Abode Services

Financial Statements
and Single Audit Reports and Schedules

June 30, 2024
(With Comparative Totals for 2023)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Abode Services
Fremont, California

Opinion

We have audited the accompanying financial statements of Abode Services (the "Organization"), which comprise the statement of financial position as of June 30, 2024, 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, 2024, 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 19, 2024, 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 2023 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated February 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

Armanino[LLP]
San Jose, California

November 19, 2024

Abode Services
Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 10,846,514	$ 9,213,131
Investments	4,206,076	2,962,535
Grants receivable, net	31,841,062	26,018,728
Accounts receivable	119,514	52,516
Related party receivables	3,872,824	9,630,672
Pledges receivable, net	172,567	131,601
Prepaid expenses and other current assets	1,399,953	1,009,293
Related party note receivable, current portion	71,270	-
Total current assets	52,529,780	49,018,476
Non-current assets		
Property and equipment, net	4,392,329	4,262,677
Operating lease right-of-use assets	8,503,554	9,010,473
Finance lease right-of-use assets	51,610	87,027
Tenant security deposits	55,450	75,463
Intangible assets, net	-	36,050
Related party note receivable, net of current portion	957,577	-
Total non-current assets	13,960,520	13,471,690
Total assets	$ 66,490,300	$ 62,490,166

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

Abode Services
Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
LIABILITIES AND NET ASSETS		
Current liabilities		
Line of credit	$ -	$ 1,400,000
Accounts payable	726,440	719,249
Accrued expenses	5,659,248	5,989,677
Accrued interest, current portion	-	683
PPP loan, current portion	1,141,067	1,259,306
Deferred revenue	14,242,298	11,115,082
Related party payables	3,977,155	3,274,548
Operating lease liabilities, current portion	1,931,359	1,809,823
Finance lease liabilities, current portion	36,344	35,313
Estimated liability for loss contingency	1,350,000	-
Total current liabilities	29,063,911	25,603,681
Long-term liabilities		
Accrued interest, net of current portion	1,514,201	1,454,511
Mortgages payable	1,989,660	1,989,660
PPP loan, net of current portion	-	1,122,999
Security deposits	12,076	11,330
Operating lease liabilities, net of current portion	7,235,148	7,765,769
Finance lease liabilities, net of current portion	16,922	53,266
Total long-term liabilities	10,768,007	12,397,535
Total liabilities	39,831,918	38,001,216
Net assets		
Without donor restrictions	21,296,648	22,063,228
With donor restrictions	5,361,734	2,425,722
Total net assets	26,658,382	24,488,950
Total liabilities and net assets	$ 66,490,300	$ 62,490,166

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

Abode Services
Statement of Activities
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues, gains, and other support				
Government grants	$123,704,161	$ -	$123,704,161	$121,942,286
Contributions	6,086,788	3,949,407	10,036,195	2,741,364
Related party revenues, net	1,065,199	-	1,065,199	797,030
Rental income	467,485	-	467,485	338,892
In-kind contributions	298,319	-	298,319	223,591
Investment income	239,786	-	239,786	160,240
Miscellaneous income	31,425	-	31,425	181,091
Interest income	17,503	-	17,503	48
Net assets released from restrictions	1,013,395	(1,013,395)	-	-
Total revenues, gains, and other support	132,924,061	2,936,012	135,860,073	126,384,542
Functional expenses				
Program services	115,069,971	-	115,069,971	114,028,439
Management and general	12,263,844	-	12,263,844	9,686,602
Fundraising	954,694	-	954,694	749,616
Total functional expenses	128,288,509	-	128,288,509	124,464,657
Change in net assets before noncash contributions to related nonprofit organizations	4,635,552	2,936,012	7,571,564	1,919,885
Noncash contributions to related nonprofit organizations	(5,402,132)	-	(5,402,132)	-
Change in net assets	(766,580)	2,936,012	2,169,432	1,919,885
Net assets, beginning of year	22,063,228	2,425,722	24,488,950	22,569,065
Net assets, end of year	$ 21,296,648	$ 5,361,734	$ 26,658,382	$ 24,488,950

