

**Audited Financial Statements,
Supplemental Schedules and Office of Management
and Budget Circular A-133 Reports**

BUILDING OPPORTUNITIES FOR SELF-SUFFICIENCY

June 30, 2013

**TCA Partners, LLP
Certified Public Accountants**

BUILDING OPPORTUNITIES FOR SELF-SUFFICIENCY

Audited Financial Statements, Supplemental Schedules and Office of Management and Budget Circular A-133 Reports

June 30, 2013

Financial Statements

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TCA Partners, LLP

Certified Public Accountants

1111 E. Herndon Avenue, Suite 211, Fresno, California 93720
Voice: (559) 431-7708 Fax: (559) 431-7685

Independent Auditor's Report

Board of Directors
Building Opportunities for Self-Sufficiency
Berkeley, California

Report on the Financial Statements

We have audited the accompanying financial statements of Building Opportunities for Self-Sufficiency (BOSS), which comprise the balance sheet as of June 30, 2013 and the related statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Accounting 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of BOSS as of June 30, 2013 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2013, on our consideration of the entity's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of BOSS taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose 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.

TCA Partners, LLP

October 25, 2013
Fresno, California

Building Opportunities for Self-Sufficiency

Statement of Financial Position

June 30, 2013

Assets

Current assets

Cash and cash equivalents	\$	125,158
Grants receivable		412,999
Prepaid expenses		57,212
Assets limited as to use		397,605
Total current assets		<u>992,974</u>
Property and equipment, net		5,228,337
Total assets	\$	<u><u>6,221,311</u></u>

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued expenses	\$	93,187
Accrued payroll and related liabilities		208,997
Funds held in trust for clients		319,146
Total current liabilities		<u>621,330</u>
Long-term debt		5,508,027
Total liabilities		<u>6,129,357</u>

Net assets

Unrestricted		<u>91,954</u>
Total net assets		<u>91,954</u>
Total liabilities and net assets	\$	<u><u>6,221,311</u></u>

See accompanying notes to the financial statements

Building Opportunities for Self-Sufficiency

Statement of Operations and Changes in Net Assets

Year ended June 30, 2013

Revenues and other support

Grant revenue	\$ 5,363,254
Contributions	319,765
In kind donations	545,132
Investment income and other	131,781
Total revenues and other support	<u>6,359,932</u>

Expenses

Program services	6,069,562
Management and general	214,652
Development and fundraising	133,359
Total expenses	<u>6,417,573</u>
Net loss	(57,641)
Net assets, beginning of year	<u>149,595</u>
Net assets, end of year	<u><u>\$ 91,954</u></u>

See accompanying notes to the financial statements

Building Opportunities for Self-Sufficiency

Statement of Cash Flows

Year ended June 30, 2013

Cash flows from operating activities

Net loss	\$ (57,641)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	182,279
Changes in operating assets and liabilities:	
Grants receivable	16,423
Prepaid expenses	33,508
Accounts payable and accrued expenses	(116,026)
Accrued payroll and related liabilities	(141,980)
Net cash used in operating activities	<u>(83,437)</u>

Cash flows from investing activities

Purchases of property and equipment	(1,495,573)
Net change in assets whose use is limited	21,669
Net cash used in investing activities	<u>(1,473,904)</u>

Cash flows from financing activities

Proceeds from debt borrowings	<u>1,495,573</u>
Net cash provided by financing activities	<u>1,495,573</u>
Decrease in cash and cash equivalents	(61,768)
Cash and cash equivalents at beginning of year	186,926
Cash and cash equivalents at end of year	<u>\$ 125,158</u>

See accompanying notes to the financial statements

BUILDING OPPORTUNITIES FOR SELF-SUFFICIENCY

Notes to the Financial Statements

For the Year Ended June 30, 2013

Note 1- Organization

The Building Opportunities for Self-Sufficiency (BOSS) is a California nonprofit corporation. BOSS provides comprehensive services to Alameda County's homeless, mentally disabled and low-income individuals. These services include emergency shelter, transitional housing, public assistance advocacy, information and referral, crisis counseling, job counseling, food referral, paralegal assistance and general support services.

