



**BAY AREA COMMUNITY SERVICES, INC.**

**(A California Not-For-Profit Corporation)**

**CONSOLIDATED FINANCIAL STATEMENTS,**

**INDEPENDENT AUDITORS' REPORT,**

**SUPPLEMENTARY SCHEDULES**

**AND SINGLE AUDIT REPORT AND SCHEDULES**

**JUNE 30, 2022**



Advisory   Assurance   Tax   Private Client

# BAY AREA COMMUNITY SERVICES, INC.

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## **Independent Auditors' Report**

The Board of Directors  
Bay Area Community Services, Inc.

### **Opinion**

We have audited the accompanying consolidated financial statements of Bay Area Community Services, Inc. (a California not-for-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bay Area Community Services, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bay Area Community Services, Inc. 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 opinions.

### **Correction of Error**

As discussed in Note 14 to the financial statements, certain errors resulting in overstatement of amounts previously reported for depreciation and an understatement of revenue as of June 30, 2021, were discovered by management of the Organization during the current year. Accordingly, an adjustment has been made to net assets as of June 30, 2021, to correct the errors. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bay Area Community Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay Area Community Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

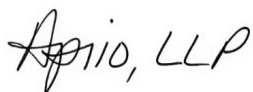
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Schedule of Operations by Procurement Contract for Alameda County, Schedule of Operations by Procurement Contract for Contra Costa County, Schedule of Operations by Procurement Contract for Solano County, Schedule of Operations by Procurement Contract for Monterey County, Schedule of Operations by Procurement Contract for Sacramento, Schedule of Operations by Procurement Contract for San Francisco, and Schedule of Operations by Procurement Contract for State of California, as required by the counties and state, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2023 on our consideration of the Bay Area Community Services, Inc.'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 Bay Area Community Services, Inc.'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 Bay Area Community Services, Inc.'s internal control over financial reporting and compliance.



San Francisco, California  
April 5, 2023

# BAY AREA COMMUNITY SERVICES, INC.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION - JUNE 30, 2022

### ASSETS

#### CURRENT:

Cash and cash equivalents	\$	23,333,004
Accounts receivable		914,506
Grants receivable		19,470,762
Prepaid expenses		123,922
Escrow deposits		555,000

TOTAL CURRENT ASSETS 44,397,194

PROPERTY AND EQUIPMENT, net 33,169,017

#### OTHER ASSETS:

Investments		157,285
457(b) Plan Assets		305,357
Lease deposits		43,049

TOTAL OTHER ASSETS 505,691

TOTAL ASSETS \$ 78,071,902

### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES:

Accounts payable	\$	3,332,282
Accrued payroll and related expenses		2,609,066
Accrued expenses		249,498
Accrued litigation settlement		910,000
Tenant deposits		98,887
Deferred revenue		5,664,320
457(b) Plan liability		305,357
Current portion of long term debt		580,402

TOTAL CURRENT LIABILITIES 13,749,812

LONG TERM DEBT, net 1,917,525

#### NET ASSETS:

Without donor restrictions		55,059,983
With donor restrictions		7,344,582

TOTAL NET ASSETS 62,404,565

TOTAL LIABILITIES AND NET ASSETS \$ 78,071,902

See notes to consolidated financial statements.

# BAY AREA COMMUNITY SERVICES, INC.

## CONSOLIDATED STATEMENT OF ACTIVITIES

### FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUE:</b>			
Government support and contracts	\$ 68,977,752	\$ 4,722,278	\$ 73,700,030
Contributions	7,574,533	1,934,457	9,508,990
Per member per month services	1,752,000	-	1,752,000
Other support and case management services	773,592	-	773,592
Rent and property management fees	714,431	-	714,431
Private insurance claims	34,852	-	34,852
Miscellaneous	207,262	-	207,262
Interest	802	-	802
Investment return	(29,097)	-	(29,097)
Net assets released from restrictions	1,337,370	(1,337,370)	-
	<b>81,343,497</b>	<b>5,319,365</b>	<b>86,662,862</b>
<b>EXPENSES:</b>			
Program services	67,758,087	-	67,758,087
Supporting services:			
Administrative	7,307,299	-	7,307,299
Fundraising	113,805	-	113,805
	<b>75,179,191</b>	<b>-</b>	<b>75,179,191</b>
<b>CHANGE IN NET ASSETS</b>	<b>6,164,306</b>	<b>5,319,365</b>	<b>11,483,671</b>
NET ASSETS, beginning of year	35,166,215	2,025,217	37,191,432
PRIOR PERIOD ADJUSTMENTS	13,729,462	-	13,729,462
NET ASSETS, end of year	<b>\$ 55,059,983</b>	<b>\$ 7,344,582</b>	<b>\$ 62,404,565</b>

See notes to consolidated financial statements.

## BAY AREA COMMUNITY SERVICES, INC.

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

#### FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services		Total
	Housing	Social Services	Total	Administrative	Fundraising	
Salaries and related expenses:						
Salaries and wages	\$ 12,716,202	\$ 14,584,050	\$ 27,300,252	\$ 2,321,090	\$ 74,993	\$ 29,696,335
Employee benefits	1,735,922	1,658,388	3,394,310	510,175	2,296	3,906,781
Payroll taxes	974,449	1,046,393	2,020,842	273,933	5,147	2,299,922
Total salaries and related expenses	15,426,573	17,288,831	32,715,404	3,105,198	82,436	35,903,038
Client services	19,334,662	2,823,341	22,158,003	6,402	-	22,164,405
Supplies	1,708,568	1,097,741	2,806,309	308,825	424	3,115,558
Repairs and maintenance	972,626	1,643,838	2,616,464	319,875	-	2,936,339
Professional fees	84,255	2,280,947	2,365,202	350,846	28,535	2,744,583
Information technology	318,573	384,127	702,700	932,100	-	1,634,800
Utilities	705,289	246,256	951,545	84,152	-	1,035,697
Insurance	453,055	344,549	797,604	127,334	772	925,710
Settlement expenses	-	-	-	910,000	-	910,000
Depreciation	597,571	152,405	749,976	11,801	-	761,777
Travel	237,767	354,280	592,047	124,770	214	717,031
Rent and storage	139,789	419,016	558,805	36,583	-	595,388
Conferences, training, and meetings	28,811	111,057	139,868	282,452	-	422,320
Telephone and internet	135,873	161,006	296,879	41,962	658	339,499
Printing	12,534	17,868	30,402	242,289	389	273,080
Property taxes	192,282	11,892	204,174	31	-	204,205
Miscellaneous expenses	-	-	-	220,555	-	220,555
Interest expense	-	-	-	145,811	-	145,811
Licenses and fees	27,946	8,535	36,481	35,342	-	71,823
Dues and subscriptions	5,629	30,595	36,224	6,019	377	42,620
Bank fees	-	-	-	14,952	-	14,952
Total expenses	<u>\$ 40,381,803</u>	<u>\$ 27,376,284</u>	<u>\$ 67,758,087</u>	<u>\$ 7,307,299</u>	<u>\$ 113,805</u>	<u>\$ 75,179,191</u>