Abode Services
Statement of Functional Expenses
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Program Services	Management and General	Fundraising	2024 Total	2023 Total
Personnel expenses					
Salaries and wages	$ 32,526,174	$ 7,137,515	$ 502,032	$ 40,165,721	$ 33,732,493
Employee benefits	4,681,975	1,028,078	72,312	5,782,365	5,647,981
Payroll taxes	2,743,887	602,508	42,379	3,388,774	3,062,932
Total personnel expenses	39,952,036	8,768,101	616,723	49,336,860	42,443,406
Direct client expenses	55,182,061	-	-	55,182,061	58,159,604
Property management	9,289,950	128,619	9,047	9,427,616	9,836,879
Contributions to related nonprofit organizations	5,719,843	-	-	5,719,843	-
Information technology	2,764,265	542,588	40,192	3,347,045	2,903,607
Professional services	1,666,134	885,129	135,012	2,686,275	3,807,191
Lease expense	2,236,909	186,732	12,699	2,436,340	2,970,651
Loss contingency	-	1,350,000	-	1,350,000	-
Utilities	907,952	78,340	5,510	991,802	1,089,562
Training and staff development	461,834	62,382	4,388	528,604	644,315
Office supplies	488,183	37,073	2,608	527,864	426,563
Travel	473,800	1,561	110	475,471	407,551
Insurance	342,055	53,053	3,732	398,840	297,496
Depreciation and amortization	288,549	100,173	-	388,722	348,404
Donated goods	298,319	-	-	298,319	223,591
Interest	124,370	29,397	-	153,767	225,017
Rental operations	138,899	-	-	138,899	120,185
Special events	-	-	124,529	124,529	51,303
Repairs and maintenance	120,694	1,140	-	121,834	432,676
Bank service charges	-	22,611	-	22,611	32,080
Taxes and licenses	16,250	2,043	144	18,437	33,416
Bad debt	-	14,902	-	14,902	11,160
	120,472,103	12,263,844	954,694	133,690,641	124,464,657
Less: noncash contributions to related nonprofit organizations	(5,402,132)	-	-	(5,402,132)	-
	$ 115,069,971	$ 12,263,844	$ 954,694	$ 128,288,509	$ 124,464,657
Percentage of total	90 %	9 %	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, 2024
(With Comparative Totals for 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	$ 2,169,432	$ 1,919,885
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	388,722	348,404
Amortization of operating lease right-of-use assets	1,974,514	2,094,649
Realized and unrealized gains on investments	(129,004)	(146,085)
Change in allowance for pledges receivable	(3,150)	(152,341)
Noncash contributions to related nonprofit organizations	5,402,132	-
Changes in operating assets and liabilities		
Grants receivable, net	(5,822,334)	339,247
Accounts receivable	(66,998)	(15,961)
Related party receivables	355,716	(7,026,581)
Pledges receivable, net	(37,816)	35,513
Prepaid expenses and other current assets	(390,660)	(100,921)
Tenant security deposits	20,013	(17,925)
Accounts payable	7,191	1,166,513
Accrued expenses	(330,429)	304,547
Accrued interest	77,075	60,373
Deferred revenue	3,127,216	1,157,521
Related party payables	702,607	(319,581)
Other current liabilities	-	(3,119)
Estimated liability for loss contingency	1,350,000	-
Security deposits	746	(502)
Operating lease liabilities	(1,876,680)	(1,529,083)
Net cash provided by (used in) operating activities	6,918,293	(1,885,447)
Cash flows from investing activities		
Purchase of property and equipment	(446,907)	(99,993)
Purchase of intangible assets	-	(36,050)
Purchase of investments	(4,657,774)	(4,772,159)
Proceeds from the sale of investments	3,543,237	5,755,330
Issuance of related party note receivable	(1,057,713)	-
Proceeds from payments on related party note receivable	28,866	-
Net cash provided by (used in) investing activities	(2,590,291)	847,128
Cash flows from financing activities		
Proceeds from line of credit	800,000	-
Repayment of borrowings on line of credit	(2,200,000)	(600,000)
Repayment of note payable - PPP loan	(1,259,306)	(1,238,597)
Payments on finance lease liabilities	(35,313)	(34,312)
Net cash used in financing activities	(2,694,619)	(1,872,909)
Net increase (decrease) in cash	1,633,383	(2,911,228)
Cash, beginning of year	9,213,131	12,124,359
Cash, end of year	$ 10,846,514	$ 9,213,131

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

Abode Services
Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
Supplemental disclosure of cash flow information		
Cash paid during the year interest	$ 91,990	$ 162,238
Supplemental schedule of noncash investing and financing activities		
Operating lease right-of-use assets in exchange for operating lease liabilities during the year	$ 1,467,595	$ 1,059,541
Operating lease right-of-use assets in exchange for operating lease liabilities upon ASC 842 adoption	$ -	$ 10,045,580
Finance lease right-of-use assets in exchange for finance lease liabilities upon ASC 842 adoption	$ -	$ 122,445

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.

