ABODE SERVICES

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2026 AND 2025



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Abode Services
Fremont, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Abode Services (the Organization), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Abode Services as of June 30, 2026, 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 (GAAS) 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 Auditors' 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 the 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.

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Auditors' 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 auditors' 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 GAAS 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 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 GAAS 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' 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.

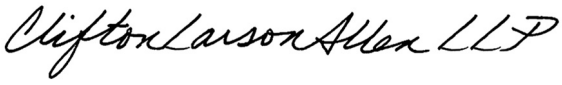
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2026, 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 solely 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.

Board of Directors
Abode Services

Other Matter

The financial statements of Abode Services as of June 30, 2025, were audited by other auditors whose report dated November 20, 2025, stated that based on their procedures, the financial statements as of June 30, 2025, were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.



CliftonLarsonAllen LLP

Salinas, California
October 13, 2026

ABODE SERVICES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND 2025

	2026	2025
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 19,351,834	$ 10,754,743
Investments	12,727,785	13,836,960
Grants Receivable, Net	34,329,652	33,314,760
Accounts Receivable	13,731	55,043
Related Party Receivables	1,780,961	1,567,960
Pledges Receivable, Net	231,194	259,259
Prepaid Expenses and Other Current Assets	1,344,550	1,482,043
Related Party Notes Receivable, Current Portion	887,471	871,901
Related Party Accrued Interest Receivable	12,512	9,808
Total Current Assets	70,679,690	62,152,477
NONCURRENT ASSETS		
Property and Equipment, Net	3,828,907	4,129,743
Operating Lease Right-of-Use Assets	5,953,524	3,778,135
Finance Lease Right-of-Use Assets	38,513	75,713
Tenant Security Deposits	119,159	79,158
Related Party Notes Receivable, Net of Current Portion	3,016,277	3,891,200
Total Noncurrent Assets	12,956,380	11,953,949
Total Assets	$ 83,636,070	$ 74,106,426
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of Credit	$ 4,000,000	$ 1,500,000
Accounts Payable	816,018	373,217
Accrued Expenses	8,173,884	6,771,536
Deferred Revenue	20,694,734	18,761,350
Related Party Payables	1,641,997	3,057,477
Operating Lease Liabilities, Current Portion	1,560,207	1,013,791
Finance Lease Liabilities, Current Portion	-	16,923
Estimated Liability for Loss Contingency	-	1,350,000
Total Current Liabilities	36,886,840	32,844,294
LONG-TERM LIABILITIES		
Accrued Interest	1,633,580	1,573,891
Mortgages Payable	1,989,660	1,989,660
Security Deposits	15,762	12,269
Operating Lease Liabilities, Net of Current Portion	4,521,472	2,857,722
Total Long-Term Liabilities	8,160,474	6,433,542
Total Liabilities	45,047,314	39,277,836
NET ASSETS		
Without Donor Restrictions	27,022,033	24,054,699
With Donor Restrictions	11,566,723	10,773,891
Total Net Assets	38,588,756	34,828,590
Total Liabilities and Net Assets	$ 83,636,070	$ 74,106,426

See accompanying Notes to Financial Statements.

ABODE SERVICES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Government Grants	$ 158,284,359	$ -	$ 158,284,359
Contributions	3,946,431	3,302,393	7,248,824
In-Kind Contributions	1,457,512	-	1,457,512
Related Party Revenues, Net	1,505,195	-	1,505,195
Rental Income	418,525	-	418,525
Miscellaneous Income	10,628	-	10,628
Investment Income, Net	1,047,530	-	1,047,530
Interest Income	175,197	-	175,197
Net Assets Released from Restrictions	2,509,561	(2,509,561)	-
Total Revenue, Gains, and Other Support	169,354,938	792,832	170,147,770
FUNCTIONAL EXPENSES			
Program Services	152,815,626	-	152,815,626
Management and General	12,802,131	-	12,802,131
Fundraising	769,847	-	769,847
Total Functional Expenses	166,387,604	-	166,387,604
CHANGE IN NET ASSETS	2,967,334	792,832	3,760,166
Net Assets - Beginning of Year	24,054,699	10,773,891	34,828,590
NET ASSETS - END OF YEAR	$ 27,022,033	$ 11,566,723	$ 38,588,756

See accompanying Notes to Financial Statements.