See notes to consolidated financial statements.

# BAY AREA COMMUNITY SERVICES, INC.

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from government support and contracts	\$ 75,029,660
Receipts from contributions	9,476,098
Per member per month services	1,752,000
Other support and case management services	1,476,266
Rent and property management fees	714,431
Private insurance claims	34,852
Miscellaneous income	207,262
Interest	802
Payments to employees and related costs	(35,609,953)
Payments to suppliers/others	<u>(37,184,716)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>15,896,702</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on long term debt	<u>(1,030,438)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,030,438)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	
	14,866,264
CASH AND CASH EQUIVALENTS, beginning of year	
	<u>8,466,740</u>
CASH AND CASH EQUIVALENTS, end of year	
	<u>\$ 23,333,004</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET	
CASH FLOWS FROM OPERATING ACCOUNTS:	
Change in net assets	\$ 11,483,671
Adjustments to reconcile change in net assets to net cash	
provided by operating activities:	
Depreciation	761,777
Donated stock	(60,092)
Unrealized gains/losses on investments	29,095
(Increase) decrease in assets:	
Accounts receivable	702,674
Grants receivable	578,584
Prepaid Expenses	8,792
Deposits	(433,089)
Contributed Real Estate	27,200
457(b) Plan assets	(305,357)
Increase (decrease) in liabilities:	
Accounts payable	1,437,795
Accrued payroll and related expenses	293,085
Accrued expenses	(635,007)
Accrued litigation settlement	910,000
Tenant deposits	41,171
457(b) Plan liabilities	305,357
Deferred revenue	<u>751,046</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 15,896,702</u>

See notes to consolidated financial statements.



# BAY AREA COMMUNITY SERVICES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – JUNE 30, 2022

### **Note 1. ORGANIZATION AND NATURE OF ACTIVITIES:**

Bay Area Community Services, Inc., the "Organization," was founded in 1953 and incorporated in 1969 as a California tax-exempt, non-profit corporation. The Organization was established to provide a variety of behavioral health, housing, and social services to individuals including teens, adults, older adults and families. The Organization is funded principally by contracts from various government agencies. It also receives support from foundations, individual donation and client fees. The Organization is committed to improve the quality of life for individuals in Alameda County, Contra Costa County, Monterey County, Sacramento County, San Francisco, Solana County and the surrounding area in the state of California.

The Organization's programs and various projects consist of the following:

#### Housing - Focused Services:

- Residential and housing navigation – rapid re-housing that helps people transition from encampments to housing with the goal of moving people off the streets into on-site housing where various mental health, hygiene, health, and job need support can be provided. Funding is provided by the California cities of Berkeley, Salinas, Hayward, Fremont, Oakland, Richmond and Sacramento.
- Homelessness prevention – provides emergency financial assistance, housing problem solving and support services, and landlord-tenant relationship support for people currently housed but at risk of losing their housing. Funding is provided by various private and foundation donations as well as the California cities of Emeryville, Hayward, Oakland, Fremont and San Francisco. Programs include Keep Oakland Housed, Keep Everyone Housed, Oakland Shallow Subsidy Program, and Hayward Shallow Subsidy Program.
- Housing Fast – provides interim housing and support services to single adult homeless individuals with a determined focus on finding permanent housing. Sites include the Henry Robinson Multi-Service Center, Holland Hotel, Don Brown Center, Berkeley STAIR Center, Hayward Navigation Center, Fremont Navigation Center, Delta Landing, and the SHARE Center. Housing Fast programs are in Alameda County, Contra Costa County, and Monterey County. The Henry H. Robinson Multi-Service Center and the Holland Hotel services are partially funded by a U.S. Department of Housing and Urban Development ("HUD") Continuum of Care grant under the Housing and Community Development of Act of 1974, by the City of Oakland and Alameda County. The Don Brown Center services are funded in partnership with Contra Costa Behavioral Health. Remaining funding for services is received from various private and foundation donations.
- Housing resource centers – housing hubs that coordinate all County resources to connect high need individuals with housing. Includes housing navigation services, streamlined access to shelters and housing, legal workshops, and more.
- Landlord liaison and housing subsidy management – Incentive and support to help landlords fill their units with people who might otherwise struggle to access housing, while partnering with landlords to open more units to people with complex needs. Provide some rental assistance, access to incentive funds, transitional and ongoing support for tenants, mediation for landlord/tenant relationships, and a 24/7 hotline for emergencies. Funding is provided by Alameda County.

# BAY AREA COMMUNITY SERVICES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – JUNE 30, 2022

### **Note 1. ORGANIZATION AND NATURE OF ACTIVITIES (Continued):**

#### Housing - Focused Services (Continued):

- Medical respite and recuperative care – provides an opportunity for homeless and housing insecure populations to recuperate from illness or injury in a clean and safe setting after being discharged from hospital care. Services are provided in Alameda County. Funding is provided by various private, foundations and nonprofit organizations.
- Project Reclamation – provides housing and support services to people with complex needs who would otherwise be homeless or unstably housed, who need support to live independently in the community. Funding is provided by various grants, rental and services fees. Services and activities are provided by East Bay Transitional Homes, Inc. and Bay Area Community Services Housing Corporation. Both are related legal corporations established by BACS to support housing services as well as the Housing and Urban Development (HUD) section 202 housing project.