Effective October 1, 2005, AS and Abode Housing Development ("AHD"), (formerly known as Allied Housing, Inc.) formed a strategic alliance. On July 7, 2023, Allied Housing, Inc. filed a Certificate of Amendment of Articles of Incorporation with the California Secretary of State, changing its legal name from Allied Housing, Inc. to Abode Housing Development. Both organizations have retained separate identities, missions, and activities. AS and AHD shared a common Board of Directors and Chief Executive Officer until January 1, 2024, at which time, each appointed its own separate Board of Directors and Chief Executive Officer. AHD develops affordable housing linked to support services for low-income individuals and families. AS entered into an agreement with AHD to provide some administrative services to support the operations of AHD.

Effective January 1, 2012, AS and Abode Property Management ("APM") (formerly known as Housing for Independent People, Inc.) entered into a strategic alliance. On July 7, 2023, Housing for Independent People, Inc. filed a Certificate of Amendment of Articles of Incorporation with the California Secretary of State, changing its legal name from Housing for Independent People, Inc. to Abode Property Management. Both organizations retained separate identities, missions and activities. AS and APM shared a common Board of Directors and Chief Executive Officer until January 1, 2024, at which time, each appointed its own separate Board of Directors and Chief Executive Officer. APM provides property management services for not-for-profit organizations, including AS. AS entered into an agreement with APM to provide some administrative services to support APM's operations.

Effective April 1, 2017, AS and Community Working Group ("CWG") entered into a strategic alliance. Both organizations retained separate identities, missions and activities. AS and CWG shared a common Board of Directors and Chief Executive Officer until January 1, 2024, at which time, each appointed its own separate Board of Directors and Chief Executive Officer. CWG functions as the entity assigned to manage projects on the Bay Area's Peninsula. AS entered into an agreement with CWG to provide some administrative services to support CWG's operations.

Effective November 3, 2022, AS 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. AS and BAFB remain independent and separate legal entities, each with a separate Board of Directors. In accordance with the Alliance Agreement, AS provides administrative, management and operational services to BAFB in exchange for a fee.

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, 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, and San Francisco Counties. These sites serve all the populations experiencing homelessness including veterans, families, transition age foster youth, and persons living with multiple disabilities. The Organization provides resident and clinical services to more than 3,000 households at any point in time in supportive housing 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. 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 from November through April, the Organization operates an additional Winter Shelter program supporting 50 more individuals. 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, childcare and children's programs.

Outreach programs

Street outreach teams provide outreach, engagement, and service linkages to participants throughout Alameda, Napa, 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 San Francisco 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.

Adoption of a new accounting standard

In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance, Accounting Standards Codification ("ASC") 326 - Measurement of Credit Losses on Financial Instruments, which significantly changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The guidance doesn't have a significant impact on the Organization's financial statements.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 doubtful accounts based on historical experience and management's evaluation of outstanding grants, accounts and pledges receivable at the end of each year. As of June 30, 2024 and 2023, total allowance for doubtful accounts for grants and accounts receivable was $85,029. As of June 30, 2024 and 2023, total allowance for doubtful accounts for pledges receivable was $44,520 and $47,670, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related party note receivable

Note receivable represents advances to a related party, stated at 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.

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, 2024 and 2023.

Intangible assets, net

Intangible assets represent costs to obtain and register an Internet domain. The Organization amortizes the intangible assets over 2 years.

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, 2024 and June 30, 2023, conditional promises to give amounted to $126,254,871 and $77,560,566, respectively, and are contingent upon incurrence of allowable expenditures for federal, state, and local government grants.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition and deferred revenue (continued)

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.

Donated goods and services

Donated non-cash assets are recognized and recorded at their fair values in the period received. 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.

For the years ended June 30, 2024 and 2023, the Organization received donated food valued at $298,319 and $223,591, respectively, which was used for various programs serving people experiencing homelessness. The amount recognized was based on 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
- 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

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.

