



ABODE SERVICES
(A California Not-For-Profit Corporation)
SINGLE AUDIT REPORT
JUNE 30, 2016 AND JUNE 30, 2015



ABODE SERVICES

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Independent Auditors' Report

The Board of Directors
Abode Services

We have audited the accompanying financial statements of Abode Services (a California not-for-profit corporation), which comprise the statement of financial position as of June 30, 2016 and June 30, 2015, and the related statements of activities, functional expenses, cash flows, and notes to financial statements for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Abode Services as of June 30, 2016 and June 30, 2015 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

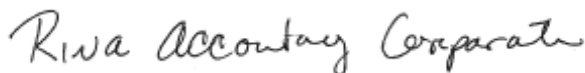
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*, and schedule of County of Alameda Contracts, as required by Alameda County, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2016, on our consideration of Abode Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Abode Services' internal control over financial reporting and compliance.



Certified Public Accountants

San Francisco, California
October 27, 2016

ABODE SERVICES

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,600,988	\$ 2,633,661
Grants receivable	6,958,636	3,928,960
Accounts receivable	102,530	28,473
Related party receivable	1,221,720	1,174,398
Pledges receivable, net	217,292	105,445
Investments	284,565	269,001
Prepaid expenses	81,190	18,591
TOTAL CURRENT ASSETS	<u>11,466,921</u>	<u>8,158,529</u>
PROPERTY AND EQUIPMENT, NET	<u>5,029,863</u>	<u>5,150,358</u>
OTHER ASSETS:		
Investment in partnership	71,964	71,964
Beneficial interest in life insurance policy	27,640	8,001
Pledges receivable, net of current portion	111,892	220,289
Deposits	75,245	54,888
TOTAL OTHER ASSETS	<u>286,741</u>	<u>355,142</u>
	<u>\$ 16,783,525</u>	<u>\$ 13,664,029</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 375,584	\$ 266,094
Related party payable	200,000	-
Accrued expenses	867,352	709,358
Deferred Revenue	49,800	-
Deposit liability	11,203	11,203
TOTAL CURRENT LIABILITIES	<u>1,503,939</u>	<u>986,655</u>
LONG-TERM LIABILITIES:		
Accrued mortgage interest	1,036,682	976,992
Mortgages payable	1,989,660	1,989,660
Loans payable	1,388,829	-
Deferred revenue	709,955	-
TOTAL LONG-TERM LIABILITIES	<u>5,125,126</u>	<u>2,966,652</u>
TOTAL LIABILITIES	<u>6,629,065</u>	<u>3,953,307</u>
NET ASSETS:		
Unrestricted:		
Board designated	668,727	696,854
Undesignated	6,949,183	6,846,551
Temporarily restricted	2,536,550	2,167,317
Permanently restricted	-	-
TOTAL NET ASSETS	<u>10,154,460</u>	<u>9,710,722</u>
	<u>\$ 16,783,525</u>	<u>\$ 13,664,029</u>

See notes to financial statements.

ABODE SERVICES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Federal awards	\$ 11,676,909	\$ -	\$ 11,676,909
County of Alameda	4,981,983	-	4,981,983
County of Santa Clara	9,329,814	-	9,329,814
County of San Mateo	346,326	-	346,326
City of Fremont	125,000	-	125,000
City of Union City	11,800	-	11,800
City of Hayward	38,981	-	38,981
Charities housing contract	4,320	-	4,320
Donations	1,095,704	708,333	1,804,037
In-kind contributions	39,009	-	39,009
Supportive service fees	314,884	-	314,884
Staffing fees	1,165,055	-	1,165,055
Investment income	32,569	-	32,569
Rental income	102,549	-	102,549
Grants	74,770	-	74,770
Net assets released from restrictions	339,100	(339,100)	-
	<u>29,678,773</u>	<u>369,233</u>	<u>30,048,006</u>
TOTAL SUPPORT AND REVENUE			
OPERATING EXPENSES:			
Program expenses	27,292,516	-	27,292,516
Supporting services:			
Management and general	1,711,733	-	1,711,733
Fundraising	600,019	-	600,019
	<u>29,604,268</u>	<u>-</u>	<u>29,604,268</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	74,505	369,233	443,738
NET ASSETS, beginning of year	<u>7,543,405</u>	<u>2,167,317</u>	<u>9,710,722</u>
NET ASSETS, end of year	<u>\$ 7,617,910</u>	<u>\$ 2,536,550</u>	<u>\$ 10,154,460</u>

See notes to financial statements.

ABODE SERVICES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Federal awards	\$ 11,723,491	\$ -	\$ 11,723,491
County of Alameda	4,537,371	-	4,537,371
County of Santa Clara	4,442,013	-	4,442,013
City of Fremont	125,000	-	125,000
City of Union City	11,800	-	11,800
City of Hayward	39,000	-	39,000
Charities Housing Contract	4,320	-	4,320
Donations	976,082	1,011,520	1,987,602
In-kind contributions	490,608	-	490,608
Supportive service fees	267,927	-	267,927
Staffing fees	933,845	-	933,845
Investment income, net	42,849	-	42,849
Rental income	83,973	-	83,973
Net assets released from restrictions	17,767	(17,767)	-
	23,696,046	993,753	24,689,799
OPERATING EXPENSES:			
Program expenses	22,037,516	-	22,037,516
Supporting services:			
Management and general	1,284,378	-	1,284,378
Fundraising	610,242	-	610,242
	23,932,136	-	23,932,136
CHANGE IN NET ASSETS	(236,090)	993,753	757,663
NET ASSETS, beginning of year	7,779,495	1,173,564	8,953,059
NET ASSETS, end of year	\$ 7,543,405	\$ 2,167,317	\$ 9,710,722

See notes to financial statements.

