Abode Services

Financial Statements

June 30, 2023
(With Comparative Totals for 2022)

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TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Abode Services
Fremont, California

Qualified Opinion

We have audited the accompanying financial statements of Abode Services (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of June 30, 2023, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Abode Services as of June 30, 2023, 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 Qualified Opinion

As explained in Note 3 to the financial statements, Abode Services is reporting parent only financial statements and has excluded the balances and activities of its affiliates (Abode Housing Development, Abode Property Management, Community Working Group and Opportunity HDC, Inc.). In our opinion, accounting principles generally accepted in the United States of America require that the affiliates be consolidated. If the financial statements of Abode Services had been consolidated with those of its affiliates in these financial statements, total assets and total liabilities would be increased by $382,910,587 and $316,471,933 respectively, as of June 30, 2023, and $251,743,976 and $203,809,465, respectively, as of June 30, 2022. Revenues and expenses would be increased by $22,537,475 and $23,681,628, respectively, for the year ended June 30, 2023, and $10,139,950 and $17,394,261, respectively, for the year ended June 30, 2022.

We have also audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Abode Services and affiliates (Abode Housing Development, Abode Property Management, Community Working Group and Opportunity HDC, Inc.), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. Such consolidated financial statements are the general-purpose financial statements of Abode Services and affiliates, and the financial statements of Abode Services presented herein are not a valid substitute for those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 qualified audit opinion.

Change in Accounting Principle

As described in Note 3 to the financial statements, the Organization has adopted Financial Accounting Standard Board issued Accounting Standard Codification 842, *Leases* ("ASC 842"). Our opinion is not modified with respect to that matter.

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' 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 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, 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' 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' 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.

Report on Summarized Comparative Information

We have previously audited Abode Services' 2022 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated March 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

Armanino LLP
San Jose, California

February 20, 2024

Abode Services
Statement of Financial Position
June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 9,213,131	$ 12,124,359
Investments	2,962,535	3,799,621
Grants receivable, net	26,018,728	26,357,975
Accounts receivable	52,516	36,555
Related party receivables	9,630,672	2,604,091
Pledges receivable, net	131,601	14,773
Prepaid expenses and other current assets	1,009,293	908,372
Total current assets	49,018,476	45,845,746
Non-current assets		
Property and equipment, net	4,262,677	4,475,671
Operating lease right-of-use assets	9,010,473	-
Finance lease right-of-use assets	87,027	-
Tenant security deposits	75,463	57,538
Intangible assets, net	36,050	-
Total non-current assets	13,471,690	4,533,209
Total assets	$ 62,490,166	$ 50,378,955

Abode Services
Statement of Financial Position
June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
LIABILITIES AND NET ASSETS		
Current liabilities		
Line of credit	$ 1,400,000	$ 2,000,000
Accounts payable	2,062,359	895,846
Accrued expenses	5,989,677	5,685,130
Accrued interest, current portion	683	2,422
PPP loan, current portion	1,259,306	1,226,313
Deferred revenue	11,115,082	9,957,561
Related party payables	1,931,438	2,251,019
Operating lease liabilities, current portion	1,809,823	-
Finance lease liabilities, current portion	35,313	-
Other current liabilities	-	3,119
Total current liabilities	25,603,681	22,021,410
Long-term liabilities		
Accrued interest, net of current portion	1,454,511	1,394,821
Mortgages payable	1,989,660	1,989,660
PPP loan, net of current portion	1,122,999	2,392,167
Security deposits	11,330	11,832
Operating lease liabilities, net of current portion	7,765,769	-
Finance lease liabilities, net of current portion	53,266	-
Total long-term liabilities	12,397,535	5,788,480
Total liabilities	38,001,216	27,809,890
Net assets		
Without donor restrictions	22,063,228	20,404,940
With donor restrictions	2,425,722	2,164,125
Total net assets	24,488,950	22,569,065
Total liabilities and net assets	$ 62,490,166	$ 50,378,955