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, 2021 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's California returns of the tax years ended June 30, 2020 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, 2023, 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 19, 2024, the date the financial statements were available to be issued.

4. PLEDGES RECEIVABLE

Pledges receivable, net consisted of the following:

	2024	2023
Pledge receivable in less than one year	$ 217,087	$ 179,271
Allowance for doubtful pledges	(44,520)	(47,670)
	$ 172,567	$ 131,601

5. INVESTMENTS

Investments consisted of the following:

	2024	2023
Certificates of deposit	$ 32,979	$ 100,645
Money market funds	241,705	-
Equities	1,118,965	1,885,908
Debt securities	2,812,427	975,982
	$ 4,206,076	$ 2,962,535

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	$ -	$ 32,979	$ -	$ 32,979
Money market funds	241,705	-	-	241,705
Equities	1,118,965	-	-	1,118,965
Debt securities	-	2,812,427	-	2,812,427
	$ 1,360,670	$ 2,845,406	$ -	$ 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, 2023:

	Level 1	Level 2	Level 3	Fair Value
Certificates of deposit	$ -	$ 100,645	$ -	$ 100,645
Equities	1,885,908	-	-	1,885,908
Debt securities	-	975,982	-	975,982
	$ 1,885,908	$ 1,076,627	$ -	$ 2,962,535

Investment income consisted of the following:

	2024	2023
Interest and dividend income	$ 132,858	$ 70,052
Net realized and unrealized gains	129,004	146,085
Bond amortization/premiums	-	260
Investment fees	(22,076)	(56,157)
	$ 239,786	$ 160,240

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2024	2023
Sunrise Village:		
Building and improvements	$ 3,365,928	$ 3,365,928
Land	634,263	634,263
Equipment	120,668	149,848
	4,120,859	4,150,039
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	1,195,743
Land	176,290	176,290
	1,373,008	1,372,033
Administration - 40849 Fremont Boulevard:		
Building and improvements	1,225,426	1,225,426
Land - Admin Building - 40849 Fremont Boulevard	141,464	141,464
Equipment	30,710	109,619
	1,397,600	1,476,509
Vehicles:		
Other vehicles	712,632	333,041
Service center improvements:		
Papazian office	425,445	662,589
Hayward office	214,327	138,769
Other	150,162	132,245
Oakland office	134,463	-
Solano office	99,997	-
Project Welcome Home	97,534	97,534
Calworks HRC office	58,500	32,352
San Leandro office	55,729	-
SMC Building	38,041	36,280
Greater Hope Center	35,318	35,318
Redwood City office	11,304	11,304
	1,320,820	1,146,391
Totals	9,405,038	8,958,132
Less accumulated depreciation and amortization	(5,012,709)	(4,695,455)
	$ 4,392,329	$ 4,262,677

Depreciation and amortization expense for years ended June 30, 2024 and 2023 was $388,722 and $348,404, respectively.

7. RELATED PARTIES

As described in Note 1, the Organization, Abode Housing Development ("AHD"), Abode Property Management ("APM"), and Community Working Group ("CWG"), shared a common Board of Directors and Chief Executive Officer until January 1, 2024, at which time, each appointed its own separate Board of Directors and Chief Executive Officer. The Organization provided services to the related parties listed above. The Organization also provided services to Bay Area Furniture Bank ("BAFB").

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, 2024 and 2023 are as follows:

	2024	2023
APM	$ 3,480,612	$ 5,880,677
AHD	1,094,534	1,330,079
BAFB	585,239	497,476
CWG	-	11,427
	$ 5,160,385	$ 7,719,659

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 2024, staffing costs for APM and AHD were only billed for the period from July 2023 through December 2023.

Administrative fees

The staffing agreements also state that the Organization will provide 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 to support related entities' operations. Beginning in the fiscal year ended June 30, 2023, administrative fees are billed at a monthly fixed fee to related entities.

7. RELATED PARTIES (continued)

Administrative fees (continued)

Administrative fees billed to the related entities for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
APM	$ 572,192	$ 384,736
AHD	305,959	262,559
BAFB	148,672	62,286
CWG	38,376	37,376
	$ 1,065,199	$ 746,957

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 $9,427,616 and $9,836,879 for the years ended June 30, 2024 and 2023, respectively.