ABODE SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Personnel	\$ 9,322,243	\$ 1,185,046	\$ 417,775	\$ 10,925,064
Rental subsidies	578,085	-	-	578,085
SSVF/OHA assistance programs	1,786,505	-	-	1,786,505
Santa Clara County assistance programs	8,250,993	-	-	8,250,993
Depreciation	220,324	55,080	-	275,404
Professional fees	702,106	189,435	94,717	986,258
Rental support	5,030,816	-	-	5,030,816
Rent and facility expense	346,513	42,827	-	389,340
Travel	195,900	46,526	2,449	244,875
Office supplies	52,374	24,441	10,475	87,290
Utilities	65,164	40,184	3,258	108,606
Interest expense	76,158	-	-	76,158
Bad debts	-	-	11,460	11,460
Maintenance	113,385	37,795	-	151,180
Program supplies	62,549	5,560	1,390	69,499
Telephone	105,639	32,834	4,283	142,756
Insurance	88,291	3,757	1,879	93,927
Staff and board development	52,987	14,641	2,092	69,720
Volunteer expense	38,081	-	-	38,081
Equipment and furnishing	75,703	6,805	2,551	85,059
Equipment rental	44,722	8,712	4,646	58,080
Reproduction	4,263	3,875	11,239	19,377
Fund-raising expenses	-	-	27,228	27,228
Vouchers - food and travel	9,909	-	-	9,909
Postage and shipping	6,103	4,577	4,577	15,257
Recruitment	60,823	6,758	-	67,581
Taxes and licenses	2,880	2,880	-	5,760
Total expenses	<u>\$ 27,292,516</u>	<u>\$ 1,711,733</u>	<u>\$ 600,019</u>	<u>\$ 29,604,268</u>

See notes to financial statements.

ABODE SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Personnel	\$ 7,475,239	\$ 912,996	\$ 481,211	\$ 8,869,446
Rental subsidies	4,385,904	-	-	4,385,904
HPRP/ SSVF/OHA assistance program	3,335,885	-	-	3,335,885
City of San Jose / Santa Clara County assistance program	4,308,727	-	-	4,308,727
Depreciation	193,450	48,363	-	241,813
Professional fees	747,953	75,258	37,630	860,841
Rental support	327,555	-	-	327,555
Rent and facility expense	266,613	-	-	266,613
Travel	194,274	46,140	2,429	242,843
Office supplies	65,445	30,541	13,089	109,075
Utilities	61,531	41,021	-	102,552
Interest expense	59,690	-	-	59,690
Bad debts	-	-	20,584	20,584
Maintenance	100,718	33,573	-	134,291
Program supplies	50,714	4,508	1,127	56,349
Telephone	83,270	25,881	3,376	112,527
Insurance	51,380	2,186	1,094	54,660
Staff and board development	73,780	20,387	2,912	97,079
Volunteer expense	39,989	-	-	39,989
Equipment and furnishing	99,709	8,963	3,360	112,032
Equipment rental	39,166	7,630	4,068	50,864
Reproduction	9,795	6,122	8,570	24,487
Fund-raising expenses	-	-	26,426	26,426
Vouchers - food and travel	4,621	-	-	4,621
Postage and shipping	5,823	4,367	4,366	14,556
Recruitment	44,824	4,980	-	49,804
Taxes and licenses	11,461	11,462	-	22,923
Total expenses	<u>\$ 22,037,516</u>	<u>\$ 1,284,378</u>	<u>\$ 610,242</u>	<u>\$ 23,932,136</u>

See notes to financial statements.

ABODE SERVICES

STATEMENTS OF CASH FLOWS

	June 30, 2016	June 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 443,738	\$ 757,663
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	275,405	241,813
Realized and unrealized losses (gains) on investments	103	19,752
(Increase) decrease in cash surrender value of life insurance	(19,639)	-
Decrease (increase) in:		
Grants receivable	(3,029,676)	(319,268)
Accounts receivable	(74,057)	102,738
Related party receivables	(47,322)	(454,225)
Pledges receivable	(3,450)	113,059
Prepaid expenses	(62,599)	33,849
Deposits	(20,357)	(9,874)
Increase (decrease) in:		
Accounts payable	309,490	(32,058)
Accrued expenses	157,994	149,278
Deferred revenue	759,755	-
Deposit liability	-	(197)
Accrued mortgage interest	59,690	59,689
NET CASH PROVIDED BY OPERATING ACTIVITIES	(1,250,925)	662,219
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(154,910)	(307,565)
Purchase and transfers of marketable securities	(41,760)	(165,911)
Sales and maturities of marketable securities	26,093	1,003,309
NET CASH PROVIDED BY INVESTING ACTIVITIES	(170,577)	529,833
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term debt	1,388,829	-
Payment on loan from Allied Housing	-	250,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,388,829	250,000
NET INCREASE (DECREASE) IN CASH	(32,673)	1,442,052
CASH, beginning of year	2,633,661	1,191,609
CASH, end of year	\$ 2,600,988	\$ 2,633,661
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ 16,469	\$ -

See notes to financial statements.

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 1. NATURE OF BUSINESS:

Nature of activities:

Abode Services (the “Organization”) was incorporated in November 1988 as a California non-profit public benefit corporation to end local homelessness. Abode Services offers housing programs linked to supportive services for homeless families, single adults and youth. Housing options include permanent supportive housing rental subsidy assistance, transitional housing and emergency shelter. Supportive services consist of case management, job counseling programs, drug and alcohol counseling, mental health counseling and support groups. Each program integrates these two components to help clients establish permanent stability and return to productive lives.

Effective October 1, 2005, Abode Services and Allied Housing, Inc. (“Allied”), formed a strategic alliance. Both organizations have retained separate identities, missions and activities. Abode Services share a common Board of Directors and Executive Director. Allied functions as the development arm of Abode Services on new housing projects. Abode Services, as a strategic alliance, entered into an agreement with Allied Housing, Inc. to provide administrative and staffing to support the operations of Allied.

Effective January 1, 2012, Abode Services and Housing for Independent People, Inc. (“HIP”) entered into a strategic alliance. Both organizations have retained separate identities, missions, and activities. Abode Services and HIP share a common Board of Directors and Executive Director. HIP functions as the property management arm of Abode Services on housing and office sites. Abode Services has entered into an agreement with HIP to provide administrative services and staffing to support their operations.

Supportive housing projects:

Abode Services places homeless people into supportive housing units to help prevent and end homelessness in Alameda and Santa Clara Counties by providing affordable rental housing linked to supportive services such as job counseling, support groups and access to healthcare. The development of affordable supportive housing is recognized as a solution to ending homelessness.

