

BAY AREA COMMUNITY SERVICES, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2010
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2009**

**IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

**BAY AREA COMMUNITY SERVICES, INC.
 FINANCIAL STATEMENTS
 AND SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2010 WITH SUMMARIZED
COMPARATIVE TOTALS FOR 2009**

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IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bay Area Community Services, Inc.
Oakland, California

We have audited the accompanying statement of financial position of Bay Area Community Services, Inc. as of June 30, 2010 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Bay Area Community Services, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's 2009 financial statements and in our report dated December 15, 2009 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, issued by the Comptroller 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bay Area Community Services, Inc. as of June 30, 2010, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2010 on our consideration of Bay Area Community Service, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



San Francisco, California
November 1, 2010

BAY AREA COMMUNITY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

Assets:	<u>2010</u>	<u>2009</u>
Cash and cash equivalents (Note 2)	\$ 763,048	\$ 897,739
Accounts receivable	94,468	78,133
Support receivable - contracts	550,229	824,262
Inventory	12,866	6,728
Prepaid and deposits	147,631	130,892
Property and equipment (Note 3 and 13)	3,917,577	4,132,304
Contributed real estate	27,200	27,200
Total Assets	<u><u>\$ 5,513,019</u></u>	<u><u>\$ 6,097,258</u></u>
Liabilities and Net Assets:		
Accounts payable	\$ 203,453	\$ 171,663
Accrued liabilities	686,295	670,200
Client deposits	11,922	12,383
Short and long term debt	2,038,635	2,461,853
Total Liabilities	<u><u>\$ 2,940,305</u></u>	<u><u>\$ 3,316,099</u></u>
Net Assets		
Unrestricted	2,543,110	2,710,187
Temporarily restricted	29,604	70,972
Total Net Assets	<u><u>2,572,714</u></u>	<u><u>2,781,159</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 5,513,019</u></u>	 <u><u>\$ 6,097,258</u></u>

See notes to financial statements

BAY AREA COMMUNITY SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2009

	Unrestricted	Temporary Restricted	Permanently Restricted	2010 Total	2009 Total
PUBLIC SUPPORT AND OTHER REVENUE					
Public Support:					
Contributions	\$ 66,537	\$ 222,592	\$ -	\$ 289,129	\$ 218,489
Foundations	5,000	99,265	-	104,265	134,933
UnitedWay	503	-	-	503	582
Government contracts	6,396,264	-	-	6,396,264	6,390,097
Total public support	<u>6,468,304</u>	<u>321,857</u>	<u>-</u>	<u>6,790,161</u>	<u>6,744,101</u>
Other Revenue:					
Program service fee	839,563	-	-	839,563	850,335
Investment/interest income	4,642	-	-	4,642	4,976
Miscellaneous	364,564	-	-	364,564	273,482
In-kind contributions	151,180	-	-	151,180	310,430
Total other revenue	<u>1,359,949</u>	<u>-</u>	<u>-</u>	<u>1,359,949</u>	<u>1,439,223</u>
Net assets released from restriction (Note 8)	363,225	(363,225)	-	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>8,191,478</u>	<u>(41,368)</u>	<u>-</u>	<u>8,150,110</u>	<u>8,183,324</u>
EXPENSES					
Program services	7,191,632	-	-	7,191,632	7,679,549
Management and general	1,037,169	-	-	1,037,169	874,491
Fund-raising	129,754	-	-	129,754	142,573
TOTAL EXPENSES	<u>8,358,555</u>	<u>-</u>	<u>-</u>	<u>8,358,555</u>	<u>8,696,613</u>
CHANGE IN NET ASSETS	(167,077)	(41,368)	-	(208,445)	(513,289)
NET ASSETS, beginning of year	<u>2,710,187</u>	<u>70,972</u>	<u>-</u>	<u>2,781,159</u>	<u>3,294,448</u>
NET ASSETS, end of year	<u>\$ 2,543,110</u>	<u>\$ 29,604</u>	<u>\$ -</u>	<u>\$ 2,572,714</u>	<u>\$ 2,781,159</u>