Rental fees

The Organization paid rents to APM in the amounts of $276,514 and $275,700 for the years ended June 30, 2024 and 2023, respectively.

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.

7. RELATED PARTIES (continued)

Related party transactions

Related party receivables consisted of the following:

	2024	2023
APM	$ 2,839,705	$ 6,967,951
AHD	1,010,847	2,516,175
BAFB	19,073	117,590
CWG	3,199	28,956
	$ 3,872,824	$ 9,630,672

Related party payables consisted of the following:

	2024	2023
APM	$ 3,977,155	$ 3,274,548

Contributions to related nonprofit organizations

To further the mission of APM and AHD, 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.

Related party note receivable

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. As of June 30, 2024, the related party note receivable balance was $1,028,847.

8. MORTGAGES PAYABLE

Mortgages payable are detailed as follows:

	2024	2023
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 (Bridgeway) located in Fremont, California. 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
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. 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.	600,000	600,000
	$ 1,989,660	$ 1,989,660

8. MORTGAGES PAYABLE (continued)

The future maturities of the mortgages payable are as follows:

Year ending June 30,	
Thereafter	$ 1,989,600
	$ 1,989,600

Bridgeway's deficit cash position calculated at June 30, 2024 and 2023 is as follows:

	2024	2023
Bridgeway net revenue	$ 130,499	$ 74,856
Direct expenses	(158,202)	(138,328)
	$ (27,703)	$ (63,472)

9. INTEREST EXPENSE

Interest expense consisted of the following:

	2024	2023
Line of credit	$ 74,814	$ 133,151
4165 Bridgeway Apartments	41,690	41,690
PPP loan	17,176	29,087
Bridgeway Fremont Union City	18,000	18,000
Finance lease	2,087	3,089
	$ 153,767	$ 225,017

10. ACCRUED INTEREST

Accrued interest consisted of the following:

	2024	2023
4165 Bridgeway Apartments	$ 1,030,601	$ 988,911
Bridgeway Fremont Union City	483,600	465,600
PPP loan	-	683
	$ 1,514,201	$ 1,455,194

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 is 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 will be required through the maturity date in May 2025.

The future maturities of the PPP loan are as follows:

Year ending June 30,	
2025	$ 1,141,067
	1,141,067
Current portion	(1,141,067)
	$ -

12. LINE OF CREDIT

The Organization established a revolving line of credit 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, 2024 and 2023. Interest on outstanding funds is payable monthly at the variable rate. The maturity date of the line of credit is May 10, 2025. The credit line is secured by rents and certain assets owned by the Organization. The balance on the line of credit was $0 and $1,400,000 as of June 30, 2024 and 2023, respectively, and the Organization incurred interest expense of $74,814 and $133,151 during the years ended June 30, 2024 and 2023, respectively.

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:

	2024	2023
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:

	2024	2023
Cash assistance program	$ 855,771	$ -
County-specific restriction	760,851	572,453
Half Moon Bay housing	664,000	147,000
Property restricted	530,293	531,312
Direct client assistance	351,524	20,616
Other programs	220,555	287,213
Housing navigation	178,295	182,647
Shelter	170,042	170,397
Rapid rehousing	110,509	101,594
Project Independence	92,348	92,348
Outreach program	85,406	199,077
Housing flexible funding	66,744	72,418
Homewarming program	57,015	4,897
	4,143,353	2,381,972
Time restricted	1,218,381	43,750
	$ 5,361,734	$ 2,425,722

14. NET ASSETS WITH DONOR RESTRICTIONS (continued)

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

	2024	2023
County-specific restriction	$ 293,963	$ 98,559
Outreach program	177,584	42,069
Shelter	153,232	122,519
Half Moon Bay housing	147,000	-
Other programs	69,889	25,944
Housewarming program	45,505	103
Direct client assistance	31,592	39,886
Property restricted	24,769	2,306
Rapid rehousing	16,085	134,901
Housing flexible funding	5,674	4,437
Housing navigation	4,352	56,007
Project Independence	-	9,170
	969,645	535,901
Time restricted	43,750	468,750
	$ 1,013,395	$ 1,004,651

15. CONTRIBUTIONS

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

	2024	2023
Foundations and corporations	$ 9,461,991	$ 2,212,723
Individuals	553,548	514,483
Churches	20,656	14,158
	$ 10,036,195	$ 2,741,364

16. 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.

