Abode Services

Financial Statements
and Other Audit Report

June 30, 2025
(With Comparative Totals for 2024)

armanino

TABLE OF CONTENTS

armanino

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Abode Services

Opinion

We have audited the accompanying financial statements of Abode Services (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Abode Services as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Abode Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Abode Services's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Abode Services's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Abode Services's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025, on our consideration of the Organization'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 effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Abode Services's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 19, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

San Jose, California

November 20, 2025

Abode Services
Statement of Financial Position
June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 10,754,743	$ 10,846,514
Investments	13,836,960	4,206,076
Grants receivable, net	33,314,760	31,841,062
Accounts receivable	55,043	119,514
Related party receivables	1,567,960	3,872,824
Pledges receivable, net	259,259	172,567
Prepaid expenses and other current assets	1,482,043	1,399,953
Related party notes receivable, current portion	871,901	71,270
Related party accrued interest receivable	9,808	-
Total current assets	62,152,477	52,529,780
Non-current assets		
Property and equipment, net	4,129,743	4,392,329
Operating lease right-of-use assets	3,778,135	8,503,554
Finance lease right-of-use assets	75,713	51,610
Tenant security deposits	79,158	55,450
Related party notes receivable, net of current portion	3,891,200	957,577
Total non-current assets	11,953,949	13,960,520
Total assets	$ 74,106,426	$ 66,490,300

The accompanying notes are an integral part of these financial statements.

Abode Services
Statement of Financial Position
June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
LIABILITIES AND NET ASSETS		
Current liabilities		
Line of credit	$ 1,500,000	$ -
Accounts payable	373,217	726,440
Accrued expenses	6,771,536	5,659,248
PPP loan	-	1,141,067
Deferred revenue	18,761,350	14,242,298
Related party payables	3,057,477	3,977,155
Operating lease liabilities, current portion	1,013,791	1,931,359
Finance lease liabilities, current portion	16,923	36,344
Estimated liability for loss contingency	1,350,000	1,350,000
Total current liabilities	32,844,294	29,063,911
Long-term liabilities		
Accrued interest	1,573,891	1,514,201
Mortgages payable	1,989,660	1,989,660
Security deposits	12,269	12,076
Operating lease liabilities, net of current portion	2,857,722	7,235,148
Finance lease liabilities, net of current portion	-	16,922
Total long-term liabilities	6,433,542	10,768,007
Total liabilities	39,277,836	39,831,918
Net assets		
Without donor restrictions	24,054,699	21,296,648
With donor restrictions	10,773,891	5,361,734
Total net assets	34,828,590	26,658,382
Total liabilities and net assets	$ 74,106,426	$ 66,490,300

The accompanying notes are an integral part of these financial statements.

Abode Services
Statement of Activities
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenues, gains, and other support				
Government grants	$143,399,709	$ -	$143,399,709	$123,704,161
Contributions	3,335,863	8,084,596	11,420,459	10,036,195
In-kind contributions	960,668	-	960,668	298,319
Related party revenues, net	1,173,104	-	1,173,104	1,065,199
Rental income	429,147	-	429,147	467,485
Miscellaneous income	488,520	-	488,520	31,425
Investment income, net	458,128	-	458,128	239,786
Interest income	154,436	-	154,436	17,503
Net assets released from restrictions	2,672,439	(2,672,439)	-	-
Total revenues, gains, and other support	153,072,014	5,412,157	158,484,171	135,860,073
Functional expenses				
Program services	135,009,786	-	135,009,786	115,069,971
Management and general	14,420,189	-	14,420,189	12,263,844
Fundraising	883,988	-	883,988	954,694
Total functional expenses	150,313,963	-	150,313,963	128,288,509
Noncash contributions to related nonprofit organizations	-	-	-	(5,402,132)
Change in net assets	2,758,051	5,412,157	8,170,208	2,169,432
Net assets, beginning of year	21,296,648	5,361,734	26,658,382	24,488,950
Net assets, end of year	$ 24,054,699	$ 10,773,891	$ 34,828,590	$ 26,658,382

Abode Services
Statement of Functional Expenses
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Program Services	Management and General	Fundraising	2025 Total	2024 Total
Personnel expenses					
Salaries and wages	$ 37,012,638	$ 7,958,421	$ 518,434	$ 45,489,493	$ 40,165,721
Employee benefits	5,389,625	1,905,212	75,554	7,370,391	5,782,365
Payroll taxes	2,769,389	613,085	39,258	3,421,732	3,388,774
Total personnel expenses	45,171,652	10,476,718	633,246	56,281,616	49,336,860
Direct client expenses	75,901,763	-	-	75,901,763	55,480,380
Property management	6,502,748	199,372	-	6,702,120	9,427,616
Information technology	2,917,718	668,019	47,526	3,633,263	3,347,045
Lease expense	1,566,088	197,424	239	1,763,751	2,436,340
Professional services	311,597	1,158,723	61,149	1,531,469	2,686,275
Utilities	594,702	329,117	7,195	931,014	991,802
Travel	529,885	21,451	2,824	554,160	475,471
Office supplies	298,321	202,299	32,744	533,364	527,864
Training and staff development	159,996	301,805	12,555	474,356	528,604
Depreciation and amortization	361,082	64,365	-	425,447	388,722
Insurance	122,815	288,543	-	411,358	398,840
Bad debt	-	351,435	-	351,435	14,902
Rental operations	228,938	-	-	228,938	138,899
Contributions to nonprofit organizations	150,000	-	-	150,000	5,719,843
Repairs and maintenance	118,570	1,533	130	120,233	121,834
Interest	57,876	44,878	-	102,754	153,767
Special events	-	-	74,583	74,583	124,529
Legal settlement	-	65,017	-	65,017	-
Bank service charges	-	30,339	11,763	42,102	22,611
Taxes and licenses	16,035	19,151	34	35,220	18,437
Loss contingency	-	-	-	-	1,350,000
	135,009,786	14,420,189	883,988	150,313,963	133,690,641
Less: noncash contributions to related nonprofit organizations	-	-	-	-	(5,402,132)
	$ 135,009,786	$ 14,420,189	$ 883,988	$ 150,313,963	$ 128,288,509
Percentage of total	89 %	10 %	1 %	100 %	

