

Silicon Valley Independent Living Center
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

Year Ended June 30, 2010 with Comparative Totals
For the Year Ended June 30, 2009

Boman Accounting Group, Inc.

CONTENTS

	<u>Page</u>
I. FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8
II. SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	16
III. REPORTS	
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>	18
Report on Compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133	19
IV. SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
Schedule of Findings and Questioned Costs	21



Boman Accounting Group, Inc.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Silicon Valley Independent Living Center
(a California Nonprofit Public Benefit Corporation)
San Jose, California

We have audited the accompanying statement of financial position of Silicon Valley Independent Living Center (a California nonprofit public benefit corporation) as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of SVILC's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Silicon Valley Independent Living Center's financial statements for the year ended June 30, 2009 and in our report dated September 29, 2009 we expressed an unqualified opinion on those statements.

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Silicon Valley Independent Living Center, as of June 30, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2010 on our consideration of Silicon Valley Independent Living Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Silicon Valley Independent Living Center taken as a whole. The supplementary schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Boman Accounting Group, Inc.

Boman Accounting Group, Inc.
Campbell, California
September 29, 2010

SILICON VALLEY INDEPENDENT LIVING CENTER
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION

June 30, 2010
(with comparative totals for 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
ASSETS				
Current assets				
Cash and equivalents	\$ 418,763	\$ -	\$ 418,763	\$ 518,469
Grants and accounts receivable	236,180	-	236,180	144,102
Deposits	31,493	-	31,493	70,567
Prepaid expenses	57,448	-	57,448	63,346
Total current assets	743,884	-	743,884	796,484
Property and equipment - net	98,811	-	98,811	68,936
Total assets	\$ 842,695	\$ -	\$ 842,695	\$ 865,420
 LIABILITIES AND NET (DEFICIT)/ASSETS				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	27,811	-	27,811	36,838
Total current liabilities	27,811	-	27,811	36,838
Long-term debt, net of current portion	-	-	-	-
Total liabilities	27,811	-	27,811	36,838
Net Assets	814,884	-	814,884	828,582
Total liabilities and net assets	\$ 842,695	\$ -	\$ 842,695	\$ 865,420

The accompanying notes are an integral part of these financial statements

SILICON VALLEY INDEPENDENT LIVING CENTER
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010
(With Comparative Totals for 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
Revenues, gains and other support				
Contributions	\$ 33,826	\$ -	\$ 33,826	\$ 62,271
Government grants	1,331,602		1,331,602	1,146,136
United Way	1,599		1,599	61,148
Other grants	50,041		50,041	49,662
Program fees	31,926		31,926	71,431
Fundraising	3,781		3,781	2,160
Interest and dividend income	51	-	51	1,528
In-kind donations	6,617		6,617	58,903
Other	8,211		8,211	5,439
	<u>1,467,654</u>	<u>-</u>	<u>1,467,654</u>	<u>1,458,678</u>
Net assets released from restriction	<u>60,000</u>	<u>(60,000)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	1,527,654	(60,000)	1,467,654	1,458,678
Expenses				
Program services	1,120,731		1,120,731	1,014,458
Management and general	232,118		232,118	215,924
Community development	128,503		128,503	111,711
Total expenses	<u>1,481,352</u>	<u>-</u>	<u>1,481,352</u>	<u>1,342,093</u>
Change in net assets	46,302	(60,000)	(13,698)	116,585
Net assets at beginning of year	<u>768,582</u>	<u>60,000</u>	<u>828,582</u>	<u>711,997</u>
Net assets at end of year	<u>\$ 814,884</u>	<u>\$ -</u>	<u>\$ 814,884</u>	<u>\$ 828,582</u>

The accompanying notes are an integral part of these financial statements

SILICON VALLEY INDEPENDENT LIVING CENTER
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2010
(with comparative totals for 2009)