See notes to the financial statements

BAY AREA COMMUNITY SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2009

	Program Services				Management and General	Fund-raising	2010 Total Expenses	2009 Total Expenses
	Mental Health	Older Adults	Total Programs					
EXPENSES:								
Salaries	\$ 2,273,674	\$ 1,128,090	\$ 3,401,764	\$ 462,875	\$ 88,371	\$ 3,953,010	\$ 4,188,411	
Employee benefits	285,588	172,310	457,898	39,111	6,605	503,614	577,660	
Payroll taxes	230,704	115,511	346,215	46,575	8,726	401,516	349,843	
Contracted services	105,638	133,488	239,126	120,259	1,794	361,179	385,464	
Supplies	111,231	607,097	718,328	3,966	244	722,538	800,040	
Telephone	65,314	17,216	82,530	14,918	3,962	101,410	101,071	
Postage	2,734	3,412	6,146	1,799	2,290	10,235	12,925	
Occupancy	434,245	169,277	603,522	118,656	5,898	728,076	673,167	
Equipment	65,142	48,022	113,164	67,028	2,206	182,398	191,872	
Printing and publications	6,894	3,063	9,957	2,162	9,002	21,121	44,122	
Transportation	68,289	306,679	374,968	4,715	312	379,995	334,989	
Conferences	33,323	8,034	41,357	1,532	344	43,233	70,406	
Client services	375,618	-	375,618	-	-	375,618	290,479	
Insurance	31,417	3,623	35,040	7,928	-	42,968	44,576	
Interest	-	10,301	10,301	33,271	-	43,572	10,519	
Miscellaneous	44,502	3,813	48,315	3,412	-	51,727	75,382	
In-kind	-	151,180	151,180	-	-	151,180	310,430	
EXPENSES BEFORE DEPRECIATION	4,134,313	2,881,116	7,015,429	928,207	129,754	8,073,390	8,461,356	
DEPRECIATION OF BUILDINGS AND EQUIPMENT	159,519	16,684	176,203	108,962	-	285,165	235,257	
TOTAL EXPENSES	\$ 4,293,832	\$ 2,897,800	\$ 7,191,632	\$ 1,037,169	\$ 129,754	\$ 8,358,555	\$ 8,696,613	

See notes to the financial statements
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BAY AREA COMMUNITY SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (208,445)	\$ (513,289)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	285,165	235,257
Net gain on sale of assets	285,010	(198,432)
Decrease (increase) in:		
Accounts, and contracts receivable	(257,698)	(295,407)
Inventory	6,138	5,739
Pledges Receivable	-	4,175
Prepaid and deposits	16,739	4,724
Increase (decrease) in:		
Accounts payable	31,790	85,976
Accrued liabilities and deposits	15,634	34,247
Deferred support	-	(725)
NET CASH USED BY OPERATING ACTIVITIES	174,333	(637,735)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(207,688)	(342,195)
Proceeds from sale of assets	321,882	332,724
NET CASH USED BY INVESTING ACTIVITIES	114,194	(9,471)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term borrowings	(463,218)	(28,205)
Debt Proceeds	40,000	988,858
NET CASH USED BY FINANCING ACTIVITIES	(423,218)	960,653
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(134,691)	313,447
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	897,739	584,292
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 763,048	\$ 897,739
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest and mortgage interest	\$ 87,567	\$ 88,490

See notes to the financial statements

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1: GENERAL

Bay Area Community Services, Inc. (BACS) is a not-for-profit corporation organized to provide a variety of social services to Alameda County residents, who are either elderly or adults who suffer from severe or persistent mental illness.

BACS is funded principally by contracts from various governmental agencies. It also receives support from foundations, individual donations and client fees.

BACS operates the following programs:

Crisis Residential Program - provides crisis treatment services for adults with severe and persistent mental illness. Funding is provided by Alameda County.

Case Management - provides supportive services such as daily living skills and linkages to numerous community resources to adults with severe and persistent mental illness throughout Alameda County. Funding is provided by Alameda County.

Supported Independent Living Program - provides transitional housing and supportive services to adults with mental illness enabling them to live independently. Funding is provided by grants, rental fees and service fees. This program also includes the activities of East Bay Transitional Homes, Inc. (EBTH), a related legal corporation established by BACS to develop a Housing and Urban Development (HUD) Section 202 housing project.