#### Social Services:

- Case management – provides clinical care coordination such as assessment, treatment, and brokerage to numerous community resources to individuals with severe and persistent mental illness. Funding is provided by the county of origin for the person served in Hayward, Oakland, Vallejo, Richmond, and Concord, California.
- IPS supported employment – support employment services based in the individualized placement and support (IPS) evidence-based model, supporting people with complex needs, behavioral health challenges, co-occurring disorders, and/or who are experiencing homelessness to find and maintain competitive, satisfying employment. Funding is provided by Alameda County Behavioral Health.
- Re-entry treatment – Provides integrated, comprehensive support including mental health services, substance use services, and housing support services with the goal of reducing the recidivism of justice-involved adults who are experiencing mental health issues and/or substance use issues.
- Crisis Residential Treatment / Crisis Stabilization Unit – residential services to individuals who are experiencing active psychiatric distress, who may have just left emergency psychiatric hospitalization, or who need support to avoid hospitalization. Programs in Oakland, Hayward, and Vallejo.
- Crisis Navigation – provides mobile outreach and crisis intervention services to community members of all ages. CNP strives to meet people "where they are at" and provides short-term navigation services for up to 60 days including a "warm hand-off" to ongoing mental health services. Program provided in partnership with and funding from Sacramento County.
- Wellness Centers – provide a constellation of wellness and recovery services to individuals with behavioral health challenges. The services include wellness recovery action plans, employment services, case management, psychiatric and community integration. Activities provide hope or individuals and support empowerment, self-responsibility, and achieving a meaningful role in life. Funding is provided by Alameda County Behavioral Health Care Services and by contributions from private donors, foundations and nonprofit organizations.

# BAY AREA COMMUNITY SERVICES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – JUNE 30, 2022

### Note 1. ORGANIZATION AND NATURE OF ACTIVITIES (Continued):

#### Social Services (Continued):

- Success At Generating Empowerment (SAGE) – provides support to adults living with mental health illnesses who are in the process of obtaining social security benefits and who need case management and care coordination to help stay engaged until benefits are obtained. Funding is provided by Alameda County Behavioral Care Services.

#### Housing and Social Services:

- Full-service partnerships – help community members who need the most assistance, supporting individuals in every aspect of life, breaking mental health, housing, and community barriers that hold people back. Combines community-based housing and financial support, intensive mental health care, case management, substance abuse, primary care, and psychiatric support. Funding is provided by Alameda County Behavioral Health Care Services.

### Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### Principles of consolidation:

The accompanying consolidated financial statements include the accounts of Bay Area Community Services, Inc., East Bay Transitional Homes, Inc., Bay Area Community Services Housing Corporation, and Adolescent Treatment Center dba Thunder Road, and Bay Area Community Services Technology Corporation. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

#### Basis of accounting:

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when rights to receive them are earned, or when services have been provided, and expenditures are recorded when an obligation to pay is incurred.

#### Basis of presentation:

The Organization reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

***Net assets without donor restriction*** – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

***Net assets with donor restriction*** – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

#### Net assets released from donor restriction:

Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

## BAY AREA COMMUNITY SERVICES, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – JUNE 30, 2022

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

##### Other basis of presentation policies:

Revenues or support are reported as increases in net assets without donor restriction unless subject to donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless restricted by explicit donor stipulation or by law.

##### Revenue recognition:

###### Government support contracts:

The Organization receives various cost reimbursement grant agreements. The Organization recognizes grant revenue as expenses are incurred. A receivable is recognized to the extent that services are provided but yet to be collectible. The grantor may at their discretion request reimbursement for expenses or return of funds, or both by the Organization as a result of noncompliance with the terms of the grant.

###### Contributions and grants:

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Fees and grants from governmental agencies that are deemed to be exchange transactions and are therefore not treated as contributions.

##### Contributed property and equipment:

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

##### Donated services:

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Additionally, volunteers donate a significant amount of time to the Organization's program services. The fair value of these donated services are not recognized in the statement of activities since they do not meet the criteria for recognition under generally accepted accounting principles.

## BAY AREA COMMUNITY SERVICES, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – JUNE 30, 2022

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

##### Rent and property management services:

Rental and property management income is recognized as rent becomes due and management services are performed. Income received in advance are deferred until earned.

##### Per member per month services:

Income is recorded as earned for “per member per month” (PMPM) services. Amounts earned are based on contracts with various county contracts and private contracts that pay at a fixed rate of one PMPM served. The services range from case management, housing enrollment, medical coverage enrollment and support, and medical respite care.

##### Other support and case management services:

Income is recorded as earned for other support and case management services. Amounts earned are based on contracts with various county contracts and a private contract to provide services. The services covers expenses for staffing, development, operating, and data sharing of the Regional Homelessness Prevention Network. Services provided are administering rental and utility payment assistance, support services and case management, housing enrollment, medical coverage enrollment and support, and medical respite care.

##### Private insurance:

Income is recorded as earned for private insurance billings. Revenue generated from private insurance are for services provided but not covered by Medi-Cal as the participant are covered through another medical insurance company.

##### Cash and cash equivalents:

Cash and cash equivalents include all monies in accounts and highly liquid investments with maturity dates of less than three months. Cash equivalents include short-term interest-bearing investments in money market and liquid asset accounts. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

##### Accounts receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management believes that all significant accounts receivable are collectible; therefore, no provision has been made for an allowance for doubtful accounts.

##### Grants receivable:

Grants receivable are stated at the amount management expects to collect from outstanding balances due from government agencies for services performed. It is the Organization’s policy to charge off uncollectible receivables when management determines the receivable will not be collected. Management believes all grants receivable are fully collectible; therefore, no allowance for doubtful accounts has been included in the consolidated financial statements.