The accompanying notes are an integral part of these financial statements.

Abode Services
Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 8,170,208	$ 2,169,432
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	425,447	388,722
Amortization of operating lease right-of-use assets	1,205,424	1,974,514
Realized and unrealized gains on investments	(181,838)	(129,004)
Change in allowance for pledges receivable	(2,667)	(3,150)
Noncash contributions to related nonprofit organizations	-	5,402,132
Gain on lease termination	(486,895)	-
Changes in operating assets and liabilities		
Grants receivable, net	(1,473,698)	(5,822,334)
Accounts receivable	64,471	(66,998)
Related party receivables	(1,510,468)	355,716
Pledges receivable, net	(84,025)	(37,816)
Prepaid expenses and other current assets	(82,090)	(390,660)
Tenant security deposits	(20,708)	20,013
Accounts payable	(353,223)	7,191
Accrued expenses	1,112,288	(330,429)
Accrued interest	59,690	77,075
Deferred revenue	4,519,052	3,127,216
Related party payables	(919,678)	702,607
Estimated liability for loss contingency	-	1,350,000
Security deposits	193	746
Operating lease liabilities	(1,354,125)	(1,876,680)
Net cash provided by operating activities	9,087,358	6,918,293
Cash flows from investing activities		
Purchase of property and equipment	(123,942)	(446,907)
Purchase of investments	(22,298,365)	(4,657,774)
Proceeds from the sale of investments	12,849,319	3,543,237
Issuance of related party note receivable	-	(1,057,713)
Proceeds from payments on related party note receivable	71,270	28,866
Net cash used in investing activities	(9,501,718)	(2,590,291)
Cash flows from financing activities		
Proceeds from line of credit	3,500,000	800,000
Repayment of borrowings on line of credit	(2,000,000)	(2,200,000)
Repayment of note payable - PPP loan	(1,141,067)	(1,259,306)
Payments on finance lease liabilities	(36,344)	(35,313)
Net cash provided by (used in) financing activities	322,589	(2,694,619)
Net increase (decrease) in cash and cash equivalents	(91,771)	1,633,383
Cash and cash equivalents, beginning of year	10,846,514	9,213,131
Cash and cash equivalents, end of year	$ 10,754,743	$ 10,846,514

The accompanying notes are an integral part of these financial statements.

Abode Services
Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

		2025		2024
Supplemental disclosure of cash flow information				
Cash paid during the year for interest	$	102,754	$	91,990
Supplemental schedule of noncash investing and financing activities				
Operating lease right-of-use assets in exchange for operating lease liabilities during the year	$	1,936,342	$	1,467,595
Derecognition of operating lease right-of-use assets upon lease termination	$	5,456,336	$	-
Derecognition of operating lease liabilities upon lease termination	$	6,028,231	$	-
Gain on lease termination	$	486,894	$	-
Conversion of related party receivables to related party notes receivables	$	3,805,524	$	-

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

Abode Services (the "Organization" or "AS") was incorporated in November 1988 as a California nonprofit public benefit corporation to end Bay Area homelessness. AS offers housing programs linked to supportive services for families, single adults and youth experiencing homelessness. Housing options include permanent supportive housing rental assistance, rapid rehousing, interim housing, and emergency shelter. Supportive services consist of housing services, case management, drug and alcohol recovery support, mental health counseling, support groups, outreach and engagement. Each program integrates housing and services to help clients establish permanent stability, improve their health, and achieve personal goals.

2. PROGRAM SERVICES

Supportive housing projects

The Organization places people experiencing homelessness into supportive housing units to help prevent and end homelessness in Alameda, Santa Clara, Santa Cruz, San Mateo, Napa, Solano, Sonoma, and San Francisco counties by providing affordable rental housing linked to supportive services such as, but not limited to, mental health counseling, support groups, and access to healthcare. The development of affordable permanent supportive housing is recognized as a solution to ending homelessness.

The Organization provides supportive services in more than 40 supportive housing communities, throughout the greater Bay Area. Rents are typically offered at no more than 1/3 of household income. In addition to permanent supportive housing sites, the Organization, is able to place and provide services to individuals and families living at apartment sites throughout Alameda, Santa Clara, San Mateo, Santa Cruz, Napa, Solano, Sonoma, and San Francisco Counties. These sites serve all the populations experiencing homelessness including veterans, families, transition age foster youth, seniors, and persons living with multiple disabilities. The Organization provides resident and/or clinical services to more than 5,000 households each year in site based supportive housing projects.

