,532 and \$212,106, respectively (see Note 14 for components of such amounts).

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.

Subsequent Events

Management has evaluated subsequent events through August 28, 2014, the date which the consolidated financial statements were available.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2014 and 2013, and are deemed fully collectible. Pledges receivable were \$12,500 and \$12,500, respectively at April 30, 2014 and 2013. Pledges receivable at April 30, 2014 of \$12,500 are expected to be collected within one year, accordingly, no discount on pledges receivable is recorded.

4. Investments

WCA's investments are stated at market value. Investments at April 30, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Fixed income		
Corporate bonds – domestic	\$1,153,146	\$ 968,982
U.S. agencies	800,714	822,033
Foreign bonds	368,727	279,816
U.S. government bonds and notes	316,530	361,325
Municipal bonds	240,132	325,463
Mutual funds - fixed	182,575	185,566
Floating rate notes	91,170	94,230
U.S. government remics/cmoss	<u>-</u>	<u>183,857</u>
	3,152,994	3,221,272
Money market funds	<u>98,906</u>	<u>27,470</u>
	<u>\$3,251,900</u>	<u>\$3,248,742</u>

Included in total investments above is a permanent endowment of \$150,000 and \$150,000 at April 30, 2014 and 2013, respectively. 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.

Investment Activity - April 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Total</u>
Dividends and interest income	\$ 96,047	\$ 1,973	\$ -	\$ 98,020
Losses on investments	(75,725)	(2,992)		(78,717)
Investment management fees	<u>(15,655)</u>	<u>(490)</u>		<u>(16,145)</u>
Net investment income	<u>\$ 4,667</u>	<u>\$(1,509)</u>	<u>\$ -</u>	<u>\$ 3,158</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Investments, continued

Investment activity - April 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Total</u>
Dividends and interest income	\$ 83,116	\$2,934	\$ -	\$ 86,050
Gains (losses) on investments	(6,078)	417		(5,661)
Investment management fees	<u>(12,505)</u>	<u>(395)</u>		<u>(12,900)</u>
Net investment income	<u>\$ 64,533</u>	<u>\$2,956</u>	<u>\$ -</u>	<u>\$ 67,489</u>

5. Accrued Liabilities

Accrued liabilities at April 30, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Accrued salaries	<u>\$213,917</u>	\$187,980
Accrued vacation	<u>250,075</u>	244,394
Other accrued liabilities	<u>113,091</u>	<u>1,446</u>
	<u>\$577,083</u>	<u>\$433,820</u>

6. Lines of Credit

WCA has a line of credit in the amount of \$500,000, which is renewable annually in July. The line of credit has an interest rate of prime, which was 3.25%, at April 30, 2014. During the year ended April 30, 2014, WCA obtained another line of credit in the amount of \$500,000, with a different bank, at an interest rate of 3.25%, due October 2014. WCA had no outstanding amount on both of the lines of credit at April 30, 2014.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. 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, 2014 was \$494,852. Amortization of the loan, and the corresponding revenue recorded, for the year ended April 30, 2014 was \$89,974. Amortized maturities for the loan are as follows:

<u>Year Ended April 30,</u>	
2015	\$ 89,974
2016	89,974
2017	89,974
2018	89,974
2019	89,974
Thereafter	<u>44,982</u>
	<u>\$494,852</u>

8. Temporarily Restricted Net Assets

Temporarily restricted net assets at April 30, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Building renovation	\$547,412	\$ 580,254
Contributions for building	213,517	228,158
Workforce development	66,671	49,699
Endowment (unspent earnings)	52,531	54,040
Women’s renaissance	29,745	31,938
AmeriCorps	-	86,000
Broiler	-	600
	<u>\$909,876</u>	<u>\$1,030,689</u>

For the years ended April 30, 2014 and 2013, net assets released for program restrictions were \$215,720 and \$200,147, respectively.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Permanently Restricted Net Assets and Endowment Funds

Permanently restricted net assets of \$150,000 and \$150,000 at April 30, 2014 and 2013, 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”). GAAP 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.