	Program Services	Supporting Services		2010 Total Expenses	2009 Total Expenses
		Management and General	Development		
Personnel costs					
Salaries and vacation	\$ 570,923	\$ 126,502	\$ 75,868	\$ 773,293	\$ 723,734
Payroll taxes	46,680	10,436	6,178	63,294	77,633
Employee benefits	76,828	14,685	7,178	98,691	80,434
Personnel costs total	694,431	151,623	89,224	935,278	881,801
Operating expenses					
Advertisement	-	890	-	890	475
Audit and professional fees	-	10,500	-	10,500	6,500
Bank charges	1,053	113	80	1,246	1,210
Consultants	53,589	24,042	4,225	81,856	35,425
Employee development	3,548	1,808	125	5,481	6,336
Equipment rental	9,750	701	495	10,946	10,631
Insurance	11,710	1,252	885	13,847	12,171
Membership dues and subscriptions	2,468	7,060	815	10,343	9,504
Other	57,019	6,968	8,763	72,750	67,596
Postage and shipping	5,576	596	422	6,594	4,076
Printing	397	42	6,306	6,745	465
Program expenses	10,557	-	-	10,557	8,465
Rent	192,997	19,291	13,640	225,928	156,148
Repairs and maintenance	9,120	465	358	9,943	832
Special projects	15,754	-	-	15,754	79,215
Supplies	17,770	3,320	1,305	22,395	23,732
Taxes	1,922	206	145	2,273	240
Travel and transportation	4,785	848	5	5,638	11,624
Utilities	14,717	1,346	952	17,015	9,828
Operating expenses total	1,107,163	231,071	127,745	1,465,979	1,326,274
Depreciation and amortization	13,568	1,047	758	15,373	15,819
Total expenses	\$ 1,120,731	\$ 232,118	\$ 128,503	\$ 1,481,352	\$ 1,342,093

The accompanying notes are an integral part of these financial statements

SILICON VALLEY INDEPENDENT LIVING CENTER
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2010
(with comparative totals for 2009)

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ (13,698)	\$ 116,585
Adjustments to reconcile changes in net assets to cash provided by operating activities		
Depreciation	15,374	14,366
In-kind contribution income		(3,825)
Change in operating assets and liabilities		
Grants and accounts receivable	(92,078)	58,004
Prepaid expenses	5,898	3,408
Deposits	39,074	21,060
Accounts payable	-	(1,567)
Accrued liabilities	(9,027)	(20,694)
Net cash provided by (used in) operating activities	(54,457)	187,337
Cash flows used in investing activities:		
Purchase of equipment	(45,249)	(1,435)
Net cash provided by (used in) investing activities	(45,249)	(1,435)
Cash flows from financing activities:		
Payments on long-term debt	-	-
Net cash provided by (used in) financing activities	-	-
Net change in cash and cash equivalents	(99,706)	185,902
Beginning cash and cash equivalents	518,469	332,567
Ending cash and cash equivalents	\$ 418,763	\$ 518,469

The accompanying notes are an integral part of these financial statements

SILICON VALLEY INDEPENDENT LIVING CENTER
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(with comparative totals for 2009)

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of Silicon Valley Independent Living Center's significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Silicon Valley Independent Living Center (SVILC) is a nonprofit, 501(c)3 organization available to all persons with disabilities in Santa Clara County. The SVILC mission states that *"SVILC is a cross-disability, intergenerational, and multicultural disability justice organization that creates fully inclusive communities that value the dignity, equality, freedom and worth of every human being. SVILC does this by building disability identity, culture and pride; creating opportunities for personal and community transformation; and partnering with others to ensure that civil and human rights are protected."*

SVILC's consumer base encompasses some 80 different disabilities, including physical, mental/emotional, developmental, visual, and hearing impairments. As determined by HUD, 99% of SVILC consumers are in moderate to low income levels, with 90% in the very low level. SVILC offers peer-oriented Independent Living Services (ILS), peer counseling, individual and systemic advocacy, outreach and public education, and enforcement of civil rights on behalf of people with disabilities. There is no cost to consumers.

2. Program Services

SVILC provides a wide range of services designed to assist people with all disabilities of all ages to live independently in their communities, and all of SVILC services are free of charge. SVILC offers the following four core services: Information and Referral, Peer Support, Independent Living Skills Training, and Advocacy and other critical services such as:

California Community Transitions (CCT) Lead Organization:

SVILC is a Medi-Cal provider and Lead Organization in California's Money Follows the Person Rebalancing Demonstration. SVILC offers the transition coordination component of the California Community Transitions (CCT) program, which assists people with disabilities to transition from a nursing home or institution into living in the community.

Olmstead Implementation – Peer Mentoring Project:

In 2009, SVILC started the *Olmstead* transition project based on a peer counseling and mentoring approach, in which people who have successfully transitioned from nursing homes and institutions into the community share their knowledge and experience with those who wish to transition.

SILICON VALLEY INDEPENDENT LIVING CENTER
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(with comparative totals for 2009)

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Housing Assistance:

SVILC's Housing Program is Santa Clara County's only housing referral/advocacy/placement service that serves the affordable, accessible housing needs of persons with disabilities.