For instance, Rotary BridgeWay Apartments in Fremont contains 26 units of permanent supportive housing for adults and children. Rents are offered at no more than 1/3 of household income. BridgeWay Apartments in Union City provides subsidized rental housing linked to supportive services for previously homeless families who live in the apartments for up to two years while enrolled in an educational or vocational program that is completed within 18 to 24 months. Abode Services, through Allied Housing and HIP, is able to place and provide services to families living at 24 Apartment sites throughout Santa Clara, Alameda and Santa Cruz Counties. These sites serve all the populations experiencing homelessness including Veterans, families, emancipated foster youth and persons living with multiple disabilities.

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 1. NATURE OF BUSINESS (Continued):

Scattered site housing units:

In addition to placing homeless families into affordable housing units owned by Abode Services, 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 Abode Services staff attached to them. These placements occur in over 30 Abode Services programs including: RAP (chronic homeless individuals coming off the streets in Santa Clara County), RISE Project (households with an adult with at least two significant disabilities), McKinney Linkages (families with an adult in job training), Tri-Valley Housing Scholarship Program (families with an adult in job training), Project Independence (youth aging out of foster care), STAY Project Independence (youth aging out of foster care who have mental illness), Greater HOPE Project (homeless adults who have a severe mental illness) and Shelter Plus Care Program (individuals living with serious mental illness, chronic drug/alcohol problems and AIDS/HIV). Abode Services is currently developing with Santa Clara County the first chronic Homeless Pay for Success Project in the County. This project will house up to 100 chronic homeless individuals using social impact bonds.

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 31 single adults who share four dormitory-style rooms. There are separate program areas for families and adults without children. The shelter houses 66 people for up to three months. Residents receive three meals a day, phone and mail services and access to laundry facilities. A full spectrum of supportive services is offered to residents free of charge. Services include case management, primary and mental health care, substance abuse recovery services, housing placement, job counseling and placement, financial literacy training, transportation assistance, childcare and children's programs.

HOPE Project:

The HOPE Project (Homelessness Outreach for People Endowment) operates out of a mobile clinic to bring services to individuals and families who are homeless, many who are living on the streets. The HOPE Project offers primary and mental health care, social services, and substance recovery services. The mobile health clinic has a medical exam room, complete with an EKG and pulmonary testing equipment, two private, sound-proof confidential counseling rooms and an intake area.

Project Welcome Home:

Project Welcome Home, in partnership with Santa Clara County, provides permanent housing and supportive services chronically homeless in the county and will serve 150-200 over a six-year period. The program is funded through California's first Pay for Success initiative. Pay for Success is a new financing model for high-impact programs like Project Welcome Home, where private investors pay for preventative or interventional social services up front through the use of Social Impact Bonds. The goals of the program are to measurably improve participants' housing stability and quality of life, and to reduce reliance on government-funded services.

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of accounting and consolidation:

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. Although Abode Services has control and economic interest in Allied Services and Housing for Independent People, Inc., Management has chosen not to consolidate the financial statements.

Financial statement presentation:

Abode Services reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted net assets:

The portion of net assets that is neither temporarily restricted nor permanently restricted by donor imposed stipulations.

Temporarily restricted net assets:

The portion of net assets whose use by Abode Services is limited by donor imposed stipulations that either will be fulfilled or expire by passage of time.

Permanently restricted net assets:

The portion of net assets whose use by Abode Services is limited by donor imposed stipulations that the net assets be held in perpetuity and its income be used for the stipulated purposes.

Abode Services does not have any permanently restricted net assets at June 30, 2016 and June 30, 2015.

Cash equivalents:

Cash equivalents are considered to be highly-liquid investment instruments with original maturities of three months or less.

Investment in partnership:

Abode Services has investments in one partnership. Abode Services records its investments in this partnership at cost.

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.

The Organization invests in various investments. Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Professional accounting standards established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Investments (continued):

The three levels of the fair value hierarchy under professional accounting standards are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data, by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Equity, securities, debt securities, and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Grants, accounts and pledges receivable:

Abode Services established an allowance for uncollectible accounts for accounts receivable and pledges based on periodic review of accounts and historical collections. An allowance of \$53,300 was deemed necessary at June 30, 2016 and June 30, 2015. Pledges are recognized when the donor makes a promise to give to Abode Services that is, in substance, unconditional. It is Abode's policy to charge off uncollectible accounts and grants receivable when management determines the receivable will not be collected.

Property and equipment:

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Property and equipment are depreciated using the straight-line method over useful lives ranging from 5 to 39 years. Leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the improvements.

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Donated materials and services:

Abode Services conducts program operations with extensive support from volunteers, churches, businesses and community groups. Donated professional services in the amount of \$39,009 and \$490,608, respectively for years ended June 30, 2016 and June 30, 2015 were recorded in the financial statements. The value of other donated materials and services was not determinable and is not reflected in the accompanying financial statements.

Donated property and equipment:

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support 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 restricted support. 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.

Revenue recognition and deferred revenue:

Program Welcome Home is a pay for success grant, and accordingly services are recognized on an expense reimbursement basis and recorded as revenue as the service is provided. The “success” payments are estimated on annual basis to the best of the organization’s ability. Estimated “success” payments will be adjusted to actual when payment is received from the County. There are some payments that were received early in the program that are intended to cover the tail end of the funding. These early payments are recorded as deferred revenue because the funding has not yet been earned.

Restricted and unrestricted revenue:

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Functional allocation of expenses:

Costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income tax status:

Abode Services is a tax-exempt organization under the provisions of the Internal Revenue Code and related California provisions. Abode Services is relying on its tax exempt status and its adherence to all applicable laws and regulations to preserve that status. Accordingly, no provision for income taxes has been reflected in these financial statements.

Beneficial interest in life insurance policy:

Abode Services is the beneficiary of a life insurance policy. Under the terms of the policy, Abode Services will receive the applicable death benefit upon the donor’s death. The policy is recorded as an asset measured at the policy cash surrender value at the end of Abode Services’ reporting period. Changes in the value of the insurance policy over the premium obligation donated to Abode Services is included in the statement of activities.