##### Property and equipment:

Property and equipment is recorded at cost if purchased and at fair market value on the date of donation if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets for periods of 5 to 39 years. The Organization capitalizes individual assets with cost of \$5,000 or greater.

## BAY AREA COMMUNITY SERVICES, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – JUNE 30, 2022

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

##### Income taxes:

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying consolidated financial statements. In addition, the Internal Revenue Service has determined the Organization is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Organization’s status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Organization’s tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

##### Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services. Program service expenses are tracked on a project-by-project basis, and those costs not directly associated with a project are allocated to administration and general expenses. Such allocations are determined by management on an equitable basis.

##### Recent accounting pronouncements:

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The new standard will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their Consolidated Statement of Financial Position for all leases with lease terms longer than twelve months. The standard will be effective for non-public business entities for fiscal years beginning after December 15, 2021, with early application permitted. The Organization intends to implement this guidance in the subsequent year.

##### Subsequent events:

In preparing these consolidated financial statements, the Organization’s management has evaluated events and transactions for potential recognition or disclosure through April 5, 2023, the date the consolidated financial statements were available for issuance.

#### **Note 3. NATURE OF ESTIMATES:**

The preparation of consolidated 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.

# BAY AREA COMMUNITY SERVICES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – JUNE 30, 2022

### **Note 4. CONCENTRATIONS OF CREDIT RISK:**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and marketable securities. The Organization maintains its cash in FDIC-insured bank accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization attempts to limit its credit risk associated with cash balances by utilizing financial institutions that are well capitalized and highly rated. The Organization had \$24,328,363 in funds that exceeded FDIC limits at June 30, 2022.

During the year ended June 30, 2022, 81% of the Organization's receivables were from various contracts with two counties. The amount due from these counties totaled \$16,610,360, for the year ended June 30, 2022. The Organization received approximately 42% of its revenue from three counties for the year ended June 30, 2022. The amount received totaled \$36,212,762 for the year ended June 30, 2022.

### **Note 5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, that are available for operations. The Organization's goal is generally to maintain enough financial assets to administer and preserve the various properties used in its program for 60-90 days. Normal operating expenses are on average \$6,200,000 per month. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization also has two lines of credit with availability to draw \$2.175 million if needed. Financial assets available are reduced by amounts not available for general use due to donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year-end:	
Cash and cash equivalents	\$ 23,333,004
Accounts receivable	914,506
Grants receivable	19,470,762
Investments	157,285
	<hr/>
Total	43,875,557
Less those unavailable for general expenditures within one year due to:	
Restricted by donor with time or purpose restrictions	(7,344,582)
	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	\$ 36,530,975
	<hr/> <hr/>

## BAY AREA COMMUNITY SERVICES, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – JUNE 30, 2022

**Note 6. PROPERTY AND EQUIPMENT:**

Property and equipment consist of the following at June 30, 2022:

Land	\$	8,903,219
Building and improvements		29,779,597
Furniture and fixtures		108,686
Vehicles		52,169
Less: accumulated depreciation		(5,674,654)
		<u>\$ 33,169,017</u>

Depreciation expense was \$761,777 for the year ended June 30, 2022.

**Note 7. LINE OF CREDIT:**

The Organization has two open unsecured lines of credit totaling \$2.175 million, with an interest of approximately 7% with an expiration on the line at April 30, 2023. The line is renewed annually. There was no balance due on the line at June 30, 2022.

**Note 8. LITIGATION SETTLEMENT:**

In June 2021, the Organization was named as a defendant in a first amendment complaint filed by a former employee of the Organization. The suit alleged the Organization had violated several wage and hour laws to a class of current and former employees. The Organization has denied it is liable for the claims but the parties have reached an agreement to settle the lawsuit. The agreement is currently awaiting court approval but is expected to be approved. The settlement amount to be paid is \$875,000 plus roughly \$35,000 in payroll taxes. The settlement will pay for plaintiff attorney fees, enhanced payment to the plaintiff, administrator fees, and penalties to the state. All remaining amounts after these fees will be distributed amongst non-exempt employees who worked for the Organization between April 2017 through November 2022. The amounts will be paid out to non-exempt employees on a pro-rata basis to total workweeks worked for the Organization.



## BAY AREA COMMUNITY SERVICES, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – JUNE 30, 2022

**Note 9. LONG TERM DEBT:**

Long term debt consisted of the following at June 30, 2022:

Mortgage payable from State of California Housing and Community development, with an interest rate of 3%, secured by the Kenedy Ave., Livermore properties, with \$6,300 annual interest payments accrued. Entire principal and interest balance due June 1, 2041.	\$ 210,000
Mortgage payable from U.S. Department of Housing and Urban Development, with an interest rate of 9.25%, secured by Humphrey Lane - 79th Ave. property, with monthly principal and interest payments of \$3,935 and balance due May 1, 2025.	120,303
Mortgage payable from City of Oakland with an interest rate of 3%, secured by Humphrey Lane - 79th Ave. property, with \$1,500 annual interest payments only. Entire principal and interest balance due December 31, 2027.	50,000
Capital improvement loan payable from a City of San Leandro with an interest rate of 3%, secured by Nevin House property in Concorad, Contra Costa County. \$2,500 is forgiven annually and interest due annually with balance fully forgiven in June 2028.	7,500
Paycheck protection program loan with an interest rate of 4%, monthly payments of interest and principal of \$45,124, total balance due September 30, 2026.	<u>2,110,124</u>
Total long term debt	2,497,927
Less current maturities	<u>(580,402)</u>
Total	<u><u>\$ 1,917,525</u></u>

The future scheduled maturities of long term debt are as follows:

Years Ending June 30,		
2023	\$	580,402
2024		584,037
2025		584,078
2026		486,910
2027		1,250
Thereafter		<u>261,250</u>
	<u>\$</u>	<u><u>2,497,927</u></u>