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

Abode Services
Statement of Activities
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Support and revenue				
Government grants	$121,942,286	$ -	$121,942,286	$109,769,705
Contributions	1,475,116	1,266,248	2,741,364	3,453,950
Intercompany revenues	797,030	-	797,030	(2,315)
Rental income	338,892	-	338,892	458,675
In-kind contributions	223,591	-	223,591	-
Miscellaneous income	181,091	-	181,091	148,248
Investment income (loss)	160,240	-	160,240	(308,320)
Interest income	48	-	48	43,789
Net assets released from restrictions	1,004,651	(1,004,651)	-	-
Total support and revenue	126,122,945	261,597	126,384,542	113,563,732
Functional expenses				
Program services	114,028,439	-	114,028,439	104,657,181
Management and general	9,686,602	-	9,686,602	9,945,894
Fundraising	749,616	-	749,616	752,627
Total functional expenses	124,464,657	-	124,464,657	115,355,702
Loss on investment in partnerships	-	-	-	(301,599)
Change in net assets	1,658,288	261,597	1,919,885	(2,093,569)
Net assets, beginning of year	20,404,940	2,164,125	22,569,065	30,917,627
Equity transfer (Note 16)	-	-	-	(6,254,993)
Net assets, end of year	$ 22,063,228	$ 2,425,722	$ 24,488,950	$ 22,569,065

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

Abode Services
Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	Program Services	Management and General	Fundraising	2023 Total	2022 Total
Personnel expenses					
Salaries and wages	$ 27,723,158	$ 5,648,264	$ 361,071	$ 33,732,493	$ 32,893,538
Employee benefits	4,641,515	945,992	60,474	5,647,981	5,210,239
Payroll taxes	2,517,120	513,017	32,795	3,062,932	2,740,400
Total personnel expenses	34,881,793	7,107,273	454,340	42,443,406	40,844,177
Direct client expenses	58,159,604	-	-	58,159,604	58,617,304
Property management	9,708,437	120,724	7,718	9,836,879	4,385,172
Professional services	2,503,121	1,115,576	188,494	3,807,191	3,690,535
Rent	2,657,339	294,487	18,825	2,970,651	1,384,286
Information technology	2,415,882	458,420	29,305	2,903,607	2,912,837
Utilities	977,169	105,639	6,754	1,089,562	939,824
Training and staff development	556,738	82,314	5,263	644,315	391,519
Repairs and maintenance	425,536	7,140	-	432,676	446,342
Office supplies	395,440	29,254	1,869	426,563	375,650
Travel	403,799	3,528	224	407,551	402,289
Depreciation and amortization	298,539	49,432	433	348,404	355,073
Insurance	257,377	37,710	2,409	297,496	194,386
Interest	-	225,017	-	225,017	127,338
Donated goods	223,591	-	-	223,591	-
Rental operations	120,185	-	-	120,185	76,938
Special events	14,714	2,862	33,727	51,303	92,524
Taxes and licenses	29,175	3,986	255	33,416	33,936
Bank service charges	-	32,080	-	32,080	47,682
Bad debt	-	11,160	-	11,160	34,469
Miscellaneous	-	-	-	-	75
Equipment and furnishings	-	-	-	-	3,346
	$ 114,028,439	$ 9,686,602	$ 749,616	$ 124,464,657	$ 115,355,702
Percentage of total	92 %	7 %	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, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 1,919,885	$ (2,093,569)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	348,404	355,073
Amortization of operating lease right-of-use assets	2,094,649	-
Realized and unrealized (gains) losses on investments	(160,240)	308,320
Gain on disposal of fixed assets	-	(58,180)
Loss on liquidation of investment in partnership	-	301,599
Change in allowance for pledges	(152,341)	-
Changes in operating assets and liabilities		
Grants receivable, net	339,247	(593,569)
Accounts receivable	(15,961)	(12,141)
Related party receivables	(7,026,581)	(1,939,223)
Pledges receivable, net	35,513	71,081
Prepaid expenses and other current assets	(100,921)	(34,994)
Tenant security deposits	(17,925)	(11)
Accounts payable	1,166,513	2,649,937
Accrued expenses	304,547	838,459
Accrued interest	60,373	18,653
Deferred revenue	1,157,521	676,531
Related party payables	(319,581)	-
Other current liabilities	(3,119)	(399,909)
Security deposits	(502)	(1,000)
Operating lease liabilities	(1,529,083)	-
Net cash provided by (used in) operating activities	(1,899,602)	87,057
Cash flows from investing activities		
Purchase of property and equipment	(99,993)	(400,584)
Purchase of intangible assets	(36,050)	-
Proceeds from the sale of investments	997,326	2,000,000
Proceeds from liquidation of investment in partnership	-	356,987
Net cash provided by investing activities	861,283	1,956,403
Cash flows from financing activities		
Proceeds from line of credit	-	2,000,000
Repayment of borrowings from line of credit	(600,000)	-
Repayment of note payable - PPP loan	(1,238,597)	(131,520)
Repayment of loans payable	-	(188,896)
Payments on finance lease liabilities	(34,312)	-
Net cash provided by (used in) financing activities	(1,872,909)	1,679,584
Net increase (decrease) in cash and cash equivalents	(2,911,228)	3,723,044
Cash and cash equivalents, beginning of year	12,124,359	8,401,315
Cash and cash equivalents, end of year	$ 9,213,131	$ 12,124,359