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Long-lived assets:

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of credit risk:

Financial instruments that potentially subject Abode Services to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Organization places its cash with high quality financial institutions. At times, the account balances may exceed the institution's federally insured limits. The Organization has not experienced any losses in such accounts.

Note 3. PLEDGES RECEIVABLE:

Pledges receivable are comprised of the following:

	June 30,	
	2016	2015
Pledges receivable and discounts	\$ 382,484	\$ 379,034
Less allowance for uncollectible pledges	(53,300)	(53,300)
Balances	\$ 329,184	\$ 325,734
Classified as:		
Current	\$ 217,292	\$ 105,445
Long-term	111,892	220,289
	\$ 329,184	\$ 325,734

Note 4. INVESTMENTS:

Investments are stated at fair value. Fair value and cost as of June 30, 2016 and June 30, 2015 are summarized as follows:

	June 30, 2016		June 30, 2015	
	Fair Value	Cost	Fair Value	Cost
Investment type:				
Corporate equities	\$ 15,672	\$ 15,278	\$ 9,124	\$ 9,586
Debt securities	265,756	234,147	241,263	232,760
Money market	3,137	3,137	18,614	18,614
	\$ 284,565	\$ 252,562	\$ 269,001	\$ 260,960

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 4. INVESTMENTS (Continued):

	2016	2015
Interest and dividend income	\$ 11,881	\$ 35,198
Realized gains on sales of investments	-	92,645
Unrealized gains (losses)	103	(115,776)
Investment fees	(441)	(6,059)
Bond amortization/premium	1,388	36,841
Totals	\$ 12,931	\$ 42,849

Note 5. FAIR VALUE MEASUREMENTS:

The following tables sets forth by level, the fair value hierarchy, the Organization's assets at fair value as of June 30, 2016 and June 30, 2015:

Assets at Fair Value as of June 30, 2016

	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Corporate equities	\$ 15,672	\$ -	\$ -	\$ 15,672
Debt securities	-	265,756	-	265,756
	\$ 15,672	\$ 265,756	\$ -	281,428
Money market funds				3,137
Total investments at fair value				\$ 284,565

Assets at Fair Value as of June 30, 2015

	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Corporate equities	\$ 9,124	\$ -	\$ -	\$ 9,124
Debt securities	-	241,263	-	241,263
	\$ 9,124	\$ 241,263	\$ -	250,387
Money market funds				18,614
Total investments at fair value				\$ 269,001

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 6. INVESTMENT IN PARTNERSHIP:

On February 5, 2004, Abode Services entered into an agreement to transfer and assign its interest in Rotary BridgeWay Apartments to BridgeWay East, L.P. ("BWE, L.P.") for a .005% co-general partnership interest in the limited partnership. The net value of the assets and liabilities, \$71,964 at the date of transfer became the cost basis for the investment. As part of the partnership agreement, Abode Services and the other general partner have guaranteed general partners' obligations to fund operating deficits incurred by BWE, L.P. during the guaranty period in an amount not to exceed \$150,000. No amounts were paid in the years ended June 30, 2016 and June 30, 2015. Both general partners have an option and a right of first refusal to purchase the Rotary BridgeWay Apartments from the partnership after a fifteen-year compliance period. The purchase price is the greater of an amount sufficient to pay all debts of the limited partnership or the fair value of the property.

Abode Services entered into a resident service agreement on behalf of BWE, L.P. to provide support services to tenants residing at Rotary BridgeWay Apartments. Amounts earned were \$9,914 and \$9,914 for the years ended June 30, 2016 and June 30, 2015, respectively. Amounts receivable from the partnership at June 30, 2016 and June 30, 2015 were \$0.

Note 7. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	June 30,	
	2016	2015
Sunrise Village:		
Building and improvements	\$ 3,069,132	\$ 2,986,219
Land	626,250	626,250
Furniture and fixtures	67,273	60,067
Equipment	91,764	91,764
Total Sunrise Village	3,854,419	3,764,300
BridgeWay - 13th Street:		
Building and improvements	406,565	406,565
Land	73,554	73,554
Total BridgeWay - 13th Street	480,119	480,119
BridgeWay - 4165 Bay Street:		
Building and improvements	1,187,748	1,187,748
Land	176,290	176,290
Total BridgeWay - 4165 Bay Street	1,364,038	1,364,038

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 7. PROPERTY AND EQUIPMENT (Continued):

Administration - 40849 Fremont Blvd.:		
Building and improvements	1,203,123	1,203,123
Land	141,464	141,464
Total Administration - 40849 Fremont Blvd.	1,344,587	1,344,587
Vehicles:		
Mobile clinic	277,223	277,223
Other vehicles	125,938	88,949
Total vehicles	403,161	366,172
Service center improvements:		
Main Street Village	309,870	309,870
Greater hope center	35,318	35,318
Papazian office	80,648	80,648
Hayward office	138,769	127,982
Project Welcome Home	39,157	33,445
Redwood City office	11,304	-
Total service center improvements	615,066	587,263
Totals	8,061,390	7,906,479
Less accumulated depreciation and amortization	3,031,527	2,756,121
Property and equipment, net	\$ 5,029,863	\$ 5,150,358

Note 8. MORTGAGES PAYABLE:

On February 3, 1998, Abode Services entered into a loan agreement with the City of Fremont (the "City"), the Redevelopment Agency of the City of Fremont (the "Agency") and the County of Alameda (the "County"). Loan proceeds were used to finance the acquisition and rehabilitation of an eight-unit apartment complex 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 July 1, 1998. The note is secured by a deed of trust on the property and is subject to a regulatory agreement. Book value of the secured property at June 30, 2016 was \$861,635.