Services for Youth with Disabilities:

SVILC offers an 8-week Leadership Training for youth with disabilities, participates in Disability Mentoring Day in October and Job Shadowing Day in February, holds monthly Youth Outreach Days, has a Youth Advisory Board; offers self-advocacy training for kids with disabilities (age 13 and under); and will also be holding a community forum in 2011 for parents and families on how to transition from being an "advocate for" to an "ally with" your family member with a disability.

3. Basis of Accounting

The accompanying financial statements for Silicon Valley Independent Living Centers have been prepared on the accrual basis of accounting.

4. Basis of Presentation

SVILC follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by the American Institute of Certified Public Accountants. In accordance with ASC 958 (formerly Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*), SVILC reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations and net assets over which the Board of Directors has discretionary control in carrying out the operations of SVILC. SVILC has elected to report as an increase in unrestricted net assets any restricted support received in the current reporting period for which the restrictions have been met in the current reporting period.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of SVILC and/or the passage of time, and for which the applicable restriction was not met as of the end of the current reporting period.

Permanently restricted net assets – net assets subject to a non-expiring donor restriction, such as endowments. There are currently no permanently restricted net assets.

SILICON VALLEY INDEPENDENT LIVING CENTER
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(with comparative totals for 2009)

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with SVILC's financial statements for the year ended June 30, 2010 from which the summarized information was derived.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

7. Cash and Cash Equivalents

Cash and Cash Equivalents is defined as cash in demand deposit accounts as well as cash on hand and excludes donor restricted receipts. SVILC maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. SVILC's uninsured cash balances on deposit at June 30, 2010 and 2009 totaled \$0- and \$267,832, respectively. SVILC has not experienced any losses in such accounts. Management believes it is not exposed to any significant risks on its cash accounts.

8. Grants Receivable

SVILC considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

9. Property and Equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets (3 to 10 years for equipment). Expenditures for maintenance and repairs are charged to expense as incurred.

SILICON VALLEY INDEPENDENT LIVING CENTER
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(with comparative totals for 2009)

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Accrued Vacation

Accrued vacation represents vacation earned, but not taken as of June 30, 2010 and is included in accrued liabilities in the statement of financial position. The accrued vacation balance as of March 31, 2010 and 2009 was \$27,811 and \$36,838, respectively.

11. Revenue Recognition

SVILC recognizes support and revenue on the accrual basis of accounting. Contributions are recognized in accordance with the provisions of ASC 958 (formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*). Revenue from grants which have been classified as “exchange transactions” and program fees are recognized as revenue in the period in which the service is provided.

12. Concentration of Support and Revenues

SVILC is largely funded through federal, state and local agencies. It also derives funding from donations, program fees and fundraising activities. SVILC received approximately 91% and 79% of its annual revenue from government grants for the years ended June 30, 2010 and June 30, 2009 respectively.

13. Contributions In-Kind

Contributions in-kind are also recognized in accordance with the provisions of ASC 958 (formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*). Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. SVILC also receives donated services that do not require specific expertise but which are nonetheless central to SVILC’s operation.

14. Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect functional expenses are allocated to program and supporting services based on an analysis of personnel time and space utilized.

SILICON VALLEY INDEPENDENT LIVING CENTER
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(with comparative totals for 2009)

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

15. Income Taxes

Silicon Valley Independent Living Centers is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, SVILC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

16. Subsequent Events

Management of SVILC has evaluated events and transactions subsequent to June 30, 2010 for potential recognition or disclosure in the financial statements. SVILC did not have subsequent events that required recognition or disclosure in the financial statements for the fiscal year ended June 30, 2010. Subsequent events have been evaluated through the date the financial statements became available to be issued, September 29, 2010.

17. Fair Value Measurements

SVILC adopted ASC 820-10 (formerly SFAS No. 157, *Fair Value Measurements*), on January 1, 2008. ASC 820-10 requires SVILC to classify its financial assets and liabilities based on a valuation method using three levels. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect SVILC's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

18. FASB Accounting Standards Codification

On July 1, 2009, the Financial Accounting Standards Board (FASB) issued FASB Accounting Standards codification (ASC) 105-10, *Generally Accepted Accounting Principles* (Codification). ASC 105-10 establishes the exclusive authoritative reference for U.S. GAAP for use in financial statements, except for SEC rules and interpretive releases, which are also authoritative for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. The Organization has included the references to their Codification as appropriate, in these financial statements.