ABODE SERVICES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Government Grants	$ 143,399,709	$ -	$ 143,399,709
Contributions	3,335,863	8,084,596	11,420,459
In-Kind Contributions	960,668	-	960,668
Related Party Revenues, Net	1,173,104	-	1,173,104
Rental Income	429,147	-	429,147
Miscellaneous Income	488,520	-	488,520
Investment Income, Net	458,128	-	458,128
Interest Income	154,436	-	154,436
Net Assets Released from Restrictions	2,672,439	(2,672,439)	-
Total Revenue, Gains, and Other Support	153,072,014	5,412,157	158,484,171
FUNCTIONAL EXPENSES			
Program Services	135,009,786	-	135,009,786
Management and General	14,420,189	-	14,420,189
Fundraising	883,988	-	883,988
Total Functional Expenses	150,313,963	-	150,313,963
CHANGE IN NET ASSETS	2,758,051	5,412,157	8,170,208
Net Assets - Beginning of Year	21,296,648	5,361,734	26,658,382
NET ASSETS - END OF YEAR	$ 24,054,699	$ 10,773,891	$ 34,828,590

See accompanying Notes to Financial Statements.

ABODE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2026

	Program Services	Management and General	Fundraising	Total
Personnel Expenses:				
Salaries and Wages	$ 42,696,022	$ 6,944,565	$ 387,504	$ 50,028,091
Employee Benefits and Payroll Taxes	10,321,167	1,991,207	93,896	12,406,270
Total Personnel Expenses	53,017,189	8,935,772	481,400	62,434,361
Direct Client Expenses	87,284,743	-	-	87,284,743
Property Management	5,032,224	209,026	-	5,241,250
Information Technology	2,614,216	576,608	46,608	3,237,432
Lease Expense	1,617,558	270,636	-	1,888,194
Professional Services	316,105	759,217	126,271	1,201,593
Utilities	583,223	309,086	2,649	894,958
Travel	697,002	23,756	7,842	728,600
Office Supplies	316,921	150,839	26,712	494,472
Training and Staff Development	107,407	348,898	12,315	468,620
Depreciation and Amortization	371,308	18,381	-	389,689
Insurance	93,307	391,583	-	484,890
Bad Debt	-	402,187	-	402,187
Rental Operations	350,190	-	-	350,190
Contributions to Nonprofit Organizations	79,500	-	-	79,500
Repairs and Maintenance	251,927	98,284	40	350,251
Interest	59,690	71,644	-	131,334
Special Events	-	-	66,010	66,010
Legal Settlement	-	128,003	-	128,003
Bank Service Charges	-	83,449	-	83,449
Taxes and Licenses	23,116	24,762	-	47,878
Total Expenses by Function	$ 152,815,626	$ 12,802,131	$ 769,847	$ 166,387,604
Percentage of Total	91%	8%	1%	100%

See accompanying Notes to Financial Statements.

ABODE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services	Management and General	Fundraising	Total
Personnel Expenses:				
Salaries and Wages	$ 37,012,638	$ 7,958,421	$ 518,434	$ 45,489,493
Employee Benefits and Payroll Taxes	8,159,014	2,518,297	114,812	10,792,123
Total Personnel Expenses	45,171,652	10,476,718	633,246	56,281,616
Direct Client Expenses	75,901,763	-	-	75,901,763
Property Management	6,502,748	199,372	-	6,702,120
Information Technology	2,917,718	668,019	47,526	3,633,263
Lease Expense	1,566,088	197,424	239	1,763,751
Professional Services	311,597	1,158,723	61,149	1,531,469
Utilities	594,702	329,117	7,195	931,014
Travel	529,885	21,451	2,824	554,160
Office Supplies	298,321	202,299	32,744	533,364
Training and Staff Development	159,996	301,805	12,555	474,356
Depreciation and Amortization	361,082	64,365	-	425,447
Insurance	122,815	288,543	-	411,358
Bad Debt	-	351,435	-	351,435
Rental Operations	228,938	-	-	228,938
Contributions to Nonprofit Organizations	150,000	-	-	150,000
Repairs and Maintenance	118,570	1,533	130	120,233
Interest	57,876	44,878	-	102,754
Special Events	-	-	74,583	74,583
Legal Settlement	-	65,017	-	65,017
Bank Service Charges	-	30,339	11,763	42,102
Taxes and Licenses	16,035	19,151	34	35,220
Total Expenses by Function	$ 135,009,786	$ 14,420,189	$ 883,988	$ 150,313,963
Percentage of Total	89%	10%	1%	100%

See accompanying Notes to Financial Statements.