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 8. MORTGAGES PAYABLE (Continued):

The loan amount increased to not exceed \$1,475,000. The unfunded loan amount at June 30, 2016 and June 30, 2015 was \$85,340. The allocation of funding by the City, the Agency and the County is as follows:

	Available Funds			Balance
	Acquisition	Rehabilitation	Maximum	June 30, 2016
City of Fremont	\$ 394,000	\$ 86,000	\$ 480,000	\$ 480,000
Redevelopment Agency	-	111,298	150,000	111,298
County of Alameda	474,805	323,557	845,000	798,362
	\$ 868,805	\$ 520,855	\$ 1,475,000	\$1,389,660

Interest expense for the years ended June 30, 2016 and 2015 was \$41,690. 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 percent 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 property has a deficit cash position calculated at June 30, 2016 and 2015 is as follows:

	2016	2015
BridgeWay gross revenue	\$ 88,699	\$ 83,973
Direct expenses	(147,824)	(148,068)
Allocable share of administrative expenses	(14,782)	(14,807)
Deficit cash	\$ (73,907)	\$ (78,902)

Alameda (the "County"). Loan proceeds were used to finance the purchase and rehabilitation of a three-unit apartment complex located on 13th Street in Union City, 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 \$297,003 and is subject to a regulatory agreement. Interest expense for the years ended June 30, 2016 and June 30, 2015 was \$18,000.

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 8. MORTGAGES PAYABLE (Continued):

Principal payments are required on the above Mortgages in years the development generates positive cash flow. It is not anticipated the Organization will generate a positive cash flow on the 13th Street project or the Bridge Way development. Therefore, total long term debt in the amount of \$1,989,660 is all due in more than five years. The Organization has accrued \$1,036,682 of mortgage interest on these notes.

Note 9. LOANS PAYABLE:

In order to fund the Project Welcome Home Pay for Success Grant, six entities provided long term loans to the project. The funding of the loans is staggered over the next four years and are all payable in full on October 10, 2021. Several of the loans have annual loan payments due. The payments due are based on a percentage of success payments received. Since the amounts of these payments are unknown all loan balances are shown as long term. Several of the loans accrue interest. Interest is paid quarterly, one quarter in arrears. The stated rate of interest on these loans varies from 0% - 5%.

	2016
Sobrato Family Foundation, maximum loan \$1,200,000, funding in July 2015 and July 2016, interest paid at 2%	\$ 750,000
The Health Trust, maximum loan \$1,000,000, funding in July 2015 and July 2016, interest paid at 0%	500,000
James Irvine Foundation, maximum loan \$277,658, funding in July 2015 and July 2016, interest paid at 0%	138,829
The Reinvestment Fund, maximum loan \$500,000, funding in July 2017 and July 2018 interest paid at 5%	-
The California Endowment, maximum loan \$1,000,000, funding in July 2016 and July 2017 interest paid at 2%	-
Corporation for Supportive Housing, maximum loan \$500,000, funding in 2017 and 2018, interest paid at 5%	-
Totals	\$ 1,388,829

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 10. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consisted of the following for the year ended June 30, 2016:

	Beginning Balance	Contributions	Released from Restriction	Ending Balance
CSV of life insurance	\$ 2,890	\$ -	\$ -	\$ 2,890
Housing/Service Fund	1,000,000	-	333,332	666,668
Main Street, capital campaign	224,648	-	-	224,648
BridgeWay, capital campaign	540,466	-	-	540,466
Project Independence	259,647	-	5,768	253,879
4165 Bay Street, Fremont, reserves	82,102	-	-	82,102
13th Street, Union City, reserves	11,564	-	-	11,564
BridgeWay replacement reserves	46,000	-	-	46,000
Laguna Commons	-	125,000	-	125,000
Sunlight Foundations	-	500,000	-	500,000
Project Welcome Home	-	83,333	-	83,333
Total temporarily restricted net assets	<u>\$ 2,167,317</u>	<u>\$ 708,333</u>	<u>\$ 339,100</u>	<u>\$ 2,536,550</u>

Temporarily restricted net assets consisted of the following for the year ended June 30, 2015:

	Beginning Balance	Contributions	Released from Restriction	Ending Balance
CSV of life insurance	\$ 2,890	\$ -	\$ -	\$ 2,890
Housing/Service Fund	-	1,000,000	-	1,000,000
Winter relief	-	9,520	9,520	-
Veteran's programs	-	2,000	2,000	-
Main Street, capital campaign	224,648	-	-	224,648
BridgeWay, capital campaign	540,466	-	-	540,466
Project Independence	265,894	-	6,247	259,647
4165 Bay Street, Fremont, reserves	82,102	-	-	82,102
13th Street, Union City, reserves	11,564	-	-	11,564
BridgeWay replacement reserves	46,000	-	-	46,000
Total temporarily restricted net assets	<u>\$ 1,173,564</u>	<u>\$ 1,011,520</u>	<u>\$ 17,767</u>	<u>\$ 2,167,317</u>

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 11. BOARD DESIGNATED NET ASSETS:

Board designated net assets are comprised of the following at June 30, 2016 and June 30, 2015:

	2016	2015
Building maintenance fund	\$ 350,000	\$ 603,416
BridgeWay Apartments fund	96,727	76,415
Journey Home	-	17,023
Programs Reserve - general	222,000	-
Total board designated net assets	\$ 668,727	\$ 696,854

Note 12. DONATIONS:

Donations were received from the following sources during the years ending June 30, 2016 and June 30, 2015:

	2016	2015
Foundations	\$ 1,238,956	\$ 1,524,730
Individuals	416,901	326,643
Churches	33,519	29,470
Corporations	114,661	106,759
Totals	\$ 1,804,037	\$ 1,987,602

Note 13. RETIREMENT PLAN:

Abode Services has a non-contributory tax-deferred retirement 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.

Note 14. LEASE COMMITMENTS

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2016.

Years Ending				
June 30,	Real Property	Equipment	Total	
2017	\$ 248,470	\$ 6,671	\$ 255,141	
2018	194,433	4,174	198,607	
2019	128,535	3,342	131,877	
2020	132,043	2,224	134,267	
2021	114,009	-	114,009	
Thereafter	282,459	-	282,459	
	\$ 1,099,949	\$ 16,411	\$ 1,116,360	

Rent expense amounted to \$447,420 in 2016 and \$317,477 in 2015.