Scattered site housing units

In addition to placing homeless families into affordable housing units owned by the Organization, the Organization also places homeless people into market rate apartment units made affordable through rental subsidies. These housing placements have comprehensive social services, provided by the Organization or partner agency staff, attached to them. These placements occur in over 50 discrete housing programs in six Bay Area counties. The Organization's portfolio of programs is supported by numerous funding sources and subsidy types, including local, state and federal sources. The Organization employs both tenant-based and master leases and works with more than 1,300 active landlords throughout the Bay Area. Through scattered site housing programs, the Organization administers more than $45 million worth of subsidies each year, and supports thousands of formerly homeless households secure and maintain housing in the Bay Area.

2. PROGRAM SERVICES (continued)

Shelter program

The Organization operates three permanent shelter programs and two interim housing sites. Sunrise Village is a 24-hour temporary emergency shelter program. Families with children live in individual family rooms with private baths. Individual alcoves are available for 30 single adults who share four dormitory-style rooms. The shelter houses 66 people while they look for permanent housing. In Napa County, the South Napa Shelter supports 90 individuals at any point in time, and the North Napa Shelter supports 54 households each night. Abode also operates Alum Rock Veteran's shelter in San Jose, supporting up to 40 veterans each night. All shelter programs are housing focused and are accompanied by the Organization's staff and a full spectrum of supportive services is offered to residents free of charge. Residents receive three meals a day, phone and mail services and access to laundry facilities. Services include case management, primary and mental health care, substance abuse recovery services, housing placement, job counseling, financial literacy training, transportation assistance, children's programs for those serving families.

Outreach programs

Street outreach teams provide outreach, engagement, and service linkages to participants throughout Alameda, Napa, Solano and Santa Clara Counties. The Organization also operates additional street health team services, conducting clinical outreach, providing medical care/services to individuals living on the street and experiencing acute medical conditions/mental health symptoms, with the long-term goal of connecting them to a medical home in Alameda County. Additionally in Alameda County, the Organization operates an in-home outreach team, providing intensive outreach to people with serious mental health disabilities and their family members, in order to engage them into treatment and services needed to support their family members in their role(s) as caregivers. The Organization's outreach programs connect with more than 1,100 individuals throughout Alameda, Santa Clara, Napa, and Solano counties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America "U.S. GAAP". The Organization reports its financial position and operating activities in two classes of net assets:

Net assets without donor restrictions - represents the portion of net assets not subject to donor-imposed stipulations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Net assets with donor restrictions - include contributions received from donors that are restricted for specific purposes or for subsequent periods. When a donor restriction expires, net assets with donor restrictions are re-classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets held in perpetuity include those assets which are subject to a non-expiring donor restriction, such as endowments.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less. Cash and cash equivalents excludes cash temporarily held for reinvestment in the Organization's investment portfolio. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts due to this and management believes it is not exposed to any significant risk on its cash accounts.

Investments

The Organization reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Fair value measurements

Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves. Fair values for assets in Level 2 are calculated using quoted market prices for similar assets in markets that are not active.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. Investments that are included in this category generally include privately held investments and partnership interests.

Grants, accounts and pledges receivable

Grants receivable primarily represent amounts awarded by governmental agencies that have not yet been received by the Organization. Accounts receivable primarily represent amounts collectible from tenants. Pledges are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants, accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. The Organization utilizes the reserve method of accounting for credit losses based on historical experience and management's evaluation of outstanding grants and accounts receivable at the end of each year. As of June 30, 2025 and 2024, total allowance for credit losses for grants and accounts receivable was $107,048 and $85,029, respectively. As of June 30, 2025 and 2024, total allowance for pledges receivable was $41,853 and $44,520, respectively.

Related party note receivable

Note receivable represents advances to a related party, stated at the unpaid principal balance (see Note 7).

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over $5,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 5 to 40 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

The Organization reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable. If such review indicates that the carrying amount of long-lived assets is not recoverable, the carrying amount is reduced to fair value. In addition to the recoverability assessment, the Organization routinely reviews the remaining estimated useful lives of its long-lived assets. Any reduction in the useful life assumption will result in increased depreciation and amortization expense in the period when such determination is made, as well as in subsequent periods. There was no impairment of long-lived assets or changes in estimated useful lives during the years ended June 30, 2025 and 2024.

Revenue recognition and deferred revenue

Grants and contributions, including unconditional promises to give, are recorded with donor restriction depending on the existence and/or nature of any restrictions and are then reclassified to net assets without donor restrictions upon satisfaction of any restrictions through the net assets released from restrictions.

Grants and contributions that are considered conditional promises to give which contain barriers and a right of return or right of release are not recognized until the conditions on which they depend are met, at which time, the gift is recognized as either grants and contributions revenue with or without donor restrictions. As of June 30, 2025 and 2024, conditional promises to give amounted to $142,642,447 and $126,254,871, respectively, and are contingent upon incurrence of allowable expenditures for federal, state, and local government grants.

The Organization generates a significant amount of support and revenue from providing services for housing programs linked to supportive services through cost reimbursement local, state and federally funded programs. The support and revenue generated from these services is recorded as government grants in the statement of activities. These government grants meet the criteria to be classified as conditional contributions under U.S. GAAP revenue recognition for nonprofit organizations as they are non-reciprocal transactions which contain barriers related to incurrence of qualifying expenditures and a right of return or release. The Organization has elected the simultaneous release option to account for these grants. Therefore, these grants are recorded as government grants without donor restrictions upon satisfaction of the barriers. In the event amounts are received and have not been earned, the Organization records such amounts as refundable advances until earned, which is presented as deferred revenue on the statement of financial position.