Endowment net assets composition by type of fund as of April 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Total</u>
Donor restricted funds	\$ -	\$52,531	\$150,000	<u>\$202,531</u>

Changes in endowment net assets for the fiscal years ended April 30, 2014 and 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Total</u>
Endowment assets on April 30, 2013	\$ -	\$54,040	\$150,000	<u>\$204,040</u>
Investment income		1,973		<u>1,973</u>
Unrealized investment loss		(2,992)		<u>(2,992)</u>
Amount appropriated for expenditure	_____	(490)	_____	<u>(490)</u>
Endowment assets on April 30, 2014	<u>\$ -</u>	<u>\$52,531</u>	<u>\$150,000</u>	<u>\$202,531</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Permanently Restricted Net Assets and Endowment Funds, continued

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Total</u>
Endowment assets on April 30, 2012	\$ -	\$51,084	\$150,000	\$201,084
Investment income		2,934		2,934
Unrealized investment gain		417		417
Amount appropriated for expenditure	_____	(395)	_____	(395)
Endowment assets on April 30, 2013	<u>\$ -</u>	<u>\$54,040</u>	<u>\$150,000</u>	<u>\$204,040</u>

10. Donated Food

During the year ended April 30, 2014 and 2013, WCA received donated food from the Los Angeles Regional Foodbank and private sources with values of approximately \$76,005 and \$133,036, respectively. This donated food is included in contributions and grants revenue and recorded for the same amount under food and beverages (program expenses).

11. Functional Expenses

Expenses, as outlined in the Consolidated Statements of Activities for the years ended April 30, 2014 and 2013, can be categorized by function as follows:

	<u>2014</u>	<u>2013</u>
Programs	\$11,947,743	\$10,427,410
Administrative	1,405,326	1,348,953
Fundraising	282,888	405,485
	<u>\$13,635,957</u>	<u>\$12,181,848</u>

12. 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, 2014 and 2013.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. 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>	
2015	\$1,008,388
2016	1,008,388
2017	1,008,388
2018	1,008,388
2019	1,008,388
Thereafter	<u>4,741,294</u>
	<u>\$9,783,234</u>

Lease income under these leases, including year-to-year leases, were \$1,009,506 and \$983,900 for the years ended April 30, 2014 and 2013, respectively.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Fair Value Measurements

The tables below present the balance of assets measured at fair value at April 30, 2014 and 2013 on a recurring basis:

April 30, 2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ -	\$3,152,994	\$ -	\$3,152,994

April 30, 2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ -	\$3,221,272	\$ -	\$3,221,272

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 tables below present transactions measured at fair value on a non-recurring basis during the years ended April 30, 2014 and 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed food	\$ -	\$ 76,005	\$ -	\$ 76,005
Contributed materials		80,527		80,527
Pledges received-current year			18,750	18,750
Fair value at April 30, 2014	\$ -	\$156,532	\$18,750	\$175,282

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed food	\$ -	\$133,036	\$ -	\$133,036
Contributed materials		79,070		79,070
Pledges received-current year			18,750	18,750
Fair value at April 30, 2013	\$ -	\$212,106	\$18,750	\$230,856

The fair value of contributed food and materials 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).