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 15. RELATED PARTY TRANSACTIONS:

Summary financial data for Allied Housing, Inc. for the years ended June 30, 2016 and June 30, 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Current assets	\$ 1,639,306	\$ 695,814
Property and equipment	13,668,142	4,818,483
Other assets	<u>1,139,688</u>	<u>1,139,688</u>
Total Assets	<u>\$ 16,447,136</u>	<u>\$ 6,653,985</u>
Total Liabilities	\$ 16,880,557	\$ 6,805,589
Total Net Assets	<u>(433,421)</u>	<u>(151,604)</u>
Total Liabilities and Net Assets	<u>\$ 16,447,136</u>	<u>\$ 6,653,985</u>
Support and revenue	\$ 776,986	\$ 872,470
Expenses	<u>(1,058,803)</u>	<u>(902,594)</u>
Change in Net Assets	<u>\$ (281,817)</u>	<u>\$ (30,124)</u>

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 15. RELATED PARTY TRANSACTIONS (Continued):

Transactions with Allied Housing, Inc. for the years ended June 30, 2016 and June 30, 2015 are summarized as follows:

	2016	2015
Payments made to Allied Housing, Inc. for:		
Rents paid for leasing office at Mission Bell Apts.	\$ 3,600	\$ 3,600
Rents paid for housing units provided by Allied	32,166	27,136
Total payments made to Allied Housing, Inc.	\$ 35,766	\$ 30,736
Services provided to Allied Housing, Inc. for:		
Administrative and staffing services	\$ 286,044	\$ 244,020
Lorenzo Creek Apartments case management	77,678	64,166
Mission Bell Apartments service contract	20,000	15,000
Insurance paid on behalf of Allied Housing	19,902	
Carmen Avenue support services	35,846	27,887
Total services provided to Allied Housing, Inc.	\$ 439,470	\$ 351,073
Payments received from Allied Housing, Inc. for:		
Administrative and staffing services	\$ 100,000	\$ 55,000
Lorenzo Creek Apartments case management	77,561	67,144
Mission Bell Apartments service contract	20,000	15,000
Carmen Avenue support services	44,237	21,358
Total payments received from Allied Housing, Inc.	\$ 241,798	\$ 158,502

Accounts receivable due from Allied consists of the following at June 30, 2016 and June 30, 2015:

	2016	2015
Administrative and staffing services	\$ 1,221,720	\$ 1,035,676
Lorenzo Creek Apartments case management	33,501	33,383
Payment of insurance on behalf of Allied	19,902	-
Carmen Avenue support services	2,450	10,842
Total accounts receivable due from Allied Housing, Inc.	\$ 1,277,573	\$ 1,079,901

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 15. RELATED PARTY TRANSACTIONS (Continued):

The following is a reconciliation of accounts receivable due from Allied as of June 30, 2016 and June 30, 2015:

	<u>2016</u>	<u>2015</u>
Accounts receivable, beginning of the year	\$ 1,079,901	\$ 887,330
Services provided to Allied	439,470	351,073
Payments received from Allied	<u>(241,798)</u>	<u>(158,502)</u>
 Total accounts receivable due from Allied Housing, Inc., end of year	 <u>\$ 1,277,573</u>	 <u>\$ 1,079,901</u>

Abode has guaranteed Allied's note payable of \$470,320 on the Mission Bell Property. Allied's failure to service this debt when due, would require Abode to provide a cash payment pursuant to the guarantee. Because the fair value of Allied'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 agreement between Abode Services and HIP to provide administrative services and staffing to support their operations states that Abode Services will provide: staff appropriate to HIP's operating activities, office space to conduct its business, and administrative services. For the fiscal year ended June 30, 2016, Abode Services collected service contract fees from HIP in the amount of \$800,656 and had receivables due in the amount of \$153,293. For the fiscal year ended June 30, 2015, Abode Services collected service contract fees from HIP in the amount of \$588,257 and had receivables due in the amount of \$94,497.

Abode has guaranteed HIP's note payable of \$1,336,356 on the Papazian Property. HIP's failure to service this debt when due, would require Abode to provide a cash payment pursuant to the guarantee. Because the fair value of HIP'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.

Note 16. CONTINGENCIES:

Property and equipment acquired by Abode Services is considered to be owned by Abode Services. 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. Abode Services 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.

Abode Services 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, Abode Services 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.

ABODE SERVICES

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2016 AND JUNE 30, 2015

Note 16. CONTINGENCIES (Continued):

Abode Services 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, Abode Services holds title to property, known as BridgeWay- 13th Street, which is subject to terms, conditions and a regulatory agreement with the County of Alameda.

Grant award and bequests require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Abode Services deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of Abode Services to the provisions of the grants. Abode Services' management is of the opinion that Abode Services has complied with the terms of all grants.

Note 17. SUBSEQUENT EVENTS:

Subsequent to year end Project Welcome Home received \$1,638,829 in additional loan funds in accordance with the loan agreements.