Rental income is recognized pro-rata over the rental period. Prepaid rent is recognized as deferred revenue.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated goods and services

Donated non-cash assets are recognized and recorded at their fair values in the period received (see Note 16). 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 their fair values in the period received. The Organization also conducts program operations with extensive support from volunteers, churches, businesses and community groups. The amount of services donated by these volunteers was not recognized in the statement of activities because the criteria for recognition were not satisfied.

Donated property and equipment

Gifts of long-lived assets such as land, buildings, or equipment are reported as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. No donated property and equipment was received during the years ended June 30, 2025 and 2024.

Leases

Lease liabilities are initially measured at the present value of the remaining contractual lease payments. ROU assets are measured based on the corresponding lease liabilities adjusted for (i) payments made to the lessor at or before the lease commencement date, (ii) initial direct costs incurred, and (iii) tenant incentives received, incurred or payable under the lease. Subsequently, the ROU assets will be amortized generally on a straightline basis over the lease terms, and the lease liabilities will bear interest expense and be reduced for lease payments.

The Organization elected the following practical expedients permitted by ASC 842:

- Short term leases, with a lease term of less than 12 months, were not included in the right-of-use assets and lease liabilities.
- The risk-free rate was used in discounting future lease payments.
- Use of hindsight in evaluating the lease term and the impairment of the underlying right-of-use asset at commencement by leveraging current information.
- Immaterial leases, with a present value of lease liability below $20,000, were not included in the right-of-use assets and lease liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

- The Organization did not reassess practical expedients such as, (i) classification of leases that existed at the adoption date, (ii) whether any expired or existing contracts are, or contain, leases, (iii) initial indirect costs for existing leases.

Functional expenses

Costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct expenses are charged directly to the program and/or the contract. Indirect costs are allocated based on the percentage of gross salaries and benefits by function to total salaries and benefits.

Contingencies

The Organization is subject to various legal proceedings, claims, and assessments arising in the ordinary course of business. In accordance with ASC 450-20, a loss contingency is accrued when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

As of June 30, 2025, the Organization has evaluated all known contingencies and has accrued liabilities where appropriate. For contingencies where a loss is reasonably possible but not probable, or where the amount of the loss cannot be reasonably estimated, the Company has disclosed the nature of the contingency without accruing a liability.

Income tax status

Abode Services is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from state income taxes under Section 23701d of the California Revenue Taxation Code. Any income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization 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.

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 the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

The Organization files information returns in the U.S. federal jurisdiction and state of California. The Organization's federal returns for the years ended June 30, 2022 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's California returns of the tax years ended June 30, 2021 and beyond remain subject to possible examination by the California Franchise Tax Board.

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation. Such reclassifications had no impact on totals assets, liabilities, net assets, change in net assets, or cash flows as previously presented.

Subsequent events

Management of the Organization has evaluated subsequent events through November 20, 2025, the date the financial statements were available to be issued.

4. PLEDGES RECEIVABLE

Pledges receivable, net consisted of the following:

	2025	2024
Pledge receivable in less than one year	$ 301,112	$ 217,087
Allowance for doubtful pledges	(41,853)	(44,520)
	$ 259,259	$ 172,567

5. INVESTMENTS

Investments consisted of the following:

	2025	2024
Certificates of deposit	$ 4,575,830	$ 2,130,710
Mutual funds	2,742,362	397,480
Equity securities	1,213,362	724,174
Fixed income	5,305,406	953,712
	$ 13,836,960	$ 4,206,076

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2025:

	Level 1	Level 2	Level 3	Fair Value
Certificates of deposit	$ -	$ 4,575,830	$ -	$ 4,575,830
Mutual funds	2,742,362	-	-	2,742,362
Equity securities	1,213,362	-	-	1,213,362
Fixed income	4,861,102	444,304	-	5,305,406
	$ 8,816,826	$ 5,020,134	$ -	$ 13,836,960

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Fair Value
Certificates of deposit	$ -	$ 2,130,710	$ -	$ 2,130,710
Mutual funds	397,480	-	-	397,480
Equity securities	724,174	-	-	724,174
Fixed income	274,683	679,029	-	953,712
	$ 1,396,337	$ 2,809,739	$ -	$ 4,206,076

Investment income consisted of the following:

	2025	2024
Interest and dividend income	$ 327,901	$ 132,858
Net realized and unrealized gains	181,838	129,004
Investment fees	(51,611)	(22,076)
	$ 458,128	$ 239,786

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2025	2024
Sunrise Village:		
Building and improvements	$ 3,365,928	$ 3,365,928
Land	634,263	634,263
Equipment	118,978	120,668
	4,119,169	4,120,859
BridgeWay - 13th Street:		
Building and improvements	406,565	406,565
Land	73,554	73,554
	480,119	480,119
BridgeWay - 4165 Bay Street:		
Building and improvements	1,196,718	1,196,718
Land	176,290	176,290
	1,373,008	1,373,008
Administration - 40849 Fremont Boulevard:		
Building and improvements	1,225,426	1,225,426
Land - Admin Building - 40849 Fremont Boulevard	141,464	141,464
Equipment	56,680	30,710
	1,423,570	1,397,600
Vehicles:		
Other vehicles	763,974	712,632
Service center improvements:		
Papazian office	425,445	425,445
Hayward office	214,327	214,327
Other	150,162	150,162
Oakland office	134,463	134,463
Solano office	97,303	99,997
Project Welcome Home	97,534	97,534
Calworks HRC office	58,500	58,500
San Leandro office	55,729	55,729
SMC Building	38,041	38,041
Greater Hope Center	35,318	35,318
Redwood City office	11,304	11,304
San Francisco office	48,763	-
	1,366,889	1,320,820
Totals	9,526,729	9,405,038
Less accumulated depreciation and amortization	(5,396,986)	(5,012,709)
	$ 4,129,743	$ 4,392,329

6. PROPERTY AND EQUIPMENT (continued)

Depreciation and amortization expense for years ended June 30, 2025 and 2024 was $425,447 and $388,722, respectively.