SUPPLEMENTAL SCHEDULE AND STATEMENTS

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

Schedule of Expenditure of Federal Awards
For the year ended April 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Contract Number	Federal CFDA No.	Grant Period	Program Award	Program Expenditure
U.S. Department of Housing and Urban Development ("HUD"):					
Pass-through Los Angeles Homeless Services Authority-Supportive Housing Program (CDBG)	2013CDBG13	14.218	04/01/13 - 03/31/14	\$ 1,145,467	\$ 1,022,483
Pass-through Los Angeles Homeless Services Authority-Supportive Housing Program (CDBG)	2014CDBG	14.218	04/01/14 - 03/31/15	673,127	72,928
Pass-through Los Angeles Homeless Services Authority-Supportive Housing Program (ESG) (b)	2013ESG05	14.231	04/01/13 - 03/31/14	50,000	43,628
Pass-through Los Angeles Homeless Services Authority-Supportive Housing Program (ESG) (b)	2014ESG05	14.231	04/01/14 - 03/31/15	50,000	5,965
Pass-through Los Angeles Homeless Services Authority-Supportive Housing Program (SHP)	CA0366L9D001205	14.235	05/01/13 - 04/30/14	181,319	181,319
Pass-through Los Angeles Homeless Services Authority-Supportive Housing Program (SHP)	CA0377L9D001205	14.235	08/01/13 - 07/31/14	245,728	195,531
Pass-through Los Angeles Homeless Services Authority-Supportive Housing Program (SHP)	CA0377B9D001104	14.235	08/01/12 - 07/31/13	241,135	57,475
Pass-through Los Angeles Homeless Services Authority-Supportive Housing Program (SHP)	CA0504I9D001205	14.235	05/01/13 - 04/30/14	251,454	251,454
Pass-through Los Angeles Homeless Services Authority-Family Solutions (b)	2012FSC07	14.231	01/01/13 - 06/30/14	1,132,322	1,100,925
Sub-total pass-through LAHSA				<u>3,970,552</u>	<u>2,931,708</u>
Directly from the U.S. Housing and Urban Development Supportive Housing Demonstration Prog.	CA0446L9D001205	14.235	09/01/13 - 08/31/14	320,468	210,279
Directly from the U.S. Housing and Urban Development Supportive Housing Demonstration Prog.	CA0446B9D001104	14.235	09/01/12 - 08/31/13	314,478	71,452
Directly from the U.S. Housing and Urban Development Supportive Housing Demonstration Prog.	CA0481B9D001104	14.235	04/01/13 - 03/31/14	174,013	158,696
Sub-total Direct HUD				<u>808,959</u>	<u>440,427</u>
Total HUD				<u>4,779,511</u>	<u>3,372,135</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	07/01/11 - 06/30/16	26,849	26,849
Sub-total pass-through Los Angeles County DMH				<u>26,849</u>	<u>26,849</u>
Community Services Block Grant ("CSBG")					
Sub-total CSBG		93.570	07/01/13 - 06/30/14	<u>118,823</u>	<u>57,215</u>
Substance Abuse & Mental Services Administration ("SAMHSA")					
Substance Abuse & Mental Services Administration ("SAMHSA")		93.243	10/01/13 - 09/30/14	100,000	54,798
Substance Abuse & Mental Services Administration ("SAMHSA")		93.243	10/01/12 - 09/30/13	100,000	50,035
Sub-total SAMHSA				<u>200,000</u>	<u>104,833</u>
Healthy Marriage Promotion and Responsible Fatherhood Grants ("Fatherhood")					
Healthy Marriage Promotion and Responsible Fatherhood Grants ("Fatherhood")		93.086	10/01/13 - 09/30/14	66,000	39,752
Healthy Marriage Promotion and Responsible Fatherhood Grants ("Fatherhood")		93.086	10/01/12 - 09/30/13	66,000	26,183
Sub-total Fatherhood				<u>132,000</u>	<u>65,935</u>
Pathways to Responsible Fatherhood ("DAD's BACK")					
Sub-total DAD's BACK		93.086	10/01/12 - 10/31/13	<u>70,000</u>	<u>33,563</u>
Total DHHS				<u>547,672</u>	<u>288,395</u>
U.S. Department of Veterans Affairs:					
VA Homeless Providers Grant and Per Diem Program	98-083-CA	64.024	04/01/14 - 03/31/15	1,122,638	44,360
VA Homeless Providers Grant and Per Diem Program	98-083-CA	64.024	04/01/13 - 03/31/14	1,008,094	666,514
VA Homeless Providers Grant and Per Diem Program	02-137-CA	64.024	04/01/14 - 03/31/15	458,542	30,107
VA Homeless Providers Grant and Per Diem Program	02-137-CA	64.024	04/01/13 - 03/31/14	411,757	288,755
Healthcare for Homeless Veterans Program	VA262-13-D-0025	64.024	09/30/13 - 09/29/14	436,832	55,472
Supportive Services for Veteran Families (SSVF) (b)	14-CA-166	64.033	10/1/13 - 9/30/14	1,007,000	359,217
Total Department of Veterans Affairs				<u>4,444,863</u>	<u>1,444,425</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)	CMD 006-06	10.561	01/01/14 - 06/30/14	734,700	489,800
		10.561	04/01/13 - 12/31/13	988,794	878,928
Total pass-through CDSS				<u>1,723,494</u>	<u>1,368,728</u>
Emergency Food Assistance Program (Food Commodities) (a)	FOOD BANK	10.569	05/01/13 - 04/30/14	61,950	61,950
Total Department of Agriculture				<u>61,950</u>	<u>61,950</u>
Corporation for National and Community Service:					
Pass-through the State of California Department of General Services:					
Americorps (b)	11AFHY20-F67	94.006	11/15/13 - 10/31/14	277,204	103,648
Americorps (b)	11AFHY19-F67	94.006	07/01/12 - 12/31/13	277,204	138,312
Americorps - CALVETS (b)	11AFHY20-F159	94.006	11/04/13 - 10/17/14	291,061	98,764
Sub-total pass-through State of California Department of General Services				<u>845,469</u>	<u>340,724</u>
Pass-through REDF					
Social Innovation Fund (SIF) Program	10SIHDC001	94.019	04/1/13 - 03/31/14	225,088	225,088
Sub-total pass-through REDF				<u>225,088</u>	<u>225,088</u>
Total Corporation for National and Community Services				<u>1,070,557</u>	<u>565,812</u>
Total Federal Awards				<u>\$ 12,628,047</u>	<u>\$ 7,101,445</u>