ABODE SERVICES
SUPPLEMENTAL INFORMATION

ABODE SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures Pass-Through Grantor</u>
U.S. Department of Housing & Urban Development:			
Passed through the County of Alameda			
Federal Emergency Shelter Grant	14.231	Loan	\$ 32,000
Passed through the City of Hayward	14.231	ESG-2015-2016	197,000
Passed through the State of California	14.231	14-ESG-10268	<u>189,366</u>
 Subtotal Federal Emergency Shelter Grant			 <u>418,336</u>
 Direct			
Continuum of Care Program – Stay Well	14.267	CA0120L9T0213062B7	204,411
Continuum of Care Program – Stay Well	14.267	CA0120L9T021407050	349,847
Continuum of Care Program – Sunset Square	14.267	CA0026L9T00130605	122,719
Continuum of Care Program – Sunset Square	14.267	CA0026L9T001508	21,266
Continuum of Care Program -OPRI	14.267	CA0953L9T021302	254,772
Continuum of Care Program -OPRI	14.267	CA0953L9T021403	241,227
Continuum of Care Program -AC Impact	14.267	CA1063L9T021402	907,880
Continuum of Care Program -Navigator Scattered	14.267	CA0745L9T001305	7,205
Continuum of Care Program -Navigator Scattered	14.267	CA0745L9T001406	138,441
Continuum of Care Program –Mission Rebuild	14.267	CA0950L9T001402	178,339
 Passed through the County of Alameda			
Continuum of Care Program - RISE	14.267	C-10778	24,898
Continuum of Care Program - RISE	14.267	C-11414	48,571
Continuum of Care Program - Bridgeway	14.267	C-11366	34,168
Continuum of Care Program - Bridgeway	14.267	C-13194	8,404
Continuum of Care Program - McKinney	14.267	C-11369	327,999
Continuum of Care Program - McKinney	14.267	C-13186	226,736
Continuum of Care Program	14.267	Loans	178,363
Passed through the City of Fremont			
Supportive Housing Program	14.267	15-0350	264,608
 Passed through Allied Housing, Inc.			
Continuum of Care Program -Carmen	14.267	CA00092L9T021405	33,396
Continuum of Care Program -Carmen	14.267	CA0748L9T0212506	2,450
Continuum of Care Program - LCA	14.267	C-11375-4	44,177
Continuum of Care Program - LCA	14.267	C-13150	33,501
 Passed through Resources for Community Development			
Continuum of Care Program – Concord House	14.267	CA0092L9T021406	20,650
Continuum of Care Program – Concord House	14.267	CONSHP	13,939
Continuum of Care Program – Regents House	14.267	CA0111L9T02140600	<u>39,450</u>
 Subtotal Continuum of Care Program			 <u>3,727,417</u>

ABODE SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures Pass-Through Grantor</u>
U.S. Department of Housing & Urban Development (Continued):			
Passed through the County of Alameda Community Development Block Grant	14.218	Loans	\$ 286,000
Passed through the City of Livermore Community Development Block Grant	14.218	C-15-202	22,812
Passed through the City of Oakland Community Development Block Grant	14.218	PATHFY2015-16	211,052
Passed through the City of Pleasanton Community Development Block Grant	14.218	201606	18,423
Passed through the City of Hayward Community Development Block Grant	14.218	FY 2015-2016	38,980
Passed through the City of Fremont Community Development Block Grant	14.218	FY 2015-2016	<u>80,134</u>
Subtotal Community Development Block Grant			<u>657,401</u>
Passed through the County of Alameda Shelter Plus Care	14.238	C-11383	169,640
Shelter Plus Care	14.238	-----	<u>47,431</u>
Subtotal Shelter Plus Care			<u>317,071</u>
Passed through County of Alameda Home Investment Partnership Program	14.239	Loans	637,000
Home Investment Partnership Program	14.239	C-11369	150,786
Passed through City of Fremont Home Investment Partnership Program	14.239	Loans	480,000
Home Investment Partnership Program	14.239	11-0177	50,288
Home Investment Partnership Program	14.239	10-35221	2,805
Passed through City of Hayward Home Investment Partnership Program	14.239	RDA/041	124,312
Passed through City of Pleasanton Home Investment Partnership Program	14.239	201605	28,275
Passed through City of Livermore Home Investment Partnership Program	14.239	15-194	50,000
Passed through City of Santa Clara Home Investment Partnership Program	14.239	2015-2016	162,374
Passed through City of Sunnyvale Home Investment Partnership Program	14.239	1516-828750	<u>248,809</u>
Subtotal Home Investment Partnership Program			<u>1,934,649</u>

ABODE SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditure Pass- Grantor</u>
U.S. Department of Housing & Urban Development			
Passed through City of Oakland			
Moving to Work Demonstration Program	14.881	OHAFY2015-16	1,246,097
Subtotal Moving to Work Demonstration Program			<u>1,246,097</u>
Total U.S. Department of Housing & Urban Development			<u>8,300,971</u>
 U.S. Department of Veteran's Affairs:			
Direct			
Supportive Services for Veterans Families	64.033	12-CA-012	417,977
Supportive Services for Veterans Families – SHELTER	64.033	VA261-13-9907	276,325
Passed through HomeFirst Services of Santa Clara County			
Supportive Services for Veterans Families	64.033	SCCVFP	<u>874,488</u>
Total U.S. Department of Veteran's Affairs			<u>1,568,790</u>
 U.S. Department of Health & Human Services:			
Passed through the County of Alameda			
Temporary Assistance for Needed Families	93.558	C-12485	113,825
Passed through the County of Alameda			
Temporary Assistance for Needed Families	93.558	C-13907	505,855
Passed through the County of Alameda			
Temporary Assistance for Needed Families	93.558	C-12231	84,952
Passed through the County of Alameda			
Temporary Assistance for Needed Families	93.558	C-11161	<u>416,261</u>
Total U.S. Department of Health & Human Services			<u>1,120,893</u>
Total Expenditures of Federal Awards			<u>10,990,654</u>
 State Awards:			
CA Department of Mental Health			
Passed through the County of Alameda			
Behavior Health Care – Greater Hope		BHSVC900216	1,724,769
Behavior Health Care – STAY		BHSVC900216	429,642
Behavior Health Care – OPRI Grant		BHSVC900216	<u>16,117</u>
Total CA Department of Mental Health			<u>2,170,528</u>

ABODE SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

State Awards (Continued):

CA Department of Social Services		
Passed through the County of Alameda		
Transitional Housing Program – Plus	PIPLUS	\$ 794,118
CAPIT Grant	C-13242	69,384
Medi-Cal/CalFresh Outreach and Enrollment	C-12728	<u>26,702</u>
Total CA Department of Social Services		<u>890,204</u>
Total Expenditures of State Awards		<u>3,060,732</u>
Total Expenditures of Federal and State Awards		<u>\$ 14,051,386</u>

ABODE SERVICES

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

Note A BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Abode Services and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B LOANS OUTSTANDING:

Abode Services had the following loan balances outstanding at June 30, 2016 and June 30, 2015, respectively. The loan balances are included in the schedule of expenditures of federal awards.