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

Abode Services
Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 162,238	$ 110,175
Supplemental schedule of noncash investing and financing activities		
Transfer of Sisters-Opportunity Fund to Abode Housing Development (formerly known as Allied Housing, Inc.)	$ -	$ 6,254,993
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	$ -
Operating lease right-of-use assets in exchange for operating lease liabilities during the year	$ 1,059,541	$ -

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

Abode Services
Notes to Financial Statements
June 30, 2023
(With Comparative Totals for 2022)

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 will have a separate Board of Directors and a separate Chief Executive Officer. AHD functions as the housing development arm of AS for new and rehabilitative housing projects. 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 have 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 will have a separate Board of Directors and a separate Chief Executive Officer. APM functions as the property management arm of AS at housing and office sites. AS has entered into an agreement with APM to provide some administrative services to support their operations.

Effective April 1, 2017, AS and Community Working Group ("CWG") entered into a strategic alliance. Both organizations have 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 will have a separate Board of Directors and a separate Chief Executive Officer. CWG functions as the entity assigned to manage projects on the Bay Area's Peninsula. AS has entered into an agreement with CWG to provide some administrative services to support their operations.

1. NATURE OF OPERATIONS (continued)

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, with each retaining its respective tax-exempt status and each with a separate Board of Directors. In accordance with the Alliance Agreement, AS will provide 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 programs

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, 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 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. 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.

Stand-alone financial statements

The accompanying financial statements represent the activity of the Organization only and not those of its affiliates (Abode Housing Development, Abode Property Management, Community Working Group and Opportunity Center HDC, Inc.). U.S. GAAP requires nonprofit organizations with control of and financial interest in affiliates to consolidate the financial statements with those of the affiliated organizations. Therefore, the Organization's financial statements should be read in conjunction with the consolidated financial statements and the accompanying notes thereto of the Organization and its affiliates. Consolidated financial statements of the Organization and its affiliates are also available.

Change in accounting principle

In February 2016, the Financial Accounting Standard Board ("FASB") issued Accounting Standards Codification 842, *Leases* ("ASC 842"). ASC 842 aims to increase transparency and comparability among organizations by requiring lessees to recognize leases as a right-of-use ("ROU") assets and corresponding lease liabilities on the statement of financial position, regardless of lease classification, and to disclose key information about leasing arrangements. The lease liabilities should be 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 straight-line basis over the lease terms, and the lease liabilities will bear interest expense and be reduced for lease payments.

ASC 842 is effective for the fiscal year beginning after December 15, 2021. The Organization adopted ASC 842 on July 1, 2022, using the modified retrospective transition approach.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle (continued)

- 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.

As a result of the adoption of the new lease accounting guidance, the Organization initially recognized operating lease right-of-use assets and operating lease liabilities of $10,045,580 and $10,507,065, respectively, as of July 1, 2022. The operating lease liabilities represent the present value of the remaining lease payments as of the date of adoption, discounted using the risk free-rate. The Organization initially recognized finance lease right-of-use assets and finance lease liabilities of $122,445 and $122,892, respectively, as of July 1, 2022. The finance lease liabilities represent the present value of the remaining lease payments as of the date of adoption, discounted using the risk-free rate.

The adoption of the new lease accounting standard had a material impact on the Organization's statement of financial position, but did not have a material impact on the Organization's statement of activities and cash flows.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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 cash accounts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in partnership

The Organization had a non-controlling interest in Bridgeway East, L.P. where it exerted significant influence and recorded its investment using the equity method of accounting.

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 assumption 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.
- *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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023 and 2022, total allowance for doubtful accounts for grants, accounts and pledges receivable was $132,699 and $336,155, respectively.

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.

Intangible assets, net

Intangible assets represent costs to obtain and register an Internet domain. The Organization amortizes the intangible assets over 15 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, 2023 and June 30, 2022, conditional promises to give amounted to $77,560,566 and $76,519,083, 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 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, they 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 year ended June 30, 2023, the Organization received donated food valued at $223,591, 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 and based on 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)

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.