(a) Commodities are pass-through from the Los Angeles Regional Foodbank
(b) Audited as a major program

Summary of Significant Accounting Policies

1. Basis of Accounting - The Schedule of Expenditures of Federal Awards has been reported on the accrual basis of accounting.
2. 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.
and WCA DEVELOPMENT CORPORATION
(California Nonprofit Corporations)

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
April 30, 2014

	Weingart Center Association				Weingart Development Corporation	Eliminating Entries	2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total			
Assets							
Current assets:							
Cash	\$ 1,360,954	\$ 96,416	\$ -	\$ 1,457,370	\$ 62,763	\$ -	\$ 1,520,133
Accounts receivable	2,505,447			2,505,447	22,706	(75,000)	2,453,153
Pledges receivable (Note 3)	12,500			12,500			12,500
Prepaid expenses	130,719			130,719	28,653		159,372
Investments (Note 4)	3,049,369			3,049,369			3,049,369
Total current assets	7,058,989	96,416	-	7,155,405	114,122	(75,000)	7,194,527
Property and equipment:							
Land	1,483,282			1,483,282			1,483,282
Building and improvements	18,076,517	760,929		18,837,446			18,837,446
Equipment, furniture, and fixtures	2,044,223			2,044,223	67,655		2,111,878
Total property and equipment	21,604,022	760,929	-	22,364,951	67,655	-	22,432,606
Less: accumulated depreciation	(14,337,790)			(14,337,790)	(23,756)		(14,361,546)
Total property and equipment, net	7,266,232	760,929	-	8,027,161	43,899	-	8,071,060
Investments - endowment (Note 8)		52,531	150,000	202,531			202,531
Total non-current assets	-	52,531	150,000	202,531	-	-	202,531
Total assets	\$ 14,325,221	\$ 909,876	\$ 150,000	\$ 15,385,097	\$ 158,021	\$ (75,000)	\$ 15,468,118

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

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

April 30, 2014

continued

	Weingart Center Association				Weingart Development Corporation	Eliminating Entries	2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total			
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	\$ 338,262	\$ -	\$ -	\$ 338,262	\$ 83,595	\$ -	\$ 421,857
Accrued liabilities (Note 5)	576,883			576,883	75,200	(75,000)	577,083
Total current liabilities	915,145	-	-	915,145	158,795	(75,000)	998,940
Line of credit (Note 6)				-			-
Note payable (Note 7)	494,852			494,852			494,852
Total liabilities	1,409,997	-	-	1,409,997	158,795	(75,000)	1,493,792
Net assets:							
Unrestricted	12,915,224			12,915,224	(774)		12,914,450
Temporarily restricted (Note 8)		909,876		909,876			909,876
Permanently restricted (Note 9)			150,000	150,000			150,000
Total net assets	12,915,224	909,876	150,000	13,975,100	(774)	-	13,974,326
Total liabilities and net assets	<u>\$ 14,325,221</u>	<u>\$ 909,876</u>	<u>\$ 150,000</u>	<u>\$ 15,385,097</u>	<u>\$ 158,021</u>	<u>\$ (75,000)</u>	<u>\$ 15,468,118</u>