Note 2- Summary of Significant Accounting Policies

Basis of Accounting – The accompanying financial statements have been prepared using the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America which require that estimates and assumptions be made that affect reported amounts and disclosures. Actual amounts could differ from those estimates.

Basis of Presentation – The accounting policies and financial statements of BOSS generally conform to the recommendations of the audit and accounting guide, *Not-for-Profit Entities*, published by the American Institute of Certified Public Accountants, most recent edition dated, March 1, 2013.

Cash and cash equivalents - Cash and cash equivalents consist of cash and certificates of deposits. BOSS considers investments with maturities of three months or less at the time of purchase to be cash equivalents.

Assets Limited as to Use – Assets limited as to use include assets under certain restrictions imposed by grantor agencies and are not available for use in support of general operations. These assets are required to be used as specified by the agencies.

Grants Receivable - Grants receivable represent amounts awarded by governmental grant-making organizations that have been earned and billed but not received by BOSS.

Functional Expense Allocations - Expenses, such as supplies, personnel and occupancy costs, are allocated among program services and management and general classifications on the basis of time records, client counts, and on estimates made by BOSS management.

Accrued Payroll and Related Liabilities – Accrued payroll and related liabilities consists of accrued salaries and wages payable, related payroll taxes, certain other related payroll expenses and accrued vacation.

BUILDING OPPORTUNITIES FOR SELF-SUFFICIENCY

Notes to the Financial Statements

For the Year Ended June 30, 2013

Property and equipment - Property and equipment are stated at cost and depreciated using the straight-line method over the useful lives of the related assets ranging from 3 to 30 years. Assets costing more than \$500, or that cost less than \$500 but have an expected useful life of five years or more, are capitalized. Maintenance and repairs which do not increase the useful life of the assets are expensed when incurred. The carrying amount of all long-lived assets is evaluated periodically to determine if adjustments to the useful life of the net book value is warranted.

Revenue Recognition - Contributions received are recognized as revenue when received or unconditionally promised. BOSS reports gifts of cash and other assets as temporarily restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. Government grants are recognized as revenue to the extent of expenses, revenue recognition depends on the grant award agreements.

Compensated Absences – BOSS employees earn vacation and sick leave benefits at varying rates depending on their years of service. Only accumulated vacation benefits are paid to an employee upon either termination or retirement. Accrued vacation liabilities as of June 30, 2013 is \$160,734.

Income Taxes - BOSS is a not-for-profit organization, exempt from federal income tax under Section 501 (c)(3) of the U.S. Internal Revenue Code (the Code), and contributions to it are tax deductible as described by the Code. BOSS has been classified as an organization that is not a private foundation under Section 509(a)(1) and has been designated as a “publicly supported” organization under Section 170(b)(1)(A)(vi) of the Code. The tax years of 2008 through 2012 remain open and subject to examination by the appropriate government agencies in the United States and California.

In June 2006, FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 also provides related guidance on measurement, classification, interest and penalties, and disclosure. There was no material impact to BOSS’s financial statements as a result of the adoption of FIN 48.

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. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Subsequent Events - Subsequent events have been evaluated through the date the financial statements were available to be issued.

BUILDING OPPORTUNITIES FOR SELF-SUFFICIENCY

Notes to the Financial Statements

For the Year Ended June 30, 2013

Note 3- Property and Equipment

Property and equipment consisted of the following at June 30, 2013:

Land and land improvements	\$ 289,000
Building and building improvements	6,915,225
Furniture, fixtures and equipment	650,419
Construction in progress	487,378
	<u>8,342,022</u>
Less: accumulated depreciation	(3,113,684)
Property and equipment, net	<u>\$ 5,228,338</u>

The properties were acquired by loans from various funding sources. Each agreement from funding sources stipulates that BOSS shall not sell, transfer or further encumber, assign or convey all or any part of property without the prior written consent of the funding source.