ABODE SERVICES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 3,760,166	$ 8,170,208
Adjustments to Reconcile Change in Net Assets to Provided by Operating Activities:		
Depreciation and Amortization	389,689	425,447
Amortization of Operating Lease Right-of-Use Assets	1,483,743	1,205,424
Realized and Unrealized Gains on Investments	(578,679)	(181,838)
Change in Allowance for Pledges Receivable	10,181	(2,667)
Gain on Lease Termination	-	(486,895)
Changes in Operating Assets and Liabilities:		
Grants Receivable, Net	(1,014,892)	(1,473,698)
Accounts Receivable	41,312	64,471
Related Party Receivables	(215,705)	(1,510,468)
Pledges Receivable	17,884	(84,025)
Prepaid Expenses and Other Current Assets	137,493	(82,090)
Tenant Security Deposits	(40,001)	(20,708)
Accounts Payable	442,801	(353,223)
Accrued Expenses	1,402,348	1,112,288
Accrued Interest	59,689	59,690
Deferred Revenue	1,933,384	4,519,052
Related Party Payables	(1,415,480)	(919,678)
Estimated Liability for Loss Contingency	(1,350,000)	-
Security Deposits	3,493	193
Operating Lease Liabilities	(1,448,966)	(1,354,125)
Net Cash Provided by Operating Activities	3,618,460	9,087,358
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(51,653)	(123,942)
Purchase of Investments	(5,307,558)	(22,298,365)
Proceeds from the Sale of Investments	6,995,412	12,849,319
Proceeds from Payments on Related Party Note Receivable	859,353	71,270
Net Cash Provided (Used) by Investing Activities	2,495,554	(9,501,718)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	4,000,000	3,500,000
Repayment of Borrowings on Line of credit	(1,500,000)	(2,000,000)
Repayment of Note Payable - PPP Loan	-	(1,141,067)
Payments on Finance Lease Liabilities	(16,923)	(36,344)
Net Cash Provided by Financing Activities	2,483,077	322,589
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,597,091	(91,771)
Cash and Cash Equivalents - Beginning of Year	10,754,743	10,846,514
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 19,351,834	$ 10,754,743

See accompanying Notes to Financial Statements.

ABODE SERVICES
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 71,645	$ 43,064
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Operating Lease Right-of-Use Assets in Exchange for Operating Lease Liabilities During the Year	$ 3,659,132	$ 1,936,342
Derecognition of Operating Lease Right-of-Use Assets Upon Lease Termination	$ -	$ 5,456,336
Derecognition of Operating Lease Liabilities Upon Lease Termination	$ -	$ 6,028,231
Gain on Lease Termination	$ -	$ 486,894
Conversion of Related Party Receivables to Related Party Notes Receivables	$ -	$ 3,805,524

See accompanying Notes to Financial Statements.

NOTE 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.

NOTE 2 PROGRAM SERVICES

Supportive Housing Projects

The Organization places people experiencing homelessness into supportive housing units to help prevent and end homelessness in Alameda, Santa Clara, Santa Cruz, San Mateo, Napa, Solano, Sonoma, and San Francisco counties by providing affordable rental housing linked to supportive services such as, but not limited to, mental health counseling, support groups, and access to healthcare. Housing paired with services tailored to meet the resident's need is recognized the most effective evidence based solution to ending homelessness.

The Organization provides supportive services in more than 50 supportive housing communities, throughout the greater Bay Area. Rents are typically offered at no more than ⅓ of household income. In addition to permanent supportive housing sites, the Organization is able to place and provide services to individuals and families living at apartment sites throughout Alameda, Santa Clara, San Mateo, Santa Cruz, Napa, Solano, Sonoma, and San Francisco Counties. These sites serve all the populations experiencing homelessness including veterans, families, transition age foster youth, seniors, and persons living with multiple disabilities. The Organization provides resident and/or clinical services to more than 12,000 people each year in site based supportive housing projects.

Scattered Site Housing Units

In addition to placing homeless families into affordable housing units owned by the Organization, the Organization also places homeless people into market rate apartment units made affordable through rental subsidies. These housing placements have comprehensive social services, provided by the Organization or partner agency staff, attached to them. These placements occur in over 50 discrete housing programs in seven 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 1,500 active landlords throughout the Bay Area. Through scattered site housing programs, the Organization administers more than $65 million worth of subsidies each year and supports thousands of formerly homeless households secure and maintain housing in the Bay Area.

NOTE 2 PROGRAM SERVICES (CONTINUED)

Shelter Program

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

Outreach Programs

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

NOTE 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.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Financial Statement Presentation (Continued)

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

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

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

Fair Value Measurements

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

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

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

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

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

Grants, Accounts, and Pledges Receivable

Grants receivable primarily represent amounts awarded by governmental agencies that have not yet been received by the Organization. Accounts receivable primarily represent amounts collectible from tenants. Pledges are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants, accounts, and pledges receivable are stated at the amount management expects to collect from outstanding balances. The Organization utilizes the reserve method of accounting for credit losses based on historical experience and management's evaluation of outstanding grants and accounts receivable at the end of each year. As of June 30, 2026 and 2025, total allowance for credit losses for grants and accounts receivable was $117,931 and $107,048, respectively. As of June 30, 2026 and 2025, total allowance for pledges receivable was $52,034 and $41,853, respectively.