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

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

CONSOLIDATING STATEMENT OF ACTIVITIES
April 30, 2014

	Weingart Center Association				Weingart Development Corporation	Eliminating Entries	2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total			
Revenues and support:							
Government contracts and grants	\$ 10,613,410	\$ -	\$ -	\$ 10,613,410	\$ 450,491	\$ -	\$ 11,063,901
Leases and rentals	1,009,506			1,009,506			1,009,506
Private support	688,183	96,416		784,599			784,599
Special events, net of expenses of \$194,608	161,193			161,193			161,193
In-kind contributions (Note 2)	156,532			156,532			156,532
Other revenue	125,816	(1,509)		124,307	610		124,917
Release of restrictions	215,720	(215,720)		-			-
Total revenues and support	12,970,360	(120,813)	-	12,849,547	451,101	-	13,300,648
Expenses:							
Salaries, payroll taxes, and employee benefits	8,469,825			8,469,825	287,268		8,757,093
Outside services	1,106,835			1,106,835	70,167		1,177,002
Depreciation	798,950			798,950	16,249		815,199
Supplies	756,679			756,679	36,967		793,646
Utilities	587,001			587,001	3,587		590,588
Program assistance	589,424			589,424			589,424
Food and beverages	244,827			244,827			244,827
Maintenance and repairs	186,762			186,762	12,786		199,548
Insurance	121,782			121,782	10,062		131,844
Other	102,418			102,418	16,966		119,384
Training and personnel	69,928			69,928	12,375		82,303
Lease and rental costs	71,695			71,695			71,695
Transportation	37,078			37,078	11,332		48,410
Promotion and business development	14,234			14,234	760		14,994
Total expenses (Note 11)	13,157,438	-	-	13,157,438	478,519	-	13,635,957
Change in net assets before other changes	(187,078)	(120,813)	-	(307,891)	(27,418)	-	(335,309)
Other changes:							
Loan amortization (Note 7)	89,974			89,974			89,974
Change in net assets	(97,104)	(120,813)		(217,917)	(27,418)	-	(245,335)
Net assets, beginning of year	13,012,328	1,030,689	150,000	14,193,017	26,644	-	14,219,661
Net assets, end of year	\$ 12,915,224	\$ 909,876	\$ 150,000	\$ 13,975,100	\$ (774)	\$ -	\$ 13,974,326

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

ADDITIONAL INFORMATION



Certified Public Accountants, LLP

**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 Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Weingart Center Association, Inc. and WCA Development Corporation ("WCA"), which comprise the Consolidated Statement of Financial Position as of April 30, 2014, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 28, 2014.

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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrington Group

Pasadena, California
August 28, 2014

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Certified Public Accountants, LLP

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of WCA's major federal programs for the year ended April 30, 2014. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014.

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 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 OMB Circular A-133, 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.

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**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133**

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Harrington Group

Pasadena, California

August 28, 2014

**WEINGART CENTER ASSOCIATION, INC.
AND WCA DEVELOPMENT CORPORATION
(California Nonprofit Corporations)
Schedule of Findings and Questioned Costs
For the year ended April 30, 2014**

Section I – Summary of Auditors’ Results

Consolidated Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None reported

Significant deficiency(ies) identified that are not considered to be material weaknesses?

Noncompliance material to consolidated financial statements noted? None reported

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? None reported

Significant deficiency(ies) identified that are not considered to be material weaknesses? 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 510(a) of Circular A-133? None reported

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

Identification of Major Programs:

U.S. Department of Housing and Urban Development:
Supportive Housing Program 14.231

U.S. Department of Veterans Affairs:
Supportive Services for Veteran Families 64.033

Corporation for National and Community Services:
Americorps 94.006

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 OMB Circular A-133.

Section IV – Summary of Prior Year Findings

None.