SILICON VALLEY INDEPENDENT LIVING CENTER
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(with comparative totals for 2009)

NOTE B — CASH

Cash balances as of June 30 are as follows:

	2010	2009
Checking	\$ 267,589	\$ 397,056
Savings	150,824	120,773
Petty Cash	350	640
Total	\$ 418,763	\$ 518,469

NOTE C — GRANTS AND OTHER CONTRIBUTIONS RECEIVABLE

Grants and other contributions receivable are summarized as follows:

	2010	2009
United Way, Santa Clara County	\$ -	\$ 60,000
County of Santa Clara	22,018	20,018
Case Services Contract	-	
Department of Health and Human Services - AB 204	40,113	13,153
Department of Education - Title VIIC	74,204	20,916
Other	99,819	30,015
Total	\$ 236,154	\$ 144,102

NOTE D — PROPERTY AND EQUIPMENT

The composition of property and equipment is as follows:

	2010	2009
Furniture and equipment	\$ 94,178	\$ 127,915
Tenant improvements	37,650	245,228
Building and improvements	137,411	137,411
	269,239	510,554
Less accumulated depreciation	(170,428)	(441,618)
Total property and equipment	\$ 98,811	\$ 68,936

Depreciation expense for the years ending June 30, 2010 and 2009 was \$15,373 and \$15,819 respectively.

SILICON VALLEY INDEPENDENT LIVING CENTER
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(with comparative totals for 2009)

NOTE E — OPERATING LEASES

SVILC leases various facilities for its programs. The terms vary from month-to-month to five year leases. The leases are recorded as operating leases. Lease expense for the year ended June 30, 2010 was \$225,927. Future minimum lease payments are as follows, for the year ending June 30:

2011	\$ 159,231
2012	165,752
2013	172,274
2014	178,795
2015	185,316
Thereafter	305,962
Total	<u>\$ 1,167,330</u>

NOTE F — DONATED SERVICES AND MATERIALS

A significant portion of SVILC's program services, fundraising and administrative functions are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. During the year ended June 30, 2010, these volunteers donated approximately 4,332 hours with an estimated value of \$91,405. This value was computed using an hourly rate of \$21.10. This amount is based upon the average hourly earnings of nonagricultural workers for the fiscal year ended June 30, 2010 (as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits).

In-kind contributions and expenses are recorded when used in the program and are not carried forward. In-kind contributions for the years ended June 30, 2010 and 2009 were \$6,617 and \$58,903 respectively.

SILICON VALLEY INDEPENDENT LIVING CENTER
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(with comparative totals for 2009)

NOTE G — RETIREMENT PLANS

Employees of SVILC may participate in an Internal Revenue Code section 403(b) retirement savings plan. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement.

NOTE H — CONTINGENCIES

SVILC has received funds for programs that are subject to review and audit by the funding agencies. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability which may result from these audits would not be material.

SILICON VALLEY INDEPENDENT LIVING CENTER

Schedule of Expenditures of Federal Awards

June 30, 2010

Federal Grantor Pass-Through Grantor Program Title/Grant Number	Federal CFDA #	Program Amount	Federal Expenditures
---	----------------------	-------------------	-------------------------

MAJOR PROGRAMS

Department of Health and Human Services

State Department of Rehabilitation, AB204, Grant #27105, 7/1/09 - 6/30/10	Contract #27105	\$ 616,670	\$ 493,336
--	--------------------	------------	------------

Total Department of Health and Human Services		616,670	493,336
--	--	----------------	----------------

Department of Education

Rehabilitation Services Administration Title VIIC Contract #H132A970013-08 Contract year: 10/1/08 to 9/30/09	84.132	140,302	36,554
--	--------	---------	--------

Rehabilitation Services Administration Title VIIC Contract #H132A970013-10 Contract year: 10/1/09 to 9/30/10	84.132	143,943	110,949
--	--------	---------	---------

Rehabilitation Services Administration Title VIIC Contract #H132A010042-08 Contract year: 10/1/08 to 9/30/09	84.132	109,707	25,760
--	--------	---------	--------

Rehabilitation Services Administration Title VIIC Contract #H132A010042-09 Contract year: 10/1/09 to 9/30/10	84.132	106,302	92,633
--	--------	---------	--------

Rehabilitation Services Administration Title VIIC (ARRA) Contract #H400A100183 Contract year: 1/22/10 to 1/22/15	84.400A	220,212	6,343
--	---------	---------	-------

Rehabilitation Services Administration Title VIIC (ARRA) Contract #H400A100284 Contract year: 1/22/10 to 1/22/15	84.400A	186,622	143,706
--	---------	---------	---------

Total Department of Education		907,088	415,945
--------------------------------------	--	----------------	----------------

NON-MAJOR PROGRAMS

Department of Education

Office of Special Education and Rehabilitation Services, Title VIIB (TA) Contract #26982 Contract year: 6/1/2010 to 5/31/2011	84.169A	4,000	-
---	---------	-------	---