## BAY AREA COMMUNITY SERVICES, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – JUNE 30, 2022

**Note 10. NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions are as follows at June 30, 2022:

	<u>June 30, 2021</u>	<u>Contributions</u>	<u>Released From Restrictions</u>	<u>June 30, 2022</u>
<b>Specific purpose:</b>				
<u>Supported independent living:</u>				
SIL-Admin	\$ -	\$ 20,050	\$ -	\$ 20,050
Housing Corp Plymouth St	-	150,000	-	150,000
<u>Wellness centers:</u>				
Towne House Wellness Center	52,976	13,450	-	66,426
HEDCO	200	250	-	450
Valley Wellness Center	13,444	-	-	13,444
South County Wellness Center	1,500	-	-	1,500
Wellness PF	-	110,524	(1,788)	108,736
<u>Homelessness prevention:</u>				
Shallow Subsidy Program	230,884	1,513,000	(777,301)	966,583
Hayward Housing Prevention	-	30,922	(18,203)	12,719
Housing SF Foundation	499,951	4,774,164	(491,695)	4,782,420
<u>Housing projects:</u>				
Fremont Navigation Center	30,700	650	(335)	31,015
Richmond Contra Costa Homeless	185,711	-	(5,919)	179,792
Hayward Navigation Center	-	5,000	(3,404)	1,596
Housing Project Fund	401,086	-	-	401,086
Housing - Kaiser	608,565	-	-	608,565
Salinas Share Center	-	8,725	(8,725)	-
North County HRC	200	-	-	200
Housing Corp	-	30,000	(30,000)	-
	<u>\$ 2,025,217</u>	<u>\$ 6,656,735</u>	<u>\$ (1,337,370)</u>	<u>\$ 7,344,582</u>

**Note 11. OPERATING LEASES:**

The Organization held approximately 16 operating leases for properties and equipment through 2026. Rent expenses for the leases totaled approximately \$264,265, for the year ended June 30, 2022.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2022, are:

<u>Year Ending June 30,</u>	
2023	\$ 412,729
2024	267,800
2025	253,110
2026	21,157
	<u>\$ 954,796</u>

## BAY AREA COMMUNITY SERVICES, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – JUNE 30, 2022

**Note 12. RETIREMENT (403B AND 457B PLAN):**

The Organization offers a 403(b) plan to eligible employees. Employees are eligible for participation in the Plan after completion of one year of employment and regularly works twenty plus hours per week. All employer matches contributions are subject to a four year vesting period. The match is not guaranteed and is subject to annual adjustments but typically averages approximately 3%.

The Organization offers a 457(b) plan to eligible employees. 457(b) plan assets and liabilities totaled \$305,357, at June 30, 2022.

Total contributions to both plans amounted to \$320,250 for the year ended June 30, 2022.

**Note 13. COMMITMENTS AND CONTINGENCIES:**

In the normal course of business, there are outstanding various commitments and contingent liabilities, such as commitments to enter into and/or renew contracts related to ongoing operations, which are not reflected in the consolidated financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) contractual restrictions and donor conditions which obligate the Organization to fulfill certain requirements as set forth in legal instruments, (b) funding levels which vary based on factors beyond the Organization's control, such as general economic conditions, (c) employment and service agreements with key management personnel, and (d) financial risks associated with funds on deposited in accounts at financial institutions. Management believes that such commitments or contingencies have been properly addressed, appropriate amounts have been accrued (where necessary), and there will not be any resolution with a material adverse effect on the consolidated financial statements. Certain of the grants and contracts are subject to audit and final acceptance by the granting agency.

**Note 14. PRIOR PERIOD ADJUSTMENT:**

Certain errors resulting in an overstatement of previously reported deferred revenue and depreciation were discovered during the current year. The Organization failed to treat non-reciprocal grants in accordance with ASU 2018-08 resulting in deferred revenue being overstated and net assets understated by \$12,089,960. The resulting changes increased government support and contract revenue by \$7,565,380 for the year ended June 30, 2021. Additionally, it was noted that the Organization had assets that were not being correctly depreciated over the assets useful life. Accordingly, an adjustment was made to accumulated depreciation and net assets to decrease accumulated depreciation and increase net assets by \$1,639,502. The resulting changes decreased depreciation expense by \$101,249 for the year ended June 30, 2021. Overall net effect of these adjustments was increase in net assets of \$7,464,131 for the year June 30, 2021. The cumulative effect of these changes increased net assets by \$13,729,462 as of June 30, 2021.