7. RELATED PARTIES

On October 1, 2005, the Organization and Abode Housing Development ("AHD") (formerly known as Allied Housing, Inc.) formed a strategic alliance, with AHD developing affordable housing linked to support services for low-income individuals and families. On January 1, 2012, the Organization and Abode Property Management ("APM") (formerly known as Housing for Independent People, Inc.) entered into a strategic alliance, with APM providing property management services for not-for-profit organizations, including AS. On April 1, 2017, the Organization and Community Working Group ("CWG") entered into a strategic alliance, with CWG managing projects on the Bay Area's Peninsula.

The Organization, AHD, APM, and CWG are distinct legal entities that have maintained their separate identities, missions, and activities. These entities shared a common Board of Directors until January 1, 2024, at which time, each appointed its own separate Board of Directors. Beginning April 2025, these entities share a common Chief Executive Officer. The Organization entered into agreements with these entities to provide administrative services to support their operations.

On November 3, 2022, the Organization and Bay Area Furniture Bank ("BAFB") entered into an Alliance Agreement to further both of their missions by working collaboratively in helping people achieve housing and living stability. The Organization and BAFB are distinct legal entities with a separate Board of Directors. In accordance with the Alliance Agreement, the Organization provides administrative, management and operational services to BAFB in exchange for a fee.

Staffing costs

The Organization entered into separate staffing agreements with AHD, APM, CWG, and BAFB, wherein the Organization will provide staff to these related entities to perform assigned duties related to operating each related entity, and pass the costs on to those entities.

Staffing costs billed to the related entities for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
APM	$ -	$ 3,480,612
AHD	-	1,094,534
BAFB	594,714	585,239
	$ 594,714	$ 5,160,385

7. RELATED PARTIES (continued)

Staffing costs (continued)

The related costs are netted against related party revenues in the statement of activities. Beginning January 1, 2024, APM and AHD hired the employees who were previously leased from AS, which resulted in AS no longer paying salaries and other personnel costs related to these employees. During fiscal year 2024, staffing costs for APM and AHD were only billed for the period from July 2023 through December 2023. During 2025, no staffing costs for APM and AHD were billed.

Administrative fees

The Organization provides administrative services to support the operations of AHD, APM, CWG and BAFB, such as human resources services, training and staff development, information technology, marketing and communications, and other administrative services. Administrative fees are billed at a monthly fixed fee to related entities.

Administrative fees billed to the related entities for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
APM	$ 550,237	$ 572,192
AHD	386,955	305,959
BAFB	197,536	148,672
CWG	38,376	38,376
	$ 1,173,104	$ 1,065,199

Property and facility management

The Organization was engaged to perform supportive services and property management for the properties funded by local government agencies ("funders"). The Organization subcontracted the property management portion of the contracts with funders to APM. APM manages funders' properties and bills the Organization for services rendered. APM also manages facilities owned and rented by the Organization and bills the Organization for services rendered. Property and facility management costs billed by APM to the Organization were $6,702,120 and $9,427,616 for the years ended June 30, 2025 and 2024, respectively.

Rental fees

The Organization paid rental fees to APM in the amounts of $283,620 and $276,514 for the years ended June 30, 2025 and 2024, respectively.

7. RELATED PARTIES (continued)

Property guarantees

The Organization has guaranteed AHD's note payable of $459,782 on the Mission Bell Property. AHD's failure to service this debt when due, would require the Organization to provide a cash payment pursuant to the guarantee. Because the fair value of AHD's collateral exceeds the amount of debt obligation, significant losses are not anticipated. There is currently no recorded liability for potential losses under this guarantee.

The Organization has guaranteed APM's note payable of $1,300,969 on the Papazian Property. APM's failure to service this debt when due, would require the Organization to provide a cash payment pursuant to the guarantee. Because the fair value of APM's collateral exceeds the amount of debt obligation, significant losses are not anticipated. There is currently no recorded liability for potential losses under this guarantee.

Related party transactions

Related party receivables consisted of the following:

	2025	2024
APM	$ 868,813	$ 2,839,705
AHD	618,674	1,010,847
BAFB	64,483	19,073
CWG	15,990	3,199
	$ 1,567,960	$ 3,872,824

Related party payables consisted of the following:

	2025	2024
APM	$ 3,057,477	$ 3,977,155

Contributions to related nonprofit organizations

To further the mission of APM and AHD, during the year ended June 30, 2024, the Organization contributed related party receivables of $3,866,794 to APM and $1,535,338 to AHD. The Organization also contributed $317,711 to AHD for funds received from the liquidation of the Organization's interest in Bridgeway East, L.P.