Office of Special Education and Rehabilitation Services, Title VIIB (TA) Contract #26982 Contract year: 6/1/2010 to 5/31/2011	84.169A	10,000	-
---	---------	--------	---

SILICON VALLEY INDEPENDENT LIVING CENTER

Schedule of Expenditures of Federal Awards

June 30, 2010

NON-MAJOR PROGRAMS - continued			
Office of Special Education and Rehabilitation Services, Title VIIB(TA) Contract #27309 Contract year: 3/1/09 to 2/28/10	84.169A	4,000	4,000
Office of Special Education and Rehabilitation Services, Title VIIB(TA) Contract #27333 Contract year: 2/8/10 to 2/07/11	84.169A	4,000	4,000
Office of Special Education and Rehabilitation Services, Title VIIB(Olmstead)-ARRA Contract #27627A Contract year: 11/1/09 to 9/30/11	84.398A	150,000	36,415
Office of Special Education and Rehabilitation Services, Title VIIB(Youth)-ARRA Contract #27581A Contract year: 11/1/09 to 9/30/11	84.398A	162,308	31,679
Total Department of Education		<u>334,308</u>	<u>76,094</u>
Federal Emergency Management Agency (FEMA)			
United Way Contract #20-0880-00-029 Contract year: 10/1/09 - 9/30/10	83.523	<u>6,336</u>	<u>3,168</u>
Department of Housing and Urban Development			
County of Santa Clara #NN-10a-31, 7/1/09 - 6/30/10	14.218	5,000	5,000
City of Santa Clara 7/1/09 - 6/30/10	14.218	38,445	38,445
City of San Jose 7/1/09 - 6/30/10	14.218	25,089	25,089
City of Gilroy 7/1/09 - 6/30/10	14.218	7,435	7,435
City of Morgan Hill 7/1/09 - 6/30/10	14.218	2,500	2,500
Total Department of Housing and Urban Development		<u>78,469</u>	<u>78,469</u>
TOTAL FEDERAL AWARDS		<u>\$ 1,942,871</u>	<u>\$ 1,067,012</u>

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

Basis of Presentation – The above schedule includes the federal grant activity of Silicon Valley Independent Living Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



Boman Accounting Group, Inc.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Silicon Valley Independent Living Center
San Jose, California

We have audited the financial statement of the Silicon Valley Independent Living Center (SVILC), a California non-profit public benefit corporation, as of and for the year ended June 30, 2010 and have issued our report thereon dated September 29, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing the audit, we considered Silicon Valley Independent Living Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SVILC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SVILC's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably, in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other matters

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

We noted certain other matters that we reported to management of Silicon Valley Independent Living Center in a separate letter dated September 29, 2010.

This report is intended solely for the information and use of management, the Board of Directors, the Finance Committee, others within the entity, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boman Accounting Group, Inc.
September 29, 2010



Boman Accounting Group, Inc.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Silicon Valley Independent Living Center
(A California Nonprofit Public Benefit Corporation)
San Jose, California

Compliance

We have audited the compliance of Silicon Valley Independent Living Center with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Silicon Valley Independent Living Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Silicon Valley Independent Living Center's management. Our responsibility is to express an opinion on Silicon Valley Independent Living Center's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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-Profits*. Those standards and OMB 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 SVILC'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. Our audit does not provide a legal determination SVILC's compliance with those requirements.

In our opinion, SVILC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of SVILC is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to each of its federal programs. In planning and performing our audit, we considered SVILC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance. Accordingly, we do not express an opinion on the effectiveness of SVILC's internal control over compliance.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably, in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement if the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boman Accounting Group, Inc.

Campbell, California
September 29, 2010

SILICON VALLEY INDEPENDENT LIVING CENTER

Findings and Questioned Costs

for the fiscal year ended June 30, 2010

Section I
Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? None

- Significant deficiencies identified that are not considered to be material weaknesses? None

Noncompliance material to financial statements noted? None

Federal Awards

Internal control over major programs:

- Material weaknesses identified? None

- Significant deficiencies identified that are not considered to be material weaknesses? None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? None

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
--------------------	---

Contract #27105	AB 204
-----------------	--------

84.132 / 84.400	Title VIIC (cluster)
-----------------	----------------------

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

Auditee qualified as low-risk auditee? No

SILICON VALLEY INDEPENDENT LIVING CENTER

Findings and Questioned Costs

for the fiscal year ended June 30, 2010

Section II
Financial Statement Findings

None.

Section III
Federal Award Findings and Questioned Costs

None.