Related Party Note Receivable

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

Property and Equipment

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

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Cloud Computing Implementation Costs

The Organization capitalizes certain implementation costs associated with cloud computing arrangements that are service contracts. Capitalized costs generally include application development, configuration, customization, integration, and testing activities. Training, data conversion, maintenance, and support costs are expensed as incurred. Capitalized implementation costs are amortized on a straight-line basis over the estimated term of the hosting arrangement, including renewal periods that are reasonably certain to be exercised, beginning when the application is ready for its intended use. Such costs are included in prepaid expenses and other current assets on the statements of financial position.

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, 2026 and 2025.

Revenue Recognition and Deferred Revenue

Grants and contributions, including unconditional promises to give, are recorded with donor restrictions 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, 2026 and 2025, conditional promises to give amounted to $141,240,696 and $142,642,447, respectively, and are contingent upon incurrence of allowable expenditures for federal, state, and local government grants.

The Organization generates a significant amount of support and revenue from providing services for housing programs linked to supportive services through cost reimbursement local, state, and federally funded programs. The support and revenue generated from these services is recorded as government grants in the statement of activities. These government grants meet the criteria to be classified as conditional contributions under U.S. GAAP revenue recognition for nonprofit organizations as they are nonreciprocal 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.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Deferred Revenue (Continued)

In the event amounts are received and have not been earned, the Organization records such amounts as deferred revenue 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 noncash assets are recognized and recorded at their fair values in the period received (see Note 16). Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Organization also conducts program operations with extensive support from volunteers, churches, businesses, and community groups. The amount of services donated by these volunteers was not recognized in the statement of activities because the criteria for recognition were not satisfied.

Donated Property and Equipment

Gifts of long-lived assets such as land, buildings, or equipment are reported as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. No donated property and equipment was received during the years ended June 30, 2026 and 2025.

Leases

Lease liabilities are initially measured at the present value of the remaining contractual lease payments. Right-of-use (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.

The Organization elected the following practical expedients permitted by Accounting Standards Codification (ASC) 842:

- Short-term leases, with a lease term of less than 12 months, were not included in the ROU assets and lease liabilities.

- The risk-free rate was used in discounting future lease payments.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

- Use of hindsight in evaluating the lease term and the impairment of the underlying ROU assets at commencement by leveraging current information.

- Immaterial leases, with a present value of lease liability below $20,000, were not included in the ROU 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, or (iii) initial indirect costs for existing leases.

Functional Expenses

Expenses are reported by their functional classification of program services, management and general, and fundraising. Expenses that are directly attributable to a specific function are charged directly to that function. Shared costs are allocated among program and supporting services based on estimates of time and effort, employee headcount, direct labor hours, and other methods that management believes reasonably reflect the benefits received.

Contingencies

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

As of June 30, 2026, the Organization has evaluated all known contingencies and has accrued liabilities where appropriate. For contingencies where a loss is reasonably possible but not probable, or where the amount of the loss cannot be reasonably estimated, the Organization has disclosed the nature of the contingency without accruing a liability.

Income Tax Status

Abode Services is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) 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 IRC and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the IRC.

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.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

The Organization files information returns in the U.S. federal jurisdiction and state of California. The Organization's federal returns for the years ended June 30, 2023 and beyond remain subject to possible examination by the Internal Revenue Service (IRS). The Organization's California returns of the tax years ended June 30, 2022 and beyond remain subject to possible examination by the California Franchise Tax Board.

Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation. These reclassifications had no effect on total assets, total liabilities, net assets, change in net assets, or cash flows as previously reported.

Subsequent Events

Management of the Organization has evaluated subsequent events through October 13, 2026, the date the financial statements were available to be issued.

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable, net consisted of the following:

	2026	2025
Pledge Receivable in Less Than One Year	$ 283,228	$ 301,112
Allowance for Doubtful Pledges	(52,034)	(41,853)
Total Pledges Receivable	$ 231,194	$ 259,259

NOTE 5 INVESTMENTS

Investments consisted of the following:

	2026	2025
Certificates of Deposit	$ 4,549,644	$ 4,575,830
Mutual Funds	3,243,585	2,742,362
Equity Securities	2,062,959	1,213,362
Fixed Income	2,871,597	5,305,406
Total Investments	$ 12,727,785	$ 13,836,960

NOTE 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:

	2026			
	Fair Value	Level 1	Level 2	Level 3
Certificates of Deposit	$ 4,549,644	$ -	$ 4,549,644	$ -
Mutual Funds	3,243,585	3,243,585	-	-
Equity Securities	2,062,959	2,062,959	-	-
Fixed Income	2,871,597	2,620,332	251,265	-
Total Investments at Fair Value	$ 12,727,785	$ 7,926,876	$ 4,800,909	$ -