16. RETIREMENT PLAN (continued)

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 $522,107 and $383,332 were accrued at June 30, 2024 and 2023, respectively. Retirement plan expense was $562,092 and $480,641 for the years ended June 30, 2024 and 2023, respectively.

17. 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 2030. 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.

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

	2024	2023
Finance lease cost:		
Amortization of right-of-use assets	$ 35,417	$ 35,417
Interest on lease liabilities	2,087	3,089
	37,504	38,506
Operating lease cost	2,238,860	2,819,080
Short-term and other lease cost	197,480	151,591
	$ 2,473,844	$ 3,009,177

Lease expense for the years ended June 30, 2024 and 2023 was $2,436,340 and $2,970,651, respectively.

17. LEASES (continued)

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

Year ending June 30,	Operating Leases	Finance Leases	Total
2025	$ 2,141,856	$ 37,401	$ 2,179,257
2026	1,926,060	17,099	1,943,159
2027	1,704,464	-	1,704,464
2028	1,412,010	-	1,412,010
2029	1,197,847	-	1,197,847
Thereafter	1,575,049	-	1,575,049
	9,957,286	54,500	10,011,786
Less: discount to present value	(790,779)	(1,234)	(792,013)
	$ 9,166,507	$ 53,266	$ 9,219,773

Supplemental quantitative information related to leases for the year ended June 30, 2024:

Operating cash flows from operating leases	$ 1,966,083
Operating cash flows from finance leases	2,087
Financing cash flows from finance leases	35,313
Operating lease right-of-use assets in exchange for operating lease liabilities	1,467,595
Weighted-average remaining lease term - operating leases	5.25 years
Weighted-average remaining lease term - finance leases	1.50 years
Weighted-average discount rate - operating leases	3.00 %
Weighted-average discount rate - finance leases	2.88 %

18. 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.

18. CONTINGENCIES (continued)

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.

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 BridgeWay - 4165 Bay Street, 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 BridgeWay - 13th Street, 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 and statement of activities as of and for the year ended June 30, 2024.

19. 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.

19. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

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, 2024. Short-term receivables without donor restrictions will be available to support general operations of the Organization.

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

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 10,846,514	$ 9,213,131
Investments	4,206,076	2,962,535
Grants receivable, net	31,841,062	26,018,728
Accounts receivable	119,514	52,516
Related party receivables	3,872,824	9,630,672
Pledges receivable, net	172,567	131,601
Related party note receivable	71,270	-
	51,129,827	48,009,183
Less: amounts unavailable for general expenditure within one year:		
Net assets with donor restrictions	(5,361,734)	(2,425,722)
Board designated net assets	(572,486)	(572,486)
	(5,934,220)	(2,998,208)
	$ 45,195,607	$ 45,010,975

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

20. SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through November 19, 2024, the date the financial statements were available to be issued.

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
Fremont, 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 Abode Services (the "Organization"), which comprise the statement of financial position as of June 30, 2024, 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 19, 2024.

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

Armanino LLP
San Jose, California

November 19, 2024

armanino

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Abode Services
Fremont, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Abode Services's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2024. 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.

In our opinion, the Organization complied, in all material respects, with the types of compliance 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended June 30, 2024, and have issued our report thereon dated November 19, 2024, 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 the Uniform Guidance 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Armanino LLP