Creative Living Centers - provide a constellation of wellness and recovery programs to adults with severe and persistent mental illness. These programs include Wellness Recovery Action Plans, prevocational training, transitional employment, daily work groups, and group socialization. Program activities provide hope for adults with serious mental illness and support empowerment, self-responsibility, and achieving a meaningful role in life. Funding is provided by Alameda County, by the cities of Alameda, Hayward, Fremont, Union City, Pleasanton, Dublin, Livermore, and by contributions from individuals, community organizations and foundations.

North County Senior Homeless Program - provides supportive services such as daily living skills, housing placements, access to health care and linkages to numerous community resources to seniors with severe and persistent mental illness who are homeless or at risk of becoming homeless in North Alameda County. Funding is provided by rental fees and Alameda County.

Culinary Social Enterprise/Senior Nutrition Program – these programs are now separate business centers. The Culinary Social Enterprise has been significantly reduced in size and scope, due to unfavorable market conditions. It no longer produces retail meals for local stores; it does cater special events. The Senior Nutrition Program continues to serve nearly 300,000 hot meals annually to older adults in the Meals on Wheels program. The program, funded by Alameda County Area Agency on Aging and the City of Oakland, relies heavily on program fees and fund raising to close the gap between the actual costs and the contract awards.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1: GENERAL (Continued)

Adult Day Care Center - provides specialized group socialization activities to older adults in Oakland, Alameda, Fremont, Union City and Newark. Funding is provided by Alameda County Area Agency on Aging, Alameda County General Fund, California Department of Education Nutrition Services, ADSNAC, cities of Fremont and Union City, Regional Center of the East Bay, Veterans Administration, service fees and donations.

Care Management - provides in-home assessment, arrangement of needed services, and ongoing monitoring for low and moderate income elderly to prevent elder abuse and premature institutionalization. Funding is provided by Alameda County Area Agency on Aging, foundations and contributions.

Transportation Program - provides fixed route wheelchair accessible shuttle service to seniors living in housing units and their immediate vicinity in Oakland. Shuttle services are provided in the Diamond-Fruitvale District, and Central Oakland. A North Alameda County Group Trip Project is also provided as additional shuttle services. Funding is provided by the City of Oakland, and Paratransit Gap Grant Funds through Alameda County Transportation Improvement Authority (ACTIA) and Measure B funding. This will be the last year for a full service shuttle program as the City of Oakland has discontinued funding and ACTIA will only fund the Diamond-Fruitvale District going forward.

Affordable Home Care Services - provides a registry of affordable chore workers for seniors. Funding is provided by Alameda County Area Agency on Aging, Public Authority, fees and contributions. This will be the final year for this program. Funding has been discontinued.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes on net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature of the donor restrictions and depending on whether the restrictions are met in the current period. Restricted contributions are reported as increases in unrestricted net assets if the restrictions have been met in the current fiscal period. If the restriction has not been met by the fiscal year end, the amount is reported as an increase in temporarily or permanently restricted net assets. When the restriction is finally met on a contribution received in a prior fiscal period, the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant and Contract Revenue Recognition

The majority of BACS revenue is derived from cost reimbursement contracts. Advances received on these contracts are recorded as deferred revenue and recognized as revenue as allowable costs are incurred. Revenue from fee for service contracts is recognized when services are provided.

In-Kind Support

BACS records various types of in-kind support. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or property and equipment.

Additionally, BACS receives some contributed time which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements (Note 7).

Allowance for Bad Debts

Although BACS is on the allowance method, management has determined that an allowance for bad debts is not required currently.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory

Inventory is valued at the lower of cost or market, with cost determined on the first-in, first-out method.

Property and Equipment

Property and equipment is stated at cost at the date of acquisition. Donated assets are recognized at market value at the time of donation. Buildings and equipment are depreciated on a straight-line basis over their estimated useful lives of fifteen to forty years and three to five years, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Leases meeting certain criteria are considered to be capital leases and the related asset and lease obligations are recorded at their present value in the financial statements. Other leases not meeting such criteria are considered to be operating leases and the related rentals are charged to expense as incurred.