	2025			
	Fair Value	Level 1	Level 2	Level 3
Certificates of Deposit	$ 4,575,830	$ -	$ 4,575,830	$ -
Mutual Funds	2,742,362	2,742,362	-	-
Equity Securities	1,213,362	1,213,362	-	-
Fixed Income	5,305,406	4,861,102	444,304	-
Total Investments at Fair Value	$ 13,836,960	$ 8,816,826	$ 5,020,134	$ -

Investment income consisted of the following:

	2026	2025
Interest and Dividend Income	$ 568,166	$ 327,901
Net Realized and Unrealized Gains	578,679	181,838
Investment Fees	(99,315)	(51,611)
Total Investment Income	$ 1,047,530	$ 458,128

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2026	2025
Sunrise Village:		
Building and Improvements	$ 3,365,928	$ 3,365,928
Land	634,263	634,263
Equipment	118,978	118,978
Subtotal	4,119,169	4,119,169
Bridgeway - 13th Street:		
Building and Improvements	406,565	406,565
Land	73,554	73,554
Subtotal	480,119	480,119
Bridgeway - 4165 Bay Street:		
Building and Improvements	1,196,718	1,196,718
Land	176,290	176,290
Subtotal	1,373,008	1,373,008
Administration - 40849 Fremont Boulevard:		
Building and Improvements	1,225,426	1,225,426
Land - Admin Building - 40849 Fremont Boulevard	141,464	141,464
Equipment	56,680	56,680
Subtotal	1,423,570	1,423,570
Vehicles:		
Other Vehicles	772,091	763,974
Service Center Improvements:		
Papazian Office	425,445	425,445
Hayward Office	214,327	214,327
Other	150,162	150,162
Oakland Office	134,463	134,463
Solano Office	97,303	97,303
Project Welcome Home	97,534	97,534
CalWORKS HRC Office	58,500	58,500
San Leandro Office	55,729	55,729
SMC Building	38,041	38,041
Greater Hope Center	35,318	35,318
Redwood City Office	11,304	11,304
San Francisco Office	48,763	48,763
Security and Access Control Equipment	43,574	-
Subtotal	1,410,463	1,366,889
Total Property and Equipment	9,578,420	9,526,729
Less: Accumulated Depreciation and Amortization	(5,749,513)	(5,396,986)
Total Property and Equipment, Net	$ 3,828,907	$ 4,129,743

NOTE 6 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation and amortization expense for years ended June 30, 2026 and 2025 was $389,689 and $425,447, respectively.

NOTE 7 RELATED PARTIES

On October 1, 2005, the Organization and Abode Housing Development (AHD) (formerly known as Allied Housing, Inc.) formed a strategic alliance, with AHD developing affordable housing linked to support services for low-income individuals and families. On January 1, 2012, the Organization and Abode Property Management (APM) (formerly known as Housing for Independent People, Inc.) entered into a strategic alliance, with APM providing property management services for nonprofit organizations, including AS. On April 1, 2017, the Organization and Community Working Group (CWG) entered into a strategic alliance, with CWG managing projects on the Bay Area's Peninsula.

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

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

On July 1, 2026, BAFB transferred substantially all of its assets and liabilities, representing net assets of approximately $1.4 million, to the Organization pursuant to an Asset Transfer Agreement. As a result of the transaction, the operations of BAFB were integrated into the Organization. Following the transfer, BAFB completed its dissolution in accordance with applicable California law.

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, are as follows:

	2026	2025
BAFB	$ 583,298	$ 594,714
Total	$ 583,298	$ 594,714

NOTE 7 RELATED PARTIES (CONTINUED)

Staffing Costs (Continued)

The related costs are netted against related party revenues in the statement of activities. Beginning January 1, 2024, APM and AHD hired the employees who were previously leased from AS, which resulted in AS no longer paying salaries and other personnel costs related to these employees.

Administrative Fees

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

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

	2026	2025
APM	$ 894,655	$ 550,237
AHD	427,788	386,955
BAFB	182,752	197,536
CWG	-	38,376
Total	$ 1,505,195	$ 1,173,104

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 $5,241,250 and $6,702,120 for the years ended June 30, 2026 and 2025, respectively.

Rental Fees

The Organization paid rental fees to APM in the amounts of $292,110 and $283,620 for the years ended June 30, 2026 and 2025, respectively.

Property Guarantees

In prior years, the Organization guaranteed certain debt obligations of APM and AHD related to the Papazian Property and Mission Bell Property, respectively. The underlying loans were fully satisfied and the related guarantees were released. As of June 30, 2026, the Organization has no outstanding guarantees or obligations related to these loans and has no remaining exposure under the former guarantee arrangements.