**BAY AREA COMMUNITY SERVICES, INC.**

**SUPPLEMENTARY INFORMATION**

**BAY AREA COMMUNITY SERVICES, INC.**

**SCHEDULE OF OPERATIONS BY PROCUREMENT CONTRACT FOR ALAMEDA COUNTY**

**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Contract #</b>	<b>19851</b>	<b>16713</b>	<b>22374</b>	<b>15768</b>	<b>22758</b>	<b>21665</b>	<b>21806</b>	
<b>Type</b>	<b>Mental Health Services</b>	<b>Prop 47 Re-entry Treatment</b>	<b>Access Point</b>	<b>Landlord Liaison</b>	<b>Fsp Full Services Partnership</b>	<b>Re-Entry Treatment Tram Cohort 2</b>	<b>Welcome Home Full Consolidation</b>	<b>Total</b>
<b>Support and revenue</b>								
Government support	\$ 14,428,251	\$ 569,871	\$ 1,176,866	\$ 3,026,849	\$ 9,365,159	\$ 620,663	\$ 2,295,043	\$ 31,482,702
<b>Total support and revenue</b>	<b>14,428,251</b>	<b>569,871</b>	<b>1,176,866</b>	<b>3,026,849</b>	<b>9,365,159</b>	<b>620,663</b>	<b>2,295,043</b>	<b>31,482,702</b>
<b>Expenses</b>								
Salaries and wages	7,241,000	-	405,477	227,035	3,523,898	479,582	201,480	12,078,472
Client services	1,081,946	558,516	587,391	2,298,017	1,406,288	395,052	1,861,198	8,188,408
Indirect expenses	1,298,972	58,164	102,326	270,108	851,378	36,861	213,813	2,831,622
Professional services	754,024	-	-	-	1,252,071	-	-	2,006,095
Repairs and maintenance	416,263	5,183	1,756	17,556	1,127,504	-	6,256	1,574,518
Employee benefits	704,002	-	73,788	68,915	408,976	25,373	16,873	1,297,927
Rent	891,783	-	15,000	90,000	214,623	-	-	1,211,406
Payroll taxes	522,227	-	28,173	19,308	287,806	21,931	16,882	896,327
Supplies	600,140	34	538	620	55,394	4,391	-	661,117
Travel	180,853	-	7,931	9,692	118,390	7,645	-	324,511
Insurance	175,300	500	(2,411)	(932)	42,126	3,588	5,268	223,439
Utilities	153,434	-	315	-	384	-	-	154,133
Telephone and internet	88,345	-	4,099	4,150	28,499	263	-	125,356
Depreciation	114,597	-	-	-	-	-	-	114,597
Conferences and meetings	86,487	-	4,350	1,650	13,292	-	-	105,779
Information technology	76,883	-	485	1,600	18,468	-	-	97,436
Dues	16,458	-	1,000	-	11,740	-	-	29,198
Printing	11,509	-	71	426	4,078	381	-	16,465
Property taxes	6,174	-	-	-	-	-	-	6,174
Licenses and fees	4,309	-	-	-	220	-	-	4,529
Miscellaneous expenses	-	-	-	-	23	-	-	23
<b>Total expenses</b>	<b>14,424,706</b>	<b>622,397</b>	<b>1,230,289</b>	<b>3,008,145</b>	<b>9,365,158</b>	<b>975,067</b>	<b>2,321,770</b>	<b>31,947,532</b>
<b>Excess of revenue over expenses</b>	<b>\$ 3,545</b>	<b>\$ (52,526)</b>	<b>\$ (53,423)</b>	<b>\$ 18,704</b>	<b>\$ 1</b>	<b>\$ (354,404)</b>	<b>\$ (26,727)</b>	<b>\$ (464,830)</b>

See independent auditors' report.

**BAY AREA COMMUNITY SERVICES, INC.**

**SCHEDULE OF OPERATIONS BY PROCUREMENT CONTRACT FOR CONTRA COSTA COUNTY**

**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Contract #</b>	25-093	25-091	25-090	25-085-4 & 25-090	24-385-51	24751	24751	
<b>Type</b>	<b>261 - Hilltop - Mariott</b>	<b>264-Contra Costa - Rapid Re-Housing</b>	<b>Delta Landing - Pitts Motel 6</b>	<b>277-Richmond CCC Homeless Respite Best Western</b>	<b>370 - Don Brown Shelter</b>	<b>380 - Nevin House</b>	<b>390 - NIERIKA HOUSE</b>	<b>Total</b>
<b>Support and revenue</b>								
Government support	\$ 1,612,029	\$ 1,096,996	\$ 3,345,677	\$ 591,732	\$ 965,268	\$ 501,565	\$ 736,555	\$ 8,849,822
<b>Total support and revenue</b>	<b>1,612,029</b>	<b>1,096,996</b>	<b>3,345,677</b>	<b>591,732</b>	<b>965,268</b>	<b>501,565</b>	<b>736,555</b>	<b>8,849,822</b>
<b>Expenses</b>								
Salaries and wages	1,097,716	321,773	1,506,718	397,126	497,997	265,291	371,876	4,458,497
Client services	8,489	756,474	417,571	-	-	3,630	1,791	1,187,955
Supplies	25,762	3,032	630,965	21,526	71,214	52,912	35,423	840,834
Indirect expenses	146,568	119,007	300,365	54,332	88,698	41,653	72,343	822,966
Employee benefits	172,255	37,833	195,430	59,040	162,734	67,577	44,769	739,638
Payroll taxes	88,134	26,920	124,115	34,158	41,824	23,299	32,550	371,000
Insurance	37,808	7,620	48,139	17,803	34,771	15,138	14,250	175,529
Rent	-	-	-	-	505	-	91,200	91,705
Repairs and maintenance	9,313	1,377	2,736	2,231	31,280	9,212	26,550	82,699
Professional services	-	-	752	-	608	-	75,162	76,522
Travel	5,568	9,520	33,996	8,491	2,732	684	3,220	64,211
Utilities	-	-	-	-	29,070	13,402	11,532	54,004
Information technology	11,396	776	32,149	952	2,837	437	2,157	50,704
Telephone and internet	8,541	958	14,982	2,383	8,366	7,393	6,337	48,960
Licenses and fees	-	7,992	7,612	(483)	-	1,199	908	17,228
Conferences and meetings	35	1,693	1,650	-	109	240	749	4,476
Dues	-	-	-	-	750	750	750	2,250
Printing	697	202	475	92	113	-	168	1,747
Bank fees	-	-	-	-	12	-	-	12
Property taxes	-	-	-	-	2,187	(3,932)	-	(1,745)
<b>Total expenses</b>	<b>1,612,282</b>	<b>1,295,177</b>	<b>3,317,655</b>	<b>597,651</b>	<b>975,807</b>	<b>498,885</b>	<b>791,735</b>	<b>9,089,192</b>
<b>Excess of revenue over expenses</b>	<b>\$ (253)</b>	<b>\$ (198,181)</b>	<b>\$ 28,022</b>	<b>\$ (5,919)</b>	<b>\$ (10,539)</b>	<b>\$ 2,680</b>	<b>\$ (55,180)</b>	<b>\$ (239,370)</b>

See independent auditors' report.