Note 4 – Grants Receivable

Grants receivable at June 30, 2013 consists of the following:

County of Alameda	\$ 282,647
City of Berkeley	30,111
US Dept of Housing & Urban Development	91,781
Other	8,460
	<u>\$ 412,999</u>

Note 5 – Assets Limited as to Use

Assets limited as to use at June 30, 2013 consists of the following:

Funds held in trust clients	\$ 319,146
Unemployment insurance trust	78,459
	<u>\$ 397,605</u>

BUILDING OPPORTUNITIES FOR SELF-SUFFICIENCY

Notes to the Financial Statements

For the Year Ended June 30, 2013

Note 6 – Debt Borrowings

Mortgage notes payable to Alameda County Housing and Community Development (HCD), with interest ranging from 0% to 5%, and scheduled principal and interest payments currently deferred	\$1,161,433
Mortgage notes payable to City of Berkeley, non-interest bearing, scheduled principal payments currently deferred.	2,486,316
Mortgage notes payable to City of Oakland, with interest at 6%, and scheduled principal and interest payments currently deferred.	540,000
Mortgage notes payable to Emergency Housing and Assistance Program Capital Development (EHAPD), with interest at 3%, and scheduled principal and interest payments currently deferred.	1,320,278
Total long-term debt	<u><u>\$5,508,027</u></u>

BOSS has entered into numerous loan agreements with HCD, City of Oakland and EHAPD. These funds were provided as loans against the various properties to ensure that the properties' equity is protected over the term of the loan. If BOSS complies with the agreements and fulfills all obligations, all borrowings, including interest, are to be deferred indefinitely. Through June 30, 2013, a period of 5 to 15 years, BOSS has complied with all required obligations and covenants under the various agreements. Furthermore, BOSS management has the intention and belief that BOSS will continue to comply with all required obligations. Accordingly, the cumulative accrued interest liability of \$1,155,893 at June 30, 2013 is not reflected in the accompanying financial statements.

BOSS has entered into numerous loan agreements with the City of Berkeley. These funds were provided as loans against the various properties to ensure that the properties' equity is protected over the term of the loan. These loan agreements are non-interest bearing. If BOSS complies with the agreements and fulfills all obligations, all principal is to be deferred indefinitely. Through June 30, 2013, a period of 5 to 15 years, BOSS has complied with all required obligations and covenants under the various agreements. Furthermore, BOSS management has the intention and belief that BOSS will continue to comply with all required obligations.

BUILDING OPPORTUNITIES FOR SELF-SUFFICIENCY

Notes to the Financial Statements

For the Year Ended June 30, 2013

Note 7 – Commitments and Contingencies

BOSS may be involved in various legal activities in connection with claims and contracts arising from the ordinary course of business. BOSS's management is not aware of any such legal activities at this time.

BOSS has entered into numerous loan agreements with Alameda County Housing and Community Development Department (HCD), City of Berkeley, City of Oakland and EHAPD. These funds are provided as a loan against the property to ensure that the equity is protected over the term on the loan. If BOSS complies with the agreements and fulfills all obligations, all borrowings, including interest, are to be deferred indefinitely. Through June 30, 2013, BOSS has complied with the agreements and fulfilled all required obligations. Furthermore, BOSS management has the intention and belief that BOSS will continue to comply with all required obligations. Accordingly, cumulative interest expense of \$1,971,501 through June 30, 2013 has not been reflected in the accompanying financial statements.

BOSS derives a portion of its grant revenue from various federal pass-through programs funded by the U.S. Department of Health and Human Services and the U.S. Department of Housing and Urban Development. In order to participate in these federally funded programs, BOSS must comply with standards set forth by the U.S. Office of Management and Budget ("OMB"). The failure to comply with the OMB standards could result in the restriction or loss of the ability to participate in these programs in the future. In addition, funds received from various federal and state government funded programs are subject to audit by governmental cognizant agencies. BOSS's management believes that BOSS is in material compliance with the standards set forth by OMB and other federal and state governmental agencies and that the outcome of the audits performed by cognizant governmental agencies will not have a significant effect on the financial position or changes in net assets of BOSS.

Note 8 – In Kind Donations

Donated goods and services that would otherwise have been purchased are shown as in-kind donations in the accompanying statements of activities. Such donated goods and services for the year ended June 30, 2013 equaled \$545,132 and consisted of in-kind rent.