NOTE 7 RELATED PARTIES (CONTINUED)

Related Party Transactions

Related party receivables consisted of the following:

	2026	2025
APM	$ 1,094,926	$ 868,813
AHD	523,218	618,674
BAFB	146,827	64,483
CWG	15,990	15,990
Total	$ 1,780,961	$ 1,567,960

Related party payables consisted of the following:

	2026	2025
APM	$ 1,641,997	$ 3,057,477

Related Party Notes Receivable

Related party notes receivable are detailed as follows:

Description	2026	2025
In January 2024, the Organization received a promissory note from APM in exchange for advances in the amount of $1,057,713. The note bears simple interest at 4% annually, with principal and interest of $9,261 due monthly, to be repaid in full in January 2036.	$ 895,951	$ 957,577
In October 2024, the Organization received a promissory note from APM in the amount of $2,824,687. The note was issued upon the conversion of existing related party receivables owed to the Organization. The note bears simple interest at 4% annually, with interest-only payments due quarterly beginning January 1, 2025. Principal payments of $470,781 are due quarterly beginning September 30, 2025, to be repaid in full in September 2030.	2,353,906	2,824,687

NOTE 7 RELATED PARTIES (CONTINUED)

Related Party Notes Receivable (Continued)

Description (Continued)	2026	2025
In October 2024, the Organization received a promissory note from AHD in the amount of $980,837. The note was issued upon the conversion of existing related party receivables owed to the Organization. The note bears simple interest at 4% annually, with interest-only payments due quarterly beginning January 1, 2025. Principal payments of $326,946 are due quarterly beginning September 30, 2025, to be repaid in full in September 2027.	$ 653,891	$ 980,837
Total Related Party Notes Receivable	3,903,748	4,763,101
Less: Current Portion	(887,471)	(871,901)
Total Related Party Notes Receivable, Less Current Portion	$ 3,016,277	$ 3,891,200

Future maturities of related party notes receivable:

Year Ending June 30,	Amount
2027	$ 887,471
2028	878,068
2029	554,395
2030	557,802
2031	561,347
Thereafter	464,665
Subtotal	3,903,748
Less: Current Portion	(887,471)
Total	$ 3,016,277

NOTE 8 MORTGAGES PAYABLE

Mortgages payable are detailed as follows:

Description	2026	2025
On February 3, 1998, the Organization entered into a loan agreement with the City of Fremont, the Redevelopment Agency of the City of Fremont and the County of Alameda to not exceed $1,475,000 to acquire and rehabilitate eight-unit apartment complex located in Fremont, California (4165 Bay St Bridgeway Apartments). The outstanding principal and accrued interest on the mortgage will be amortized over 99 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 (33914 13th St Bridgeway Apartments). The note accrues interest at the rate of 3% per annum until paid. Payments are deferred until August 31, 2027. Beginning September 1, 2027 until August 31, 2042 payments will be made annually. The amount of annual payment shall be sufficient to amortize the unpaid principal and accrued interest during the remaining term of the note. The note is secured by a deed of trust on the property, which has a net book value of $266,529, and is subject to a regulatory agreement. If payments result in the project no longer being financially feasible or if the County determines the Organization has satisfied its financial obligations to the County and performed satisfactory level of services to homeless families, then the Organization may request deferment or forgiveness of all or part of the outstanding debt.	600,000	600,000
Total Mortgages Payable	$ 1,989,660	$ 1,989,660

NOTE 8 MORTGAGES PAYABLE (CONTINUED)

The future maturities of the mortgages payable are as follows:

Year Ending June 30,	Amount
Thereafter	$ 1,989,660

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

	2026	2025
Bridgeway Net Revenue	$ 139,931	$ 137,962
Direct Expenses	(363,724)	(248,425)
Total	$ (223,793)	$ (110,463)

NOTE 9 INTEREST EXPENSE

Interest expense consisted of the following:

	2026	2025
Line of Credit	$ 71,466	$ 36,090
4165 Bay St Bridgeway Apartments	41,690	41,690
33914 13th St Bridgeway Apartments	18,000	18,000
PPP Loan	-	5,917
Finance Lease	178	1,057
Total	$ 131,334	$ 102,754

NOTE 10 ACCRUED INTEREST

Accrued interest consisted of the following:

	2026	2025
4165 Bay St Bridgeway Apartments	$ 1,113,980	$ 1,072,291
33914 13th St Bridgeway Apartments	519,600	501,600
Total	$ 1,633,580	$ 1,573,891

NOTE 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).

NOTE 11 NOTES PAYABLE – PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

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

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

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

NOTE 12 LINE OF CREDIT

The Organization established a revolving line of credit (LOC) with Wells Fargo Bank to meet short-term working capital borrowing needs. Borrowings under the line of credit were limited to a maximum of $4,000,000 and $2,200,000 for the fiscal years ended June 30, 2026 and 2025, respectively. Interest on outstanding funds is payable monthly at the variable rate. The maturity date of the line of credit was September 10, 2026. The credit line is secured by rents and certain assets owned by the Organization.