Armanino LLP
San Jose, California

November 19, 2024

Abode Services
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Contract Number	Total Federal Expenditures	Passed Through to Subrecipients
Expenditures of Federal Awards				
U.S. Department of Housing and Urban Development				
Continuum of Care Program				
Direct awards				
Alameda County Impact	14.267	CA1063L9T022109	$ 106,906	$ 5,845
Alameda County Impact	14.267	CA0953L9T022211	1,637,750	70,140
Mission Rebuild	14.267	CA0950L9T002109	227,630	-
Mission Rebuild	14.267	CA0950L9T002210	306,537	-
Oakland PATH Rehousing Initiative	14.267	CA0953L9T022110	347,176	-
STAY Well Housing	14.267	CA0120L9T022114	371,767	-
STAY Well Housing	14.267	CA0120L9T022115	536,573	-
Opportunity Center	14.267	CA0019L9T002215	9,034	-
Sunset Square Leasing and Services Program	14.267	CA0026L9T002215	252,383	-
Carmen Avenue Project - Alameda County Allied Housing	14.267	CA0748L9T022213	30,983	-
			3,826,739	75,985
Pass-through program from:				
County of Alameda - Greater Hope Shelter Plus Care Program	14.267	23714	242,911	-
County of Alameda - Greater Hope Shelter Plus Care Program	14.267	25471	714,424	-
County of Alameda - Linkages Program	14.267	25503	706,579	-
County of Alameda - Linkages Program	14.267	26557	512,936	-
County of Alameda - Bridgeway Apartments Project	14.267	25484	28,924	10,449
County of Alameda - Lorenzo Creek Project	14.267	23734	267,128	-
County of Alameda - Lorenzo Creek Project	14.267	25470	26,823	-
County of Alameda - Sango Court Apartments	14.267	CA0746L9T002113	239,185	-
County of Alameda - CoC	14.267	Loan	178,363	-
County of Alameda - Reciprocal Integrated Services for Empowerment	14.267	25479	62,178	-
County of Alameda - Homes for Wellness	14.267	25485	66,276	-
County of Alameda - Laguna Commons	14.267	24892	13,223	-
County of Santa Clara - Permanent Supportive Housing Rental Assistance Program - HASCS Scattered Sites	14.267	CA1274	294,206	-
County of Santa Clara - Permanent Supportive Housing Rental Assistance Program - HASCS 5022	14.267	CA0021	4,515,855	-
County of Santa Clara - Permanent Supportive Housing Rental Assistance Program - Master Lease #2	14.267	CA1059	158,489	-
County of Santa Clara - Permanent Supportive Housing Rental Assistance Program - Care Coordination Project Placement Project	14.267	CA0825	4,995,830	-
County of Santa Clara - Rapid Rehousing for Families	14.267	CoC103139	1,772,017	-
County of Santa Clara - Renascent Place Permanent Supportive Housing Program	14.267		379,869	-
County of Santa Clara - Second Street Studios	14.267		442,701	-
County of Santa Clara - Calabazas	14.267		665,015	-
County of Santa Clara - Leigh Avenue Senior Supportive Services Program	14.267		547,517	-

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Abode Services
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Contract Number	Total Federal Expenditures	Passed Through to Subrecipients
County of Santa Clara - Blossom Hill Senior Apartments	14.267	430002214	201,440	-
Resources for Community Development - Concord House Program	14.267		15,793	-
Resources for Community Development - Concord House Program	14.267		19,016	-
Resources for Community Development - Regent Street House Project	14.267		7,569	-
Resources for Community Development - Regent Street House Project	14.267		35,455	-
Napa County - Permanent Supportive Housing	14.267	210018B-21	344,821	-
Napa County - Home to Stay	14.267	210018B-21	62,885	-
Napa County - Emergency Housing Voucher	14.267	14.EHV	28,878	-
			17,546,306	10,449
Total Continuum of Care Program			21,373,045	86,434
Emergency Solutions Grants Program				
Pass-through program from:				
Alameda County - ESG	14.231	Loan	32,000	-
City of Napa - Outreach Services	14.231	C2023-141	200,000	-
City of Napa - Housing Services Grant	14.231	210018B-21	159,417	-
County of Santa Cruz - Housing Services Grant	14.231	23W4089	1,432,705	-
San Mateo County - Rapid Rehousing	14.231	79000-21-R077846C	31,369	-
City of Fremont - Sunrise Village Operations Grant	14.231	448	89,000	-
Total Emergency Solutions Grants Program			1,944,491	-
Home Investment Partnerships Program				
Pass-through program from:				
County of Alameda - Linkages Program	14.239	25503	28,642	-
City of Hayward - Project Independence	14.239		142,276	-
City of Fremont - Project Independence	14.239	23-0494	62,512	-
City of Livermore - Rapid Rehousing Program	14.239	CC0023-0297	65,808	-
City of Pleasanton - Tri-Valley Rapid Rehousing Program	14.239	2023563	78,810	-
City of Santa Clara - Tenant-Based Rental Assistance	14.239		743,550	-
City of Fremont - HIPP	14.239	Loan	480,000	-
County of Alameda - HIPP	14.239	Loan	637,000	-
Total Home Investment Partnerships Program			2,238,598	-
Community Development Block Grants				
Pass-through program from:				
City of Hayward - Alameda County Impact	14.218	23-103	39,902	-
City of Livermore - Alameda County Impact	14.218	CC0023-0269	24,398	-
City of Livermore - Rapid Rehousing Program	14.218	CC0023-0296	33,000	-
City of Oakland - Oakland PATH Rehousing Initiative	14.218		195,500	145,000
Burbank Housing Development Corporation - Valley Lodge	14.218		174,163	-
County of Alameda - CDBG	14.218	Loan	286,000	-
Total Community Development Block Grants			752,963	145,000
Section 8 Housing Choice Vouchers				
Pass-through program from:				