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, 2020 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's California returns of the tax years ended June 30, 2019 and beyond remain subject to possible examination by the 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, 2022, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

Management of the Organization has evaluated subsequent events through February 20, 2024, the date the financial statements were available to be issued.

4. PLEDGES RECEIVABLE

Pledges receivable consisted of the following:

	2023	2022
Pledge receivable in less than one year	$ 179,271	$ 215,785
Less: allowance for doubtful pledges	(47,670)	(201,012)
	$ 131,601	$ 14,773

5. INVESTMENTS

Investments consisted of the following:

	2023	2022
Certificates of deposit	$ 100,645	$ 1,612,658
Money market funds	-	501,913
Equities	1,885,908	598,478
Debt securities	975,982	1,086,572
	$ 2,962,535	$ 3,799,621

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
	$ 1,986,553	$ 975,982	$ -	$ 2,962,535

5. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Fair Value
Certificates of deposit	$ 1,612,658	$ -	$ -	$ 1,612,658
Money market funds	501,913	-	-	501,913
Equities	598,478	-	-	598,478
Debt securities	-	1,086,572	-	1,086,572
	$ 2,713,049	$ 1,086,572	$ -	$ 3,799,621

Investment income (loss) consisted of the following:

	2023	2022
Interest and dividend income	$ 70,052	$ 40,947
Net realized and unrealized gains (losses)	146,085	(372,483)
Bond amortization/premium	260	44,821
Investment fees	(56,157)	(21,605)
	$ 160,240	$ (308,320)

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2023	2022
Sunrise Village:		
Building and improvements	$ 3,365,928	$ 3,365,928
Land	634,263	634,263
Equipment	149,848	149,848
	4,150,039	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	1,195,743	1,195,743
Land	176,290	176,290
	1,372,033	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	109,619	104,000
	1,476,509	1,470,890
Vehicles:		
Other vehicles	333,041	286,041
Service center improvements:		
Papazian office	662,589	662,589
Hayward office	138,769	138,769
Other	132,245	121,149
Project Welcome Home	97,534	97,534
SMC Building	36,280	-
Greater Hope Center	35,318	35,318
Calworks HRC office	32,352	32,352
Redwood City office	11,304	11,304
	1,146,391	1,099,015
Totals	8,958,132	8,858,137
Less accumulated depreciation and amortization	(4,695,455)	(4,382,466)
	$ 4,262,677	$ 4,475,671

Depreciation and amortization expense for years ended June 30, 2023 and 2022 was $348,404 and $355,073, respectively.

7. INVESTMENT IN PARTNERSHIP

The Organization was a .005% co-general partner in Bridgeway East, L.P. (the "Partnership"). The Organization had a non-controlling interest in the Partnership where it exerted significant influence. Investment in the Partnership was $658,586 as of June 30, 2021. On July 9, 2021, management of the Partnership approved a resolution authorizing the Organization to buy out the Partnership and approved a resolution authorizing the one hundred percent (100%) sole member Allied LLC to enter into the ownership structure of the Partnership. The asset changed hands from the limited partnership to one hundred percent (100%) Allied-owned LLC. Upon transfer of the investment in partnership, the Organization incurred a $301,599 loss as of June 30, 2022.

8. RELATED PARTIES

As described in Note 1, the Organization, Abode Housing Development ("AHD"), Abode Property Management ("APM"), Community Working Group ("CWG"), and Bay Area Furniture Bank ("BAFB"), had common management and provided services to one another.

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.

Staffing costs billed to the related entities for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
APM	$ 5,880,677	$ 4,184,540
AHD	1,330,079	1,383,518
BAFB	497,476	-
CWG	11,427	61,882
	$ 7,719,659	$ 5,629,940

The above costs are netted against intercompany revenues in the statement of activities.

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.

8. RELATED PARTIES (continued)

Administrative fees (continued)

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

APM	$ 384,736
AHD	262,559
BAFB	62,286
CWG	37,376
	$ 746,957

Property and facility management

The Organization was engaged to perform supportive services and property management for funders' properties. 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 $9,836,879 and $4,385,172 for the years ended June 30, 2023 and 2022, respectively.

Rental fees

The Organization paid rents to APM in the amounts of $275,700 and $234,324 for the years ended June 30, 2023 and 2022, 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.