**BAY AREA COMMUNITY SERVICES, INC.**

**SCHEDULE OF OPERATIONS BY PROCUREMENT CONTRACT FOR SOLANO COUNTY**

**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Contract #</b>	<b>03762-23</b>	<b>03674-21</b>	
<b>Type</b>	<b>303-SOLANO - TRANSITIONAL HOUSING</b>	<b>320-SOLANO- CRT ROSEWOOD</b>	<b>Total</b>
<b>Support and revenue</b>			
Government support	\$ 213,167	\$ 1,378,834	\$ 1,592,001
Rent revenue	7,610	-	7,610
<b>Total support and revenue</b>	<b>220,777</b>	<b>1,378,834</b>	<b>1,599,611</b>
<b>Expenses</b>			
Salaries and wages	99,120	877,767	976,887
Indirect expenses	22,468	142,575	165,043
Professional services	-	157,211	157,211
Employee benefits	8,701	118,386	127,087
Supplies	18,022	81,329	99,351
Payroll taxes	8,362	73,504	81,866
Utilities	29,251	26,227	55,478
Insurance	7,393	33,450	40,843
Repairs and maintenance	3,876	24,559	28,435
Property taxes	13,260	7,463	20,723
Telephone and internet	4,764	13,626	18,390
Client services	17,167	482	17,649
Depreciation	10,480	-	10,480
Information technology	3,193	6,650	9,843
Travel	205	1,823	2,028
Licenses and fees	-	1,899	1,899
Printing	31	605	636
Conferences and meetings	-	183	183
Dues	-	57	57
<b>Total expenses</b>	<b>246,293</b>	<b>1,567,796</b>	<b>1,814,089</b>
<b>Excess of revenue over expenses</b>	<b>\$ (25,516)</b>	<b>\$ (188,962)</b>	<b>\$ (214,478)</b>

See independent auditors' report.

**BAY AREA COMMUNITY SERVICES, INC.**  
**SCHEDULE OF OPERATIONS BY PROCUREMENT CONTRACT FOR**  
**MONTEREY COUNTY**

**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Contract #</b>	5010-153
<b>Type</b>	<u>Share Center</u>
<b>Support and revenue</b>	
Government support	<u>\$ 2,342,295</u>
<b>Total support and revenue</b>	<u>2,342,295</u>
<b>Expenses</b>	
Salaries and wages	1,116,404
Client services	287,800
Supplies	258,681
Indirect expenses	214,662
Employee benefits	94,334
Payroll taxes	90,919
Repairs and maintenance	89,969
Travel	62,799
Utilities	60,812
Insurance	39,101
Rent	13,284
Professional services	11,932
Telephone and internet	9,312
Information technology	6,918
Licenses and fees	3,415
Printing	925
Conferences and meetings	<u>15</u>
<b>Total expenses</b>	<u>2,361,282</u>
<b>Excess of revenue over expenses</b>	<u>\$ (18,987)</u>

See independent auditors' report.



**BAY AREA COMMUNITY SERVICES, INC.**

**SCHEDULE OF OPERATIONS BY PROCUREMENT CONTRACT FOR SACRAMENTO COUNTY**

**FOR THE YEAR ENDED JUNE 30, 2022**

Contract #	7202900-22-135		DHA-PRTS-BACS-01-22		Total
	268-SACRAMENTO CRISIS NAV	700-HOUSING FOR HEALTHY CA	701-CORE		
<b>Support and revenue</b>					
Government support	\$ 1,464,384	\$ 187,301	\$ 896,400	\$ 2,548,085	
Rent revenue	-	8,238	-	8,238	
<b>Total support and revenue</b>	<u>1,464,384</u>	<u>195,539</u>	<u>896,400</u>	<u>2,556,323</u>	
<b>Expenses</b>					
Salaries and wages	883,868	54,524	125,898	1,064,290	
Information technology	14,881	388	272,472	287,741	
Rent	56,100	-	188,363	244,463	
Indirect expenses	128,835	19,354	74,446	222,635	
Supplies	34,041	5,915	176,742	216,698	
Client services	31,777	120,421	-	152,198	
Employee benefits	112,113	2,852	3,194	118,159	
Payroll taxes	70,861	4,354	9,778	84,993	
Travel	47,495	3,439	620	51,554	
Professional services	-	-	40,742	40,742	
Repairs and maintenance	16,015	-	2,087	18,102	
Insurance	4,447	1,596	1,578	7,621	
Utilities	5,377	52	-	5,429	
Telephone and internet	5,322	-	-	5,322	
Printing	2,304	-	480	2,784	
Dues and subscriptions	1,629	-	-	1,629	
Conferences, training and meetings	357	-	-	357	
<b>Total expenses</b>	<u>1,415,422</u>	<u>212,895</u>	<u>896,400</u>	<u>2,524,717</u>	
<b>Excess of revenue over expenses</b>	<u>\$ 48,962</u>	<u>\$ (17,356)</u>	<u>\$ -</u>	<u>\$ 31,606</u>	

See independent auditors' report.

**BAY AREA COMMUNITY SERVICES, INC.**  
**SCHEDULE OF OPERATIONS BY PROCUREMENT CONTRACT FOR**  
**SAN FRANCISCO COUNTY**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Type	<u>SF EHV HOUSING LOCATION</u>
<b>Support and revenue</b>	
Government support	<u>\$ 370,542</u>
<b>Total support and revenue</b>	<u>370,542</u>
<b>Expenses</b>	
Client services	281,780
Salaries and wages	89,065
Indirect expenses	40,159
Employee benefits	11,706
Payroll taxes	6,687
Travel	2,086
Printing	113
Dues and subscriptions	17
Bank fees	10
Supplies	<u>(11)</u>
<b>Total expenses</b>	<u>431,612</u>
<b>Excess of revenue over expenses</b>	<u><u>\$ (61,070)</u></u>

See independent auditors' report.