Income Tax Status

BACS has received notice of exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 2370(d) of the California Revenue and Taxation Code.

Overhead Allocation of Indirect Expenses

BACS makes an overhead allocation of indirect expenses which are included in management and general expenses to various program services based on direct expenses for each program. Indirect rates for the years ended June 2010, and 2009, were 10.76% and 10.76% respectively.

Comparative Financial Information

The financial statements include certain summarized comparative information from the prior year. This information is not presented by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. This information should be read in conjunction with the BACS'S financial statements for the year ended June 30, 2009 from which the comparative information was extracted.

NOTE 3: PROPERTY AND EQUIPMENT

The property fund includes all property and equipment owned by BACS. Property, equipment and accumulated depreciation consist of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2010 Net</u>	<u>2009 Net</u>
Land	\$ 1,332,028	\$ -	\$ 1,332,028	\$ 1,348,204
Buildings	3,515,601	1,718,382	1,797,219	1,933,449
Improvements	1,172,874	676,273	496,601	480,268
Equip & Furniture	<u>1,003,710</u>	<u>711,981</u>	<u>291,729</u>	<u>370,383</u>
Total	<u>\$ 7,024,213</u>	<u>\$ 3,106,636</u>	<u>\$ 3,917,577</u>	<u>\$ 4,132,304</u>

Certain equipment used for programs with an original cost of \$18,068 for the years ended June 30, 2010 and 2009 respectively is not recorded in the property fund as the funding agencies have retained ownership of the equipment.

Depreciation expense for the years ended June 30, 2010 and 2009 was \$285,165 and \$235,257 respectively.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4: CONTRIBUTED REAL ESTATE

On March 10, 1994, BACS received an 8% interest in a residence located in Kensington, California. The University of California received a 92% interest and the donors retained a life interest in the property. At the time of the death of the donors, the house is to be sold and the 8% interest in the sales proceeds is restricted to use for the Towne House Creative Living Center.

NOTE 5: SHORT AND LONG-TERM DEBT

Notes Payable and long-term debt at June 30, 2010, consisted of the following:

Mortgages Payable:

Bank Loan, due 05/31/16, at an interest rate of 7.44% due monthly in installments of \$3941.28, secured by the Townhouse CLC property.	\$ 534,988
Loan from the City of Hayward, at an interest rate of 0%, secured by Atherton property with no payments and balance due at sale.	29,565
Loan from the City of Hayward, accrue annual interest at rate of 5%, secured by Atherton property with balance due at sale.	41,138
Loan from Alameda County Housing and Community Development, at an interest rate of 0%, secured by the Railroad Avenue/Pleasanton property, with no payments in this fiscal year. Due Date 05/01/07.	27,893
Loan from State of California Housing and Community Development /PPH, at an interest rate of 0%, secured by the Railroad Avenue/Pleasanton properties. Ten percent of loan balance retired annually. Full retirement of debt balance 06/30/12.	116,246
Loan from State of California Housing and Community Development /SUHRP, at an interest rate of 3.0%, secured by Railroad Avenue/Pleasanton properties, with \$1074.00 in annual interest payments accrued. Due Date 06/30/21.	35,800
Loan from State of California Housing and Community Development, at an interest rate of 3.0%, secured by the Kennedy Ave, Livermore properties, with \$6300.00 in annual interest payments accrued. Due Date 06/30/41.	210,000
Loan from U.S. Department of Housing and Urban Development, at an interest rate of 9.25 percent, secured by the Humphrey Lane-79 th Avenue property, with monthly Principal and interest payments of \$3,935.00. Due Date 05/01/25.	381,360
Loan from the City of Oakland, at an interest rate of 3.00 percent, secured by the Humphrey Lane – 79 th Avenue property, with \$1500.00 in interest-only payments this fiscal year. Due date 12/31/27.	50,000
Total Mortgages	\$ 1,426,990

**BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 5: SHORT AND LONG-TERM DEBT (Continued)

Notes Payable:

West America – Note Payable with an annual percentage rate of 4.75%. Maturity 09/21/2012	240,000
West America – Note Payable to finance two trucks with an annual percentage rate of 5.84%. Maturity 05/01/2014	76,043
Y&H Soda Loan Payable with 1.50% interest per annum – due in two annual installments: \$100,000 due 09/30/2010 and \$100,000 due 09/30/2011.	200,000
City of San Leandro Note Payable – Capital Improvement Loan Woodroe. Maturity Date 04/21/2028. Total loan \$25,000. Loan balance retired over 20 years at 5% annually on anniversary date of loan.	4,801
Capital lease of property and equipment from NEC Financial.	90,801
Total Notes Payable	\$ 611,645

BACS has various notes outstanding, most of which are collateralized by real property. During the year of 2010 and 2009, interest expense on these notes was \$130,307 and \$98,770 respectively. The notes bear interest at rates between 3% and 9.25% and mature through 2041 as follows:

<u>Year Ending June 30:</u>	<u>2010</u>	<u>2009</u>
2010	\$ -	\$ 554,704
2011	300,636	150,606
2012	314,429	252,153
2013	76,343	52,793
2014	72,996	55,590
2015	36,182	-
Thereafter	1,238,049	1,396,007
	2,038,635	2,461,853
Less: Current Portion	(300,636)	(554,704)
Long-term Portion	\$ 2,007,999	\$ 1,907,149

NOTE 6: LEASE COMMITMENTS

Operating Leases

BACS is the lessee of certain non-cancelable real properties and equipment.

Minimum annual rentals for such leases are as follows:

Year Ending June 30:

2011	\$ 302,386
2012	302,386
2013	302,386
2014	302,386
Total	\$ 1,209,544

**BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 6: LEASE COMMITMENTS (Continued)

Rent expense for the years ended June 30, 2010 and 2009 was \$437,150 and \$357,202 respectively for non-cancelable operating leases.

Capital Leases

BACS acquired equipment under three long-term capital leases from NEC Financial with a lease period of 60 months. For financial reporting purposes, the present value of the minimum lease payments has been capitalized. The leases expire December 2013. The economic substance of the leases is that the Organization is financing the acquisition of the assets through the lease, and accordingly, it is recorded in the Organization's assets and liabilities. The lease agreement contains a bargain purchase option at the end of the lease term and is included in Property and Equipment.

The future minimum lease payments under the capital leases are as follows:

Year Ending June 30:

2011	\$ 32,166
2012	32,166
2013	32,166
2014	16,092
Total Minimum Lease Payments	<u>112,590</u>
Less amount representing interest	<u>(21,789)</u>
Present Value of net minimum obligations	<u><u>90,801</u></u>

NOTE 7: IN-KIND CONTRIBUTIONS

During the year ended June 30, 2010 and 2009, Pleasant Valley Adult School, as part of Oakland Unified School District, contributed services valued at \$0 and \$140,000 respectively by providing credentialed teachers to the following programs. During the year ended June 30, 2010, there were no contributed services from credentialed teachers.

	<u>2010</u>	<u>2009</u>
Adult Day Care	\$ 0	\$ 52,500
Senior Nutrition	\$ 0	\$ 87,500

In addition, Senior Nutrition and Adult Day Care received use of space for meal sites and parking with a rental value of \$151,180 and \$151,180 for 2010 and 2009 respectively; it received contributed services with a value of \$19,250 from Fremont Unified School District for Fremont Adult School in 2009, there were no such contributions in 2010.

Other services, not recognized in the financial statements, were received by BACS that had an estimated value of \$163,556 and \$205,460 in 2010 and 2009, respectively.

**BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of contributions temporarily restricted to the following uses or activities:

	<u>2010</u>	<u>2009</u>
Valley Creative Living Center	\$ 0	\$ 11,900
Towne House Creative Living Center	29,604	59,072
Total	<u>\$ 29,604</u>	<u>\$ 70,972</u>

Net assets of \$363,225 and \$325,377 were released from donor restrictions during the year of 2010 and 2009, respectively by incurring expenses satisfying the restricted purposes as follows:

	<u>2010</u>	<u>2009</u>
Creative Living Centers	\$ 76,808	\$ 19,042
Supported Independent Living	300	550
Senior Nutrition	229,405	294,092
Adult Day Care	8,845	2,695
Transportation	0	95
Care Management	0	8,770
Meals for Change	47,867	0
OAP Programs	0	133
Total	<u>\$ 363,225</u>	<u>\$ 325,377</u>

NOTE 9: CONTINGENT LIABILITIES

BACS grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and accordingly, the Agency has no provision for the possible disallowance of program costs on their financial statements.