8. RELATED PARTIES (continued)

Related party transactions

Related party receivables consisted of the following:

	2023	2022
APM	$ 6,967,951	$ 1,871,410
AHD	2,516,175	725,848
BAFB	117,590	-
CWG	28,956	6,833
	$ 9,630,672	$ 2,604,091

Related party payables consisted of the following:

	2023	2022
APM	$ 1,931,438	$ 2,251,019

9. MORTGAGES PAYABLE

Mortgages payable are detailed as follows:

	2023	2022
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. Principal payments are deferred until August 31, 2027. Beginning September 1, 2027 until August 31, 2042 principal 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, with a book value of $266,529 and is subject to a regulatory agreement.	600,000	600,000
	$ 1,989,660	$ 1,989,660

9. MORTGAGES PAYABLE (continued)

The future maturities of the mortgages payable are as follows:

Year ending June 30,	
2024	$ -
2025	-
2026	-
2027	-
2028	-
Thereafter	1,989,660
	$ 1,989,660

Bridgeway's deficit cash position calculated at June 30, 2023 and 2022 is as follows:

	2023	2022
Bridgeway gross revenue	$ 74,856	$ 90,849
Direct expenses	(138,328)	(94,012)
	$ (63,472)	$ (3,163)

10. INTEREST EXPENSE

Interest expense consisted of the following:

	2023	2022
Line of credit	$ 133,151	$ 30,321
4165 Bridgeway Apartments	41,690	41,690
PPP loan	29,087	37,327
Bridgeway Fremont Union City	18,000	18,000
Finance lease	3,089	-
	$ 225,017	$ 127,338

11. ACCRUED INTEREST

Accrued interest consisted of the following:

	2023	2022
4165 Bridgeway Apartments	$ 988,911	$ 947,221
Bridgeway Fremont Union City	465,600	447,600
PPP loan	683	2,422
	$ 1,455,194	$ 1,397,243

12. NOTE 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 note payable are as follows:

Year ending June 30,	
2024	$ 1,259,306
2025	1,122,999
	2,382,305
Current portion	(1,259,306)
	$ 1,122,999

13. 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, 2023 and 2022 . 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 $1,400,000 and $2,000,000 as of June 30, 2023 and 2022, respectively, and the Organization incurred interest expense of $133,151 and $30,321 during the years ended June 30, 2023 and 2022, respectively.

14. BOARD DESIGNATED NET ASSETS

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

	2023	2022
Building maintenance fund	$ 350,000	$ 350,000
Programs Reserve - general	125,759	125,759
Bridgeway Apartments fund	96,727	96,727
Project Welcome Home	-	499,993
	$ 572,486	$ 1,072,479

15. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2023	2022
Area restricted	$ 815,567	$ 460,526
Main Street, capital campaign	224,647	224,647
Covid shelter and housing services	179,907	151,000
Public consulting	174,940	88,532
Laguna Commons	125,000	125,000
Housing navigation	122,647	122,647
Outreach programs	106,234	25,000
Rapid rehousing	101,625	142,533
Sunrise Village food and emergency shelter	98,041	107,155
Project Independence	92,348	101,518
4165 Bay Street, Fremont, reserves	82,101	82,101
Project Roomkey	50,000	50,000
Bridgeway replacement reserves	46,000	46,000
Direct participant support	27,734	30,148
Safety net services	25,995	30,000
Leadership	22,476	-
Napa shelter	20,673	21,753
Housing flex fund	13,121	13,121
13th Street, Union City, reserves	11,564	11,564
PPE and COVID-19 response	9,174	9,014
Resilience fund	8,263	20,799
Procurement specialist and PPE kits	5,918	9,867
Healthy Eating on a Budget	4,908	5,000
Move in kits	4,897	5,000
Client support and emergency needs	3,648	3,648
South Napa shelter kitchen	2,500	2,508
Calabazas - Grand opening event	1,500	1,500
Garden Project	500	500
Afghan family	44	44
Employee incentives	-	23,000
	2,381,972	1,914,125
Time restricted	43,750	250,000
	$ 2,425,722	$ 2,164,125