The balance on the line of credit was $4,000,000 and $1,500,000 as of June 30, 2026 and 2025, respectively, and the Organization incurred interest expense of $71,466 and $36,090 during the years ended June 30, 2026 and 2025, respectively.

In September 2026, the Organization renewed the LOC with Wells Fargo Bank (see Note 21).

NOTE 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:

	2026	2025
Building Maintenance Fund	$ 350,000	$ 350,000
Programs Reserve - General	125,759	125,759
Bridgeway Apartments Fund	96,727	96,727
Total	$ 572,486	$ 572,486

NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, consisted of the following:

	2025	Additions	Released	2026
Cash Assistance Program	$ 405,552	$ 30,000	$ (419,330)	$ 16,222
County-Specific Restriction	7,957,829	883,047	(380,620)	8,460,256
Direct Client Assistance	85,155	67,633	(69,843)	82,945
Half Moon Bay Housing	100,000	-	(32,568)	67,432
Homewarming Program	45,417	24,211	(13,211)	56,417
Housing Flexible Funding	99,640	-	(61,467)	38,173
Housing Navigation	171,812	-	(18,422)	153,390
Other Programs	272,206	30,086	(57,645)	244,647
Outreach Program	88,869	250	(1,025)	88,094
Property Restricted	519,308	236,000	(63,766)	691,542
Rapid Rehousing	88,949	55,000	(15,559)	128,390
Shelter	171,553	1,421,166	(808,361)	784,358
Project Independence	92,348	-	-	92,348
Nonprofit Alliance	30,000	55,000	(46,911)	38,089
	10,128,638	2,802,393	(1,988,728)	10,942,303
Time Restricted	645,253	500,000	(520,833)	624,420
Total	$ 10,773,891	$ 3,302,393	$ (2,509,561)	$ 11,566,723

NOTE 15 CONTRIBUTIONS

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

	2026	2025
Foundations and Corporations	$ 4,766,514	$ 9,994,048
Individuals	2,462,260	1,415,190
Churches	20,050	11,221
Total	$ 7,248,824	$ 11,420,459

NOTE 16 IN-KIND CONTRIBUTIONS

For the years ended June 30, 2026 and 2025, the Organization received donated food, clothes, and other supplies valued at $1,457,512 and $960,668, respectively, which were used for various programs serving people experiencing homelessness. Donated food is valued based on the actual cost of food purchased by the donor and donated to the Organization, or the value provided by the national network of food banks. Donated clothes and supplies are valued based on management’s online research of the sales price of similar items as of the date of the donation.

NOTE 16 IN-KIND CONTRIBUTIONS (CONTINUED)

In-kind contributions consisted of the following:

	2026	2025
Food	$ 1,280,240	$ 793,507
Clothing	56,847	21,235
Toys	28,835	-
Household Supplies	23,446	130,197
School Supplies	20,823	12,828
Gift Cards	13,856	2,901
Tickets	3,965	-
Other	29,500	-
Total	$ 1,457,512	$ 960,668

NOTE 17 RETIREMENT PLAN

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

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 $555,282 and $550,325 were accrued at June 30, 2026 and 2025, respectively. Retirement plan expense was $513,092 and $517,255 for the years ended June 30, 2026 and 2025, respectively.

NOTE 18 LEASES

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

NOTE 18 LEASES (CONTINUED)

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

	2026	2025
Finance Lease Cost:		
Amortization of Right-of-Use Assets	$ 37,200	$ 38,918
Interest on Lease Liabilities	177	1,057
Subtotal	37,377	39,975
Operating Lease Cost	1,682,367	1,311,524
Short-Term and Other Lease Cost	205,827	452,227
Total Lease Cost	$ 1,925,571	$ 1,803,726

Lease expense for the years ended June 30, 2026 and 2025 was $1,888,194 and $1,763,751, respectively.

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

Year Ending June 30,	Operating Leases	Finance Leases	Total
2027	$ 1,763,550	$ -	1,763,550
2028	1,563,959	-	1,563,959
2029	1,402,364	-	1,402,364
2030	951,424	-	951,424
2031	622,962	-	622,962
Thereafter	310,838	-	310,838
Subtotal	6,615,097	-	6,615,097
Less: Discount to Present Value	(533,418)	-	(533,418)
Total	$ 6,081,679	$ -	$ 6,081,679

NOTE 18 LEASES (CONTINUED)