BUILDING OPPORTUNITIES FOR SELF-SUFFICIENCY

Notes to the Financial Statements

For the Year Ended June 30, 2013

Note 9 – Fair Value of Financial Instruments

FSAB ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under FSAB ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under FSAB ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs that may be used to measure fair value, of which the first two are considered observable and the last unobservable as:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In accordance with FSAB ASC 820, BOSS's cash and cash equivalents at June 30, 2013 of \$125,158 was all considered Level 1.

Note 10 – Prior Period Adjustment

During the course of the audit at June 30, 2013, it was noted that certain debt instruments and corresponding accrued interest were not properly recorded. A prior period adjustment was made to the beginning balance of net assets on the financial statements. The adjustment increased total net assets by \$1,793,812.

Building Opportunities for Self-Sufficiency

Statement of Functional Expense Year ended June 30, 2013

	Program Services						Total Program Services	General & Admin	Development	Total	
	Shelter Services	Housing Services	Transitional Housing	Employment Development	Mental Health Services	Youth Organizing Outreach					
Expenses											
Salaries and wages	\$ 1,293,949	\$ 172,932	\$ 429,636	\$ 186,798	\$ 668,453	\$ 17,690	\$ 111,851	\$ 2,881,309	\$ 372,930	\$ 72,475	\$ 3,326,714
Fringe benefits	410,076	53,287	144,582	77,819	210,484	6,002	28,702	930,950	68,274	17,683	1,016,907
Professional services	3,387	44,733	403	-	54,964	5,143	3,445	112,074	61,034	17,397	190,504
Food and food related	107,556	-	415	-	33	-	-	108,003	1,278	4,722	114,003
Program supplies	71,775	273	9,284	2,210	1,560	-	10,450	95,551	1,173	1,111	97,835
Equipment and office supplies	44,397	125	26,038	339	10,155	-	9,577	90,631	42,648	508	133,787
Printing and postage	518	45	225	-	662	-	427	1,878	11,270	7,069	20,216
Communications	31,385	171	17,819	943	4,434	-	9,782	64,533	23,962	-	88,495
Rents and leases	10,136	-	-	-	39,264	-	-	49,400	65,722	5,559	120,681
Insurance	24,993	-	5,985	13,794	4,380	-	844	49,997	4,479	-	54,476
Utilities	60,815	-	57,754	-	3,210	-	-	121,780	-	-	121,780
Taxes, licenses and fees	1,825	-	11,493	163	36	-	26	13,543	16,212	270	30,025
Maintenance and repairs	13,201	-	37,697	51	-	-	-	50,949	1,400	-	52,349
Transportation costs	10,578	215	5,638	1,621	7,658	-	4,458	30,167	1,598	-	31,765
Staff training	32,210	-	15	-	159	-	-	32,385	1,675	-	34,059
Client costs	16,711	165,381	20	-	5,138	-	-	187,250	9,547	600	197,397
Other expenses	10,314	-	589	-	5	-	-	10,908	42,295	5,966	59,169
Depreciation	19,622	-	161,929	-	-	-	-	181,551	728	-	182,279
In-kind expense	415,088	-	77,904	-	-	-	52,140	545,132	-	-	545,132
Admin allocation	310,057	12,713	38,749	65,134	81,898	3,021	-	511,572	(511,572)	-	-
Total expenses	\$ 2,888,594	\$ 449,875	\$ 1,026,175	\$ 348,872	\$ 1,092,491	\$ 31,855	\$ 231,702	\$ 6,069,562	\$ 214,652	\$ 133,358	\$ 6,417,573