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Abode Services
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Contract Number	Total Federal Expenditures	Passed Through to Subrecipients
City and County of San Francisco - TAY Emergency Housing Voucher Program	14.871		264,341	-
City of Napa - Napa Housing Choice Voucher Funds	14.871		187,123	-
Total Section 8 Housing Choice Vouchers			451,464	-
Emergency Housing Vouchers				
Pass-through program from:				
County of Santa Clara - SCC EHV Program	14.U01	4300021446	803,680	-
Total U.S. Department of Housing and Urban Development			27,564,241	231,434
U.S. Department of Health and Human Services				
Temporary Assistance for Needy Families				
Pass-through program from:				
City and County of San Francisco - Housing Support Program	93.558	1000025768	1,982,346	-
San Mateo County - Rapid Rehousing Program	93.558		2,249,263	-
Total Temporary Assistance for Needy Families			4,231,609	-
Public Health Emergency Response				
Pass-through program from:				
County of San Mateo - Half Moon Bay Housing Locator	93.354		421,138	-
Health Center Program				
Pass-through program from:				
Tiburcio Vasquez Health Center - Mid-County Alameda County Street Health Outreach Team	93.224		83,413	-
County of Alameda - East County Street Health Outreach	93.224	24425	235,165	-
Total Health Center Program			318,578	-
Block Grants for Prevention and Treatment of Substance Abuse				
Solano County Health & Social Services - Solano Behavioral Health	93.959	04052-24	77,560	-
Total Block Grants for Prevention and Treatment of Substance Abuse			77,560	-
Total U.S. Department of Health and Human Services			5,048,885	-
U.S. Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds				
Pass-through program from:				
County of Alameda - Project Roomkey	21.027	24355	568,328	-
County of Alameda - Homekey Shelter Operations	21.027	24354	5,780,560	-
City of Napa - C2023-141	21.027	C2023-141	300,000	-
City of Napa - Homeless Services Tenancy Care	21.027	C2023-186	2,119	-
City of Napa - Encampment Resolution Program	21.027	C2023-170	50,000	-
City of Napa - Napa Sober Living Rental Assistance	21.027	C2023-056	64,986	-
Burbank Housing Development Corporation - Valley Lodge	21.027	238517	174,163	-
City of San Jose Housing Department - The Plaza Hotel	21.027	2023-237	1,123,504	-

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Abode Services
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Contract Number	Total Federal Expenditures	Passed Through to Subrecipients
Total U.S. Department of the Treasury			8,063,660	-
U.S. Department of Homeland Security				
Emergency Food and Shelter National Board Program				
Pass-through program from:				
United Way Bay Area, Napa Grant	97.024		10,300	-
Total U.S. Department of Homeland Security			10,300	-
Total Expenditures of Federal Awards			$ 40,687,086	$ 231,434

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Abode Services
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Abode Services (the "Organization") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. LOANS OUTSTANDING

The Organization had the following loan balances outstanding at June 30, 2024. The loan balances are included in the schedule of expenditures of federal awards.

Program or Cluster Title	Federal AL Number	Balance Outstanding
Home Investment Partnership Program	14.239	$ 1,117,000
Community Development Block Grants	14.218	286,000
Continuum of Care Program	14.267	178,363
Emergency Solutions Grant Program	14.231	32,000
		$ 1,613,363

4. INDIRECT COST RATE

The Organization has not used the 10% de minimis indirect cost rate allowed under the Uniform Guidance. The indirect cost rates have been negotiated individually with each pass-through funding source.

Abode Services
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program or Cluster	AL Number
Continuum of Care Program	14.267
Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between Type A and Type B programs	$1,220,613
Auditee qualified as low-risk auditee?	No

Abode Services
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Abode Services
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

There were no prior year findings.