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

	2026	2025
Other Information:		
Operating Cash Flows from:		
Operating Leases	$ 1,647,590	$ 1,309,205
Finance Leases	$ 177	$ 1,057
Financing Cash Flows from Finance Leases	$ 16,923	$ 36,344
Operating Lease Right-of-Use Assets in Exchange for Operating Lease Liabilities	$ 3,659,132	$ 1,936,342
Operating Lease Right-of-Use Assets Derecognized Upon Lease Termination	$ -	$ 5,456,336
Operating Lease Liabilities Derecognized Upon Lease Termination	$ -	$ 6,028,231
Gain on Lease Termination	$ -	$ 486,895
Weighted-Average Remaining Lease Term:		
Operating Leases	10.05 Years	4.80 Years
Finance Leases	0 Years	0.64 Years
Weighted-Average Discount Rate:		
Operating Leases	3.41%	3.78%
Finance Leases	0.00%	2.88%

NOTE 19 CONTINGENCIES

Pursuant to the limited partnership agreements of Allied 2904 Corvin, L.P., Allied 38631 Fremont, L.P., Allied 4038 Irvington, L.P., and Allied 1510 Parkmoor, L.P., the Organization and related entities AHD, APM, and CWG have entered into guaranty agreements supporting certain development-related financing obligations of these partnerships. The construction loans for Allied 2904 Corvin, L.P., Allied 38631 Fremont, L.P., and Allied 4038 Irvington, L.P. were converted to permanent financing, resulting in the release of the Organization's guarantees related to those loans. As of June 30, 2026, the remaining guarantee relates to the construction loan of Allied 1510 Parkmoor, L.P., for which the Organization, AHD, APM, and CWG are guarantors. The outstanding construction loan was approximately $37 million and is secured by the completed property. Based on management's assessment of the value of the underlying property relative to the outstanding loan balance, management does not anticipate a loss related to the guarantee. The related guaranties are expected to terminate upon conversion of the construction loan to permanent financing.

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.

NOTE 19 CONTINGENCIES (CONTINUED)

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

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

The Organization is involved from time to time in claims and legal actions arising in the ordinary course of its operations. During the year ended June 30, 2026, the Organization resolved a dispute with a group of current employees related to compensation matters. As of June 30, 2025, the Organization had accrued an estimated liability of $1,350,000 related to this matter. The matter was settled during the year ended June 30, 2026, for approximately $1,356,000, which was paid in full. Accordingly, no liability associated with this matter remained on the statement of financial position as of June 30, 2026.

NOTE 20 LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Short-term receivables consist of grants receivable, accounts receivable, related party receivables, and pledges receivable which are expected to be received within one year from June 30, 2026. Short-term receivables without donor restrictions will be available to support general operations of the Organization.

NOTE 20 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2026 and 2025 to fund general expenditures and other obligations when they become due:

	2026	2025
Financial Assets:		
Cash and Cash Equivalents	$ 19,351,834	$ 10,754,743
Investments	12,727,785	13,836,960
Grants Receivable, Net	34,329,652	33,314,760
Accounts Receivable	13,731	55,043
Related Party Receivables	1,780,961	1,567,960
Pledges Receivable, Net	231,194	259,259
Related Party Note Receivable	887,471	871,901
Subtotal	69,322,628	60,660,626
Less: Amounts Unavailable for General Expenditures Within One Year:		
Net Assets With Donor Restrictions	(10,942,303)	(10,128,638)
Board-Designated Net Assets	(572,486)	(572,486)
Subtotal	(11,514,789)	(10,701,124)
Total	$ 57,807,839	$ 49,959,502

NOTE 21 SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through October 13, 2026, the date the financial statements were available to be issued.

In September 2026, the Organization renewed the LOC with Wells Fargo Bank. Borrowings under the line of credit were limited to a maximum of $4,000,000. Interest on outstanding funds is payable monthly at the variable rate. The maturity date of the line of credit is September 10, 2027.

On July 1, 2026, BAFB transferred substantially all of its assets and liabilities, representing net assets of approximately $1.4 million, to the Organization pursuant to an Asset Transfer Agreement. As a result of the transaction, the operations of BAFB were integrated into the Organization. Following the transfer, BAFB completed its dissolution in accordance with applicable California law.

NOTE 21 SUBSEQUENT EVENTS (CONTINUED)

Subsequent to June 30, 2026, the Organization was served with a lawsuit filed under the California Private Attorneys General Act (PAGA). The lawsuit alleges violations of certain California labor laws and seeks statutory penalties, attorneys' fees, and other relief. Because the matter is in its preliminary stages, management is unable to determine the likelihood of an unfavorable outcome or reasonably estimate the amount of any possible loss. Accordingly, no liability has been recorded in the accompanying financial statements. The Organization will continue to monitor developments related to this matter and assess the need for future recognition or disclosure.

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

Board of Directors
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, 2026, 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 October 13, 2026.

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.

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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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Salinas, California
October 13, 2026



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