Cluster/Program Title	Federal CFDA Number	Amounts Outstanding
Supportive Housing Program	14.267	\$ 178,363
Home Investment Partnership Program	14.239	1,117,000
Community Development Block Grant	14.218	286,000
Federal Emergency Shelter Grant	14.231	<u>32,000</u>
Total Federal loans outstanding		<u>\$ 1,613,363</u>

Note C SUB-RECIPIENTS OF GRANT AWARDS:

Federal funds passed through to sub-recipients for the year ended June 30, 2016 were as follows:

Cluster/Program Title	Federal CFDA Number	June 30, 2016
Department of Veteran's Affairs:		
Supportive Services for Veterans Families		
- Operation Dignity	64.033	\$ 54,921
Supportive Services for Veterans Families - Lifelong	64.033	40,945
Supportive Services for Veterans Families		
- Bay Area Legal Aid	64.033	<u>39,801</u>
Total Federal sub-recipients		<u>\$ 135,667</u>



**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***

The Board of Directors
Abode Services

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Abode Services, which comprise the statement of financial position as of June 30, 2016 and June 30, 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Abode Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Abode Services' 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Abode Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Riva Accountancy Corporation

Certified Public Accountants

San Francisco, California

October 27, 2016



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
Abode Services

Report on Compliance for Each Major Federal Program

We have audited Abode Services' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Abode Services' major federal programs for the year ended June 30, 2016. Abode Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulation, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Abode Services' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and the audit requirements of Title 2 U.S Code of Federal Regulations Part 200; *Uniform administrative Requirements, Cost principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Abode Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Abode Services' compliance.

Opinion on Each Major Federal Program

In our opinion, Abode Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

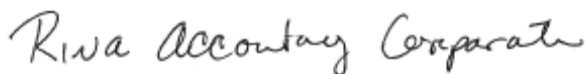
Report on Internal Control Over Compliance

Management of Abode Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Abode Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Abode Services' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Certified Public Accountants

San Francisco, California
October 27, 2016

ABODE SERVICES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

SUMMARY OF AUDITORS' RESULTS:

- 1) The auditors' report expresses an unmodified opinion on whether the financial statement of Abode Services were prepared in accordance with GAAP.
- 2) No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
- 3) No instances of noncompliance material to the financial statements of Abode Services which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
- 4) No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported on the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance. No material weaknesses are reported.
- 5) The auditors' report on compliance for the major federal award programs for Abode Services expresses an unmodified opinion on all major programs.
- 6) There are no audit findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
- 7) The following programs were tested as major federal award programs:

Federal Agency: Department of Health and Human Services
CFDA: 93.558
Program Title: Temporary Assistance for Needed Families

Federal Agency: Department of Housing and Urban Development
CFDA: 14.267
Program Title: CCP – Continuum of Care Program

In addition, the following programs were identified as Type A programs, however they were not audited in the current year as they were audited in one of the prior two years and are considered to be low risk.

Federal Agency: Department of Housing and Urban Development
CFDA: 14.239
Program Title: HOME – Home Investment Partnerships

Federal Agency: Department of Veteran's Affairs
CFDA: 64.033
Program Title: SSVF – Supportive Service's for Veteran's Families

Federal Agency: Department of Housing and Urban Development
CFDA: 14.881
Program Title: MTW – Moving to Work Demonstration Program

ABODE SERVICES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

SUMMARY OF AUDITORS' RESULTS (Continued):

- 8) The threshold for distinguishing Type A and B programs was \$750,000.
- 9) Abode Services qualified as a low risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT:

None.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT:

None.

ABODE SERVICES

SCHEDULE OF COUNTY OF ALAMEDA PROGRAMS

YEAR ENDED JUNE 30, 2016

<u>Program Name:</u>	<u>Contract Number:</u>	<u>Exhibit Number:</u>	<u>Contract Period:</u>	<u>Contract Expenditures:</u>
SSA-Workforce & Benefits Administration	900216	13143	7/01/2015-6/30/2016	\$ 182,415
SSA-Workforce & Benefits Administration	900216	12485	7/01/2014-12/31/2015	113,825
SSA-Workforce & Benefits Administration	900216	13907	11/01/2015-6/30/2016	505,855
SSA-Workforce & Benefits Administration	900216	13078	7/01/2015-6/30/2016	154,928
Employment Services Department	900216	12231	7/01/2014-10/31/2015	84,954
Housing and Community Dev.	Winter Relief	12768	11/15/2015-6/30/2016	36,184
Housing and Community Dev.	RISE	10778	11/01/2014-10/31/2015	24,898
Housing and Community Dev.	RISE	11414	11/01/2015-10/31/2016	48,571
Housing and Community Dev.	ESG Solutions	12344	7/01/2015-6/30/2016	52,279
Housing and Community Dev.	McKinney-Home	11369	3/01/2015-8/31/2016	150,786
Housing and Community Dev.	McKinney-COC	11369	3/01/2015-2/29/2016	327,999
Housing and Community Dev.	McKinney-COC	13186	3/01/2016-2/28/2017	226,736
\Housing and Community Dev.	Shelter Plus Care	11383	2/01/2015-1/31/2016	169,640
Housing and Community Dev.	Shelter Plus Care	----	2/01/2016-1/31/2017	147,431
Housing and Community Dev.	BridgeWay Ops	11366	4/01/2015-3/31/2016	34,168
Housing and Community Dev.	BridgeWay Ops	13194	4/01/2016-3/31/2017	8,404
Housing and Community Dev.	PRCS	12366	7/01/2015-12/31/2016	496,531
Housing and Community Dev.	AC Impact	13533	7/01/2015-6/30/2016	30,000
Housing and Community Dev.	WORKS HSP	11161	1/01/2015-6/30/2016	416,261
Housing and Community Dev.	Boomerang RRH	12088	7/01/2015-12/31/2016	111,913
SSA-Children & Family Services Dev.	THP+	NA	7/01/2015-6/30/2016	794,118
SSA-Adult Aging and Medi-Cal Services	900216	12728	10/1/2014-9/30/2015	26,701
Behavioral Health Care Services Agency .	900216	GreateHOPE	7/01/2015-6/30/2016	1,724,769
Behavioral Health Care Services Agency .	900216	STAY	7/01/2015-6/30/2016	429,642
Behavioral Health Care Services Agency.	900216	OPRI	7/01/2015-6/30/2016	16,117
CAPIT	900216	13242	7/01/2016-6/30/2016	<u>69,384</u>
 Total				 <u>\$ 6,384,510</u>