7. RELATED PARTIES (continued)

Related party notes receivable

Related party notes receivable are detailed as follows:

	2025	2024
In January 2024, the Organization received a promissory note from APM in exchange for advances in the amount of $1,057,713. The note bears simple interest at 4% annually, with principal and interest of $9,261 due monthly, to be repaid in full in January 2036.	$ 957,577	$ 1,028,847
In October 2024, the Organization received a promissory note from APM in the amount of $2,824,687. The note was issued upon the conversion of existing related party receivables owed to the Organization. The note bears simple interest at 4% annually, with interest-only payments due quarterly beginning January 1, 2025. Principal payments of $470,781 are due quarterly beginning September 30, 2025, to be repaid in full in September 2030.	2,824,687	-
In October 2024, the Organization received a promissory note from AHD in the amount of $980,837. The note was issued upon the conversion of existing related party receivables owed to the Organization. The note bears simple interest at 4% annually, with interest-only payments due quarterly beginning January 1, 2025. Principal payments of $326,946 are due quarterly beginning September 30, 2025, to be repaid in full in September 2027.	980,837	-
	4,763,101	1,028,847
Current portion	(871,901)	(71,270)
	$ 3,891,200	$ 957,577

7. RELATED PARTIES (continued)

Related party notes receivable (continued)

Future maturities of related party notes receivable:

Year ending June 30,	
2026	$ 871,901
2027	874,923
2028	878,068
2029	554,395
2030	557,802
Thereafter	1,026,012
	4,763,101
Current portion	(871,901)
	$ 3,891,200

8. MORTGAGES PAYABLE

Mortgages payable are detailed as follows:

	2025	2024
On February 3, 1998, the Organization entered into a loan agreement with the City of Fremont, the Redevelopment Agency of the City of Fremont and the County of Alameda to not exceed $1,475,000 to acquire and rehabilitate eight-unit apartment complex located in Fremont, California ("4165 Bay St Bridgeway Apartments"). The outstanding principal and accrued interest on the mortgage will be amortized over ninety-nine years of the term such that the equal payments of principal and interest will be due and payable on July 1 of each calendar year, commencing on July 1, 1998. The note is secured by a deed of trust on the property and subject to a regulatory agreement. According to the provisions of the loan agreement, the amortized annual payment of interest and principal are due and payable only to the extent of surplus cash generated by the development in the previous year. In the event surplus cash in any year is less than the amount of the amortized annual payment, the difference between the amount of surplus cash and the amortized payment will accrue with simple interest at 3% per annum, and will be paid on the following July 1 when and to the extent surplus cash becomes available. Over the life of the loan, there has not been surplus cash with which to make the annual payments. The unfunded loan amount was $85,340.	$ 1,389,660	$ 1,389,660

8. MORTGAGES PAYABLE (continued)

	2025	2024
On August 14, 1997, the Organization entered into a loan agreement the County of Alameda in the amount of $600,000 to acquire and rehabilitate an eight-unit apartment complex located in Fremont, California ("33914 13th St Bridgeway Apartments"). The note accrues interest at the rate of 3 percent per annum until paid. Payments are deferred until August 31, 2027. Beginning September 1, 2027 until August 31, 2042 payments will be made annually. The amount of annual payment shall be sufficient to amortize the unpaid principal and accrued interest during the remaining term of the note. The note is secured by a deed of trust on the property, which has a net book value of $266,529, and is subject to a regulatory agreement. If payments result in the project no longer being financially feasible or if the County determines the Organization has satisfied its financial obligations to the County and performed satisfactory level of services to homeless families, then the Organization may request deferment or forgiveness of all or part of the outstanding debt.	600,000	600,000
	$ 1,989,660	$ 1,989,660

The future maturities of the mortgages payable are as follows:

Year ending June 30,	
Thereafter	$ 1,989,660
	$ 1,989,660

Bridgeway's deficit cash position calculated at June 30, 2025 and 2024 is as follows:

	2025	2024
Bridgeway net revenue	$ 137,962	$ 130,499
Direct expenses	(248,425)	(158,202)
	$ (110,463)	$ (27,703)

9. INTEREST EXPENSE

Interest expense consisted of the following:

	2025	2024
Line of credit	$ 36,090	$ 74,814
4165 Bay St Bridgeway Apartments	41,690	41,690
33914 13th St Bridgeway Apartments	18,000	18,000
PPP loan	5,917	17,176
Finance lease	1,057	2,087
	$ 102,754	$ 153,767

10. ACCRUED INTEREST

Accrued interest consisted of the following:

	2025	2024
4165 Bay St Bridgeway Apartments	$ 1,072,291	$ 1,030,601
33914 13th St Bridgeway Apartments	501,600	483,600
	$ 1,573,891	$ 1,514,201

11. NOTES PAYABLE - PAYCHECK PROTECTION PROGRAM LOAN

On May 3, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender ("PPP Lender"), for an aggregate principal amount of $3,750,000 (the "PPP Loan").

The PPP Loan bears interest at a fixed rate of 1% per annum, with the first ten months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration.

The Organization was required to pay interest on the PPP Loan at a rate of 1% per annum and commencing June 5, 2020 and started making monthly principal and interest payments of $104,942. The monthly payments were required through the maturity date in May 2025.

During the year ended June 30, 2025, the remaining outstanding principal and accrued interest on the PPP Loan was paid off.