**BAY AREA COMMUNITY SERVICES, INC.**  
**SCHEDULE OF OPERATIONS BY PROCUREMENT CONTRACT FOR**  
**STATE OF CALIFORNIA**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Contract #	90-CHRP-R-047	90-HRL-S-307	
Type	260-LIVERMORE HOUSING / KENNEDY HOUSE	270-PLEASANTON HOUSING / RAILROAD	Total
<b>Support and revenue</b>			
Rent revenue	\$ 19,581	\$ 28,481	\$ 48,062
Interest income	47	95	142
<b>Total support and revenue</b>	<b>19,628</b>	<b>28,576</b>	<b>48,204</b>
<b>Expenses</b>			
Utilities	5,006	7,046	12,052
Repairs and maintenance	6,689	2,417	9,106
Interest	6,300	-	6,300
Insurance	1,270	2,744	4,014
Indirect expenses	2,098	1,627	3,725
Employee benefits	-	2,708	2,708
Professional services	902	1,460	2,362
Depreciation	718	910	1,628
Property taxes	1,002	305	1,307
Printing	-	57	57
<b>Total expenses</b>	<b>23,985</b>	<b>19,274</b>	<b>43,259</b>
<b>Excess of revenue over expenses</b>	<b>\$ (4,357)</b>	<b>\$ 9,302</b>	<b>\$ 4,945</b>

See independent auditors' report.

**BAY AREA COMMUNITY SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>DEPARTMENT OF THE TREASURY</u></b>			
Pass-Through City of Oakland			
ERAP funding	21.019	N/A	\$ 7,097,907
SRA2 funding	21.019	N/A	1,230,519
Homekey funding	21.019	N/A	1,132,730
Pass-Through City of Hayward			
Coronavirus Recovery Funds	21.027	N/A	1,986,316
<b>TOTAL DEPARTMENT OF THE TREASURY</b>			<b>11,447,472</b>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>			
Pass-Through Contra Costa County			
FEMA	97.036	N/A	426,792
<b>TOTAL DEPARTMENT OF THE TREASURY AND HOMELAND SECURITY</b>			<b>11,874,265</b>
<b><u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Direct program			
Section 8 -121-EH123 (Note A)	14.856	Loan	154,651
Pass-Through County of Alameda Housing Authority			
Lower Income Housing Assistance	14.856	CA39-K067	19,217
Subtotal Section 8 Project-Based Cluster			173,868
Direct program			
Lower Income Housing Assistance (Note C )	14.157	121-EH123	173,795
Pass-Through Community Development Block Grants:			
City of Berkeley	14.218	N/A	248,419
City of Oakland	14.218	N/A	291,665
City of San Leandro	14.218	N/A	1,250
Subtotal Community Development Block Grants			541,334
Pass through Emergency Solutions Grant:			
Contra Costa County	14.231	N/A	2,709,025
City of Berkeley	14.231	N/A	196,295
City of Salinas	14.231	N/A	1,144,549
Subtotal Emergency Solutions Grants			4,049,869
Pass through Continuum of Care:			
Alameda County	14.267	N/A	2,437,430
Pass through Supportive Housing:			
City of Oakland	14.235	N/A	2,014,817
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>9,391,113</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 21,265,378</b>

See notes to the schedule of expenditures and federal awards.

## BAY AREA COMMUNITY SERVICES, INC.

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - JUNE 30, 2022

**Note 1. BASIS OF PRESENTATION:**

The accompanying Schedule of Expenditures of Federal Awards includes the federal activity of Bay Area Community Services, Inc., "the Organization," for the year ended June 30, 2022 and is presented in the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. The Organization received federal awards that were passed through from various governmental agencies, which are included on the Schedule of Federal Awards.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E - Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization's significant accounting policies is presented in Note 2 in the Organization's basic consolidated financial statements.

Pass-through entity identifying numbers are presented where available.

**Note 3. RELATIONSHIP TO FINANCIAL STATEMENTS:**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with the amounts reported within the consolidated financial statements.

**Note 4. FEDERAL ASSISTANCE LISTING NUMBERS:**

The Program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or the 2022 Federal Assistance Listings.

**Note 5. INDIRECT COST RATE:**

The Organization has not elected to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

**Note 6. YEAR END LOAN BALANCES:**

Loan balances outstanding at year end are summarized as follows:

Department of Housing and Urban Development Section 8 loan	\$ 120,303
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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors  
Bay Area Community Services, Inc.

### **Reporting on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited Bay Area Community Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. Bay Area Community Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bay Area Community Services, Inc. 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, 2022.

#### **Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of Bay Area Community Services, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bay Area Community Services, Inc.'s compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bay Area Community Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bay Area Community Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bay Area Community Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

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

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

*Aprio, LLP*

San Francisco, California  
April 5, 2023



## 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  
Bay Area Community Services, Inc.

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 consolidated financial statements of Bay Area Community Services, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related consolidated notes to the financial statements, and have issued our report thereon dated April 5, 2023.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Bay Area Community Services, Inc.'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bay Area Community Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Bay Area Community Services, Inc.'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 consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

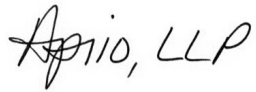
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bay Area Community Services, Inc.'s consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

Handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, flowing style.

San Francisco, California  
April 5, 2023

**BAY AREA COMMUNITY SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2022**

**SUMMARY OF AUDITORS' RESULTS:**

- 1) The auditors' report expresses an unmodified opinion on whether the consolidated financial statements of Bay Area Community Services, Inc. were prepared in accordance with GAAP.
- 2) No significant deficiencies disclosed during the audit of the consolidated financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
- 3) No instances of noncompliance material to the consolidated financial statements of Bay Area Community Services, Inc., 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 in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No significant deficiencies are reported.
- 5) The auditors' report on compliance for the major federal award programs for Bay Area Community Services, Inc. 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) reported in this schedule.
- 7) The programs tested as major federal award programs were:
  - Federal Agency: Department of Housing and Human Development  
CFDA: 14.235  
Program Titles: Supportive Housing
  - Federal Agency: Department of Housing and Human Development  
CFDA: 14.267  
Program Titles: Continuum of Care
  - Federal Agency: Department of Treasury  
CFDA: 21.027  
Program Titles: Coronavirus Recovery Funds
- 8) The threshold for distinguishing Types A and B programs was \$750,000.
- 9) Bay Area Community Services, Inc. qualified as a low-risk auditee.

**FINDINGS – CONSOLIDATED FINANCIAL STATEMENT AUDIT:**

None

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None