15. NET ASSETS WITH DONOR RESTRICTIONS (continued)

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

	2023	2022
Rapid rehousing	$ 165,908	$ 107,467
Sunrise Village food and shelter	112,872	82,238
Area restricted	108,958	266,753
Outreach programs	43,767	11,834
Housing flex fund	25,000	-
Employee incentives	23,000	-
Direct participant support	20,589	47,871
Resilience fund	12,536	37,422
Project Independence	9,170	8,162
Safety net services	4,005	-
Procurement specialist and PPE kits	3,949	2,406
Leadership	2,633	-
Public consulting	1,298	-
Covid shelter and housing services	1,093	3,254
Napa shelter	1,080	-
Move in kits	103	-
Healthy Eating on a Budget	92	14,650
South Napa shelter kitchen	8	492
PPE and COVID-19 response	(160)	-
Client service	-	54,236
Housing navigation	-	27,353
Making a house a Home	-	15,746
Afghan family	-	14,956
Client support and emergency needs	-	9,152
Bridgeway furniture	-	3,000
	535,901	706,992
Time restricted	468,750	325,000
	$ 1,004,651	$ 1,031,992

16. SISTERS-OPPORTUNITY FUND

In 2016, the Organization received a $6,000,000 grant to be used to fund housing projects. The fund was a revolving fund that was used to help fund housing projects until they are in operation and then the funding will be repaid and used for future housing projects. This fund was recognized as held in perpetuity since this asset was subject to non-expiring donor restriction. In November 2021, the Memorandum of Understanding (the "MOU") with the donor was amended wherein the Organization assigned, and AHD. assumed, all of the Organization's rights and obligations under the MOU with respect to the Fund and its administration in accordance with the MOU. The transaction was reported as an equity transfer during the year ended June 30, 2022 on the statement of activities.

17. CONTRIBUTIONS

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

	2023	2022
Foundations and corporations	$ 2,212,723	$ 2,931,135
Individuals	514,483	508,811
Churches	14,158	14,004
	$ 2,741,364	$ 3,453,950

18. 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 amount of $383,332 and $273,586 were accrued at June 30, 2023 and 2022, respectively. Retirement plan expense was $480,641 and $327,721 for the years ended June 30, 2023 and 2022, respectively.

19. 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, 2023:

Finance lease cost:	
Amortization of right-of-use assets	$ 35,417
Interest on lease liabilities	3,089
	38,506
Operating lease cost	2,819,080
Short-term and immaterial lease cost	151,591
	$ 3,009,177

Lease expense for the years ended June 30, 2023 and 2022 was $2,970,651 and $1,384,286, respectively.

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

Year ending June 30,	Operating Leases	Finance Leases	Total
2024	$ 2,061,645	$ 37,401	$ 2,099,046
2025	1,588,528	37,401	1,625,929
2026	1,524,486	17,099	1,541,585
2027	1,485,515	-	1,485,515
2028	1,246,202	-	1,246,202
Thereafter	2,602,952	-	2,602,952
	10,509,328	91,901	10,601,229
Less: effects of discounting	(933,736)	(3,322)	(937,058)
	$ 9,575,592	$ 88,579	$ 9,664,171

19. LEASES (continued)

Supplemental quantitative information related to leases for the year ended June 30, 2023:

Operating cash flows from operating leases	$	2,253,514
Operating cash flows from finance leases		3,089
Financing cash flows from finance leases		34,312
Weighted-average remaining lease term - operating leases		6 years
Weighted-average remaining lease term - finance leases		2.49 years
Weighted-average discount rate - operating leases		2.88%
Weighted-average discount rate - finance leases		2.88%

20. 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.

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.

20. CONTINGENCIES (continued)

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 believes that there is a possibility of subsequent costs arising from the lawsuit. Because the costs are not readily estimable, no accrual for this litigation has been made as of June 30, 2023.

21. 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, 2023. Short-term receivables without donor restrictions will be available to support general operations of the Organization.

21. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2023 to fund general expenditures and other obligations when they become due:

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 9,213,131	$ 12,124,359
Investments	2,962,535	3,799,621
Grants receivable, net	26,018,728	26,357,975
Accounts receivable	52,516	36,555
Related party receivables	9,630,672	2,604,091
Pledges receivable, net	131,601	14,773
	48,009,183	44,937,374
Less: amounts unavailable for general expenditure within one year:		
Net assets with donor restrictions	(2,425,722)	(2,164,125)
Board designated net assets	(572,486)	(1,072,479)
	(2,998,208)	(3,236,604)
	$ 45,010,975	$ 41,700,770

In the event of an unanticipated liquidity need, the Organization could draw any available funds from the line of credit (see Note 13).

22. SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through February 20, 2024, the date the financial statements were available to be issued.