12. LINE OF CREDIT

The Organization established a revolving line of credit ("LOC") with Wells Fargo Bank to meet short-term working capital borrowing needs. Borrowings under the line of credit were limited to a maximum of $2,200,000 for the fiscal years ended June 30, 2025 and 2024. Interest on outstanding funds is payable monthly at the variable rate. The maturity date of the line of credit was May 10, 2025. The credit line is secured by rents and certain assets owned by the Organization.

The LOC was amended in May 2025 and the maturity date was extended to August 8, 2025.

The balance on the line of credit was $1,500,000 and $0 as of June 30, 2025 and 2024, respectively, and the Organization incurred interest expense of $36,090 and $74,814 during the years ended June 30, 2025 and 2024, respectively.

In September 2025, the Organization renewed the LOC with Wells Fargo Bank (see Note 21).

13. BOARD DESIGNATED NET ASSETS

Board designated net assets are included in assets without donor restrictions and are comprised of the following at June 30:

	2025	2024
Building maintenance fund	$ 350,000	$ 350,000
Programs Reserve - general	125,759	125,759
Bridgeway Apartments fund	96,727	96,727
	$ 572,486	$ 572,486

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2025	2024
County-specific restriction	$ 7,957,829	$ 760,851
Cash assistance program	680,315	855,771
Property restricted	343,440	530,293
Other programs	272,206	220,555
Housing navigation	171,812	178,295
Shelter	152,773	170,042
Half Moon Bay housing	100,000	664,000
Housing flexible funding	99,640	66,744
Project Independence	92,348	92,348
Outreach program	88,869	85,406
Rapid rehousing	88,834	110,509
Homewarming program	45,417	57,015
Direct client assistance	35,155	351,524
	10,128,638	4,143,353
Time restricted	645,253	1,218,381
	$ 10,773,891	$ 5,361,734

Net assets with donor restrictions released from restriction during the year were as follows:

	2025	2024
Half Moon Bay housing	$ 664,000	$ 147,000
Cash assistance program	488,254	-
Shelter	295,731	153,232
County-specific restriction	273,921	293,963
Other programs	142,348	69,889
Direct client assistance	72,233	31,592
Rapid rehousing	21,675	16,085
Housewarming program	13,348	45,505
Housing flexible funding	12,104	5,674
Property restricted	11,019	24,769
Housing navigation	6,483	4,352
Outreach program	490	177,584
	2,001,606	969,645
Time restricted	670,833	43,750
	$ 2,672,439	$ 1,013,395

15. CONTRIBUTIONS

Contributions were received from the following sources during the years ending June 30:

	2025	2024
Foundations and corporations	$ 9,994,048	$ 9,461,991
Individuals	1,415,190	553,548
Churches	11,221	20,656
	$ 11,420,459	$ 10,036,195

16. IN-KIND CONTRIBUTIONS

For the years ended June 30, 2025 and 2024, the Organization received donated food, clothes, and other supplies valued at $960,668 and $298,319, respectively, which were used for various programs serving people experiencing homelessness. Donated food is valued based on the actual cost of food purchased by the donor and donated to the Organization, or the value provided by the national network of food banks. Donated clothes and supplies are valued based on management's online research of the sales price of similar items as of the date of the donation.

In-kind contributions consisted of the following:

	2025	2024
Food	$ 793,507	$ 298,319
Household supplies	130,197	-
Clothing	21,235	-
School supplies	12,828	-
Gift cards	2,901	-
	$ 960,668	$ 298,319

17. RETIREMENT PLAN

The Organization has a contributory tax-deferred retirement plan (the "Plan") under Section 403(b) of the Internal Revenue Code, covering substantially all employees. Employees may make contributions to the Plan up to the maximum allowed by the Internal Revenue Code.

Effective January 1, 2018, the Organization's 403(b) plan included the option to contribute to eligible employees' 403(b) plans and match employee contributions. During the annual budget process the Board of Directors may elect to offer a matching contribution to eligible employees for the upcoming calendar year. If elected, eligible employees will receive a contribution to their 403(b) plan. Benefits in the amounts of $550,325 and $522,107 were accrued at June 30, 2025 and 2024, respectively. Retirement plan expense was $517,255 and $562,092 for the years ended June 30, 2025 and 2024, respectively.

18. LEASES

The Organization leases office spaces, facilities, and office equipment under non-cancelable operating lease agreements, many with renewal options, which expire at various dates through 2032. Management expects that in the normal course of business the leases will be renewed or replaced by other leases. Only options to renew that will reasonably be exercised were recognized as part of right-of-use assets and lease liabilities. The Organization applied the risk-free rate to the entire lease portfolio, determined using a period comparable with that of the lease term. During the year ended June 30, 2025, the Organization terminated four separate leases which resulted in a reduction in right of use liabilities of $6,028,231 and a corresponding reduction in right of use assets of $5,456,336. Additionally, termination fees of $85,000 were paid. The net result of these transactions was a gain on the total disposals of $486,895.

Components of lease costs are as follows for the year ended June 30:

	2025	2024
Finance lease cost:		
Amortization of right-of-use assets	$ 38,918	$ 35,417
Interest on lease liabilities	1,057	2,087
	39,975	37,504
Operating lease cost	1,311,524	2,238,860
Short-term and other lease cost	452,127	197,480
	$ 1,803,626	$ 2,473,844

Lease expense for the years ended June 30, 2025 and 2024 was $1,763,651 and $2,436,340, respectively.