See accompanying notes to the financial statements

Building Opportunities for Self-Sufficiency
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>2013 Expenditures</u>
<u>U.S. Department of Housing & Urban Development</u>		
<u>Direct Programs</u>		
Supportive Housing Program - McKinley House	14.235	\$ 66,405 *
Supportive Housing Program - Housing Stabilization	14.235	230,663 *
Supportive Housing Program - Self - Sufficiency	14.235	701,535 *
SAFAH (Harrison House)	14.235	136,919 *
Transitional Housing (Pacheco)	14.235	95,764 *
Transitions Project (Meekland)	14.235	161,204 *
Transitions Project (Rosa Parks)	14.235	148,909 *
Total Direct HUD		<u>1,541,400</u>
Pass-Through Resource for Community Development:		
Transitional Housing - Regent Street	14.235	48,970 *
Pass-Through County of Alameda:		
RISE	14.235	52,666 *
Pass-Through Affordable Housing Associates:		
Transitional housing (Peter Babcock)	14.235	1,680 *
Total U.S. Department of Housing & Urban Development		<u>1,644,716</u>
<u>U.S Department of Health and Human Services</u>		
Pass-Through County of Alameda:		
Best Program	93.778	283,691 *
Alameda County Health Care Service Agency	93.778	31,855 *
Pass-Through City of Berkeley		
Community Service Block Grant	93.569	<u>173,556</u>
Total U.S. Department of Health and Human Services		<u>489,101</u>
Total Expenditures of Federal Awards		<u><u>2,133,817</u></u>

* denotes major program

See accompanying notes to the schedule of expenditures of federal awards

BUILDING OPPORTUNITIES FOR SELF-SUFFICIENCY

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Building Opportunities for Self-Sufficiency. All federal awards received directly from federal awarding agencies, as well as federal awards passed through from governmental or private agencies, are included in the accompanying Schedule of Expenditures of Federal Awards. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. Expenditures are determined using the cost accounting principles and procedures set forth in OMB Circular A-122, *Cost Principles for States, Local Government and Non-Profit Organizations*.

Note 3 – Relationship of Schedule of Expenditures of Federal Awards to Financial Statements

Consistent with management's policy, federal awards are recorded in various revenue categories. As a result, the amount of total federal awards expended on the Schedule does not agree to total grant revenue on the Statement of Operations and Changes in Net Assets as presented in BOSS's Report on Audited Financial Statements.

TCA Partners, LLP

Certified Public Accountants

1111 E. Herndon Avenue, Suite 211, Fresno, CA 93720
Phone (559) 431-7708 Fax (559) 431-7685

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
BOSS, Inc.
Berkeley, California

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 Building Opportunities for Self-Sufficiency (“BOSS”), which comprise the balance sheet as of June 30, 2013, and the related statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered BOSS’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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of Organization’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 Organization's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 BOSS's 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

TCA Partners, LLP

Fresno, California

October 25, 2013

TCA Partners, LLP

Certified Public Accountants

1111 E. Herndon Avenue, Suite 211, Fresno, CA 93720
Phone (559) 431-7708 Fax (559) 431-7685

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Board of Directors
BOSS, Inc.
Berkeley, California

Report on Compliance for Each Major Federal Program

We have audited BOSS's (the "Organization") 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 the Organization's major federal programs for the year ended June 30, 2013. The Organization's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, BOSS 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 June 30, 2013.

Report on Internal Control Over Compliance

Management of BOSS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization'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 the Organization's internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Organization as of and for the year ended June 30, 2013, and have issued our report thereon dated October 25, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

7CA Partners, LLP

Fresno, California
October 25, 2013

BUILDING OPPORTUNITIES FOR SELF-SUFFICIENCY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		Unmodified
Internal Control over financial reporting:		
Material weakness identified?	___yes	_X_no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___yes	_X_no
Noncompliance material to financial statements noted?	___yes	_X_no

Federal Awards

Internal control over major programs:		
Material weakness identified?	___yes	_X_no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___yes	_X_no
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?	___yes	_X_no

Major Programs

Name of Federal Program or Cluster	CFDA Number
Supportive and Transitional Housing Program	14.235
BEST Program	93.778

Dollar threshold used to distinguish Types A and B programs		\$ 300,000
Auditee qualified as low-risk auditee?	___yes	_X_no

BUILDING OPPORTUNITIES FOR SELF-SUFFICIENCY

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2013

II. Current Year Audit Findings and Questioned Costs

Financial Statement Findings

None reported

Federal Award findings and Questioned Costs

None reported

III. Prior Year Audit Findings and Questioned Costs

None reported