The scheduled minimum lease payments under the lease terms are as follows:

Year ending June 30,	Operating Leases	Finance Leases	Total
2026	$ 1,142,520	$ 17,100	$ 1,159,620
2027	933,948	-	933,948
2028	709,467	-	709,467
2029	522,237	-	522,237
2030	320,207	-	320,207
Thereafter	640,652	-	640,652
	4,269,031	17,100	4,286,131
Less: discount to present value	(397,518)	(177)	(397,695)
	$ 3,871,513	$ 16,923	$ 3,888,436

18. LEASES (continued)

Supplemental quantitative information related to leases for the year ended June 30, 2025:

Operating cash flows from operating leases	$	1,309,205
Operating cash flows from finance leases		1,057
Financing cash flows from finance leases		36,344
Operating lease right-of-use assets in exchange for operating lease liabilities		1,936,342
Operating lease right-of-use assets derecognized upon lease termination		5,456,336
Operating lease liabilities derecognized upon lease termination		6,028,231
Gain on lease termination		486,895
Weighted-average remaining lease term - operating leases		4.80 years
Weighted-average remaining lease term - finance leases		0.64 years
Weighted-average discount rate - operating leases		3.78 %
Weighted-average discount rate - finance leases		2.88 %

19. CONTINGENCIES

Pursuant to the first amended and restated agreements of limited partnership of Allied 2904 Corvin, L.P. dated December 6, 2019, Allied 38631 Fremont, L.P. dated March 31, 2020, and Allied 4038 Irvington, L.P. dated April 22, 2021 (the "Partnership Agreements"), the Organization and related entities AHD, APM, and CWG (the "Guarantors") have entered into a Guaranty Agreement. Under the terms the Guarantors are obligated for the due and punctual performance by the general partners and the developer of all of their obligations under the Partnership Agreements, which includes maintaining sufficient funds to be able to satisfy obligations under the Partnership Agreements.

Property and equipment acquired by the Organization is considered to be owned by the Organization. However, certain governmental agencies may maintain an equitable interest, or may have a reversionary interest, in the property purchased with grant monies, as well as the right to determine the use of any proceeds from the sale of these assets. The Organization agrees to be responsible for the proper care and custody of all grant property and agrees not to sell, transfer, encumber or otherwise dispose of property acquired with grant funds without permission from the governmental agency providing grant funding.

The federal government has a reversionary interest in those assets purchased with its funds that have a cost of $1,000 or more.

19. CONTINGENCIES (continued)

The Organization holds title to property, known as Sunrise Village, which is subject to terms and conditions of an agreement with the City of Fremont. Upon sale or disposition of the property in accordance with this agreement, the Organization is entitled to compensation calculated by applying its percentage of participation in the initial cost of the property to the property's fair market value.

The Organization holds title to property known as 4165 Bay St Bridgeway Apartments, which is subject to terms, conditions and a regulatory agreement between the City of Fremont, the Redevelopment Agency of the City of Fremont and the County of Alameda. Additionally, the Organization holds title to property, known as 33914 13th St Bridgeway Apartments, which is subject to terms, conditions and a regulatory agreement with the County of Alameda.

The Organization derives a significant portion of its revenue from various government-funded programs, which are subject to review and audit by government agencies of compliance with requirements. Failure to meet compliance requirements could result in the return of funds to the grantors. Management believes that the Organization is in material compliance with the requirements set forth by the government agencies and that the outcome of reviews and audits conducted by such agencies, if any, will not have a material effect on the financial statements of the Organization.

The Organization is named in various claims and legal actions in the normal course of its operations. The Organization is currently involved in a dispute with a group of current employees over compensation. Management estimates $1,350,000 will be paid to settle the lawsuit and has accrued this amount on the statement of financial position as of the year ended June 30, 2025.

20. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management it has a policy to structure its financial assets to be available as its general expenditure, liabilities, and other obligations come due.

Short-term receivables consists of grants receivable, accounts receivable, related party receivables and pledges receivable which are expected to be received within one year from June 30, 2025. Short-term receivables without donor restrictions will be available to support general operations of the Organization.

20. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2025 and 2024 to fund general expenditures and other obligations when they become due:

	2025	2024
Financial assets:		
Cash and cash equivalents	$ 10,754,743	$ 10,846,514
Investments	13,836,960	4,206,076
Grants receivable, net	33,314,760	31,841,062
Accounts receivable	55,043	119,514
Related party receivables	1,567,960	3,872,824
Pledges receivable, net	259,259	172,567
Related party note receivable	871,901	71,270
	60,660,626	51,129,827
Less: amounts unavailable for general expenditure within one year:		
Net assets with donor restrictions	(10,128,638)	(5,361,734)
Board designated net assets	(572,486)	(572,486)
	(10,701,124)	(5,934,220)
	$ 49,959,502	$ 45,195,607

In the event of an unanticipated liquidity need, the Organization could draw any available funds from the line of credit (see Note 12).

21. SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through November 20, 2025, the date the financial statements were available to be issued.

In September 2025, the Organization renewed the LOC with Wells Fargo Bank. Borrowings under the line of credit were limited to a maximum of $4,000,000. Interest on outstanding funds is payable monthly at the variable rate, initially beginning at 7.5% per annum. The maturity date of the line of credit is September 10, 2026.

armanino

INDEPENDENT AUDITOR'S 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
Abode Services

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 Abode Services (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated November 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity'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.

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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.

Armanino LLP

San Jose, California

November 20, 2025