NOTE 10: COMPLIANCE WITH ALAMEDA COUNTY CONTRACTUAL TERMS

At June 30, 2010 and 2009 BACS is in compliance with conditions and terms of its Mental Health contract with Alameda County except as follows:

<u>Resolution Number</u>	<u>Organization Number</u>	<u>Program</u>	<u>Compliance Deviation</u>
E94-0003	911	Mental Health	Woodroe Place is not accessible to handicapped individuals

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

**NOTE 11: CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS
IN EXCESS OF INSURED LIMITS**

BACS maintains cash balances at several financial institutions located in California. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2010 and 2009, BACS uninsured cash balances before reconciling items total \$95,557 and \$434,784 respectively.

NOTE 12: CONCENTRATION OF CONTRACT REVENUE

BACS receives approximately 86% of its government contracts revenue from County of Alameda from eleven contracts.

NOTE 13: RESTRICTED ASSETS

BACS holds title to real property located at 40963 Grimmer Blvd., Fremont which is subject to Declaration of Title Restrictions executed between the City of Fremont and Bay Area Community Services (BACS) and recorded July 25, 2000 in Alameda County records. At June 30, 2010, the real property had a net book value of \$1,545,859.

NOTE 14: SUBSEQUENT EVENTS

The Organization's management has evaluated its subsequent events through November 1, 2010, the date the financial statements were available to be issued, and concluded that no additional adjustments to the financial statements or disclosures are required.

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**INDEPENDENT AUDITORS' REPORT
ON ADDITIONAL INFORMATION**

Board of Directors
Bay Area Community Services, Inc.
Oakland, California

Our report on our audit of the basic financial statements of Bay Area Community Services, Inc. for the year ended June 30, 2010 appears on page one. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The following information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



San Francisco, California
November 1, 2010

**BAY AREA COMMUNITY SERVICES, INC.
OPERATIONS BY RESOLUTION NUMBER FOR ALAMEDA COUNTY
FOR THE YEAR ENDED JUNE 30, 2010**

	Mental Health	Senior	Adult Day	Adult Day	Registry	Care	2010
	Services	Nutrition	Care	Care	Services	Management	Total
	HE10-043; HE10-043A	4776; 4776A; 4776B	Fremont 4664; 4664A	Oakland 4664; 4664A	4545	5655; 4771; 4771A; 4707; 4709A	
SUPPORT AND REVENUE							
Contribution	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
Foundation	-	-	-	-	-	-	-
Federal	-	-	11,424	-	-	-	11,424
State of California	-	-	13,683	16,038	-	-	29,721
County of Alameda	-	-	30,292	47,422	39,661	161,544	5,693,311
County of Alameda-ACHIRE	3,996,415	1,417,977	-	-	-	-	2,565
City of Alameda	2,565	-	-	-	-	-	25,500
City of Fremont	25,500	-	38,906	-	-	-	69,330
City of Hayward	30,424	-	-	-	-	-	20,000
City of Livermore	20,000	-	-	-	-	-	4,000
City of Pleasanton	4,000	-	-	-	-	-	10,000
City of Dublin	10,000	-	-	-	-	-	4,857
City of Union City	4,857	-	9,000	-	-	-	14,000
City of Oakland	5,000	-	-	-	-	-	82,500
Client/Program participation	-	82,500	-	-	-	-	536,016
Other (including intra agency transfers)	75,038	185,259	130,302	145,417	-	-	346,697
In-kind revenue	165,716	180,910	70	1	-	-	314,736
	-	179,113	22,948	112,675	-	-	-
Total Support and Revenue	4,339,515	2,045,759	256,625	321,553	39,661	161,544	7,164,657

	EXPENSES		EXPENSES		EXPENSES		EXPENSES	
	Salaries	Employee benefits	Contracted services	Supplies	Telephone	Postage	Occupancy	Equipment
Salaries	2,176,034	176,483	123,800	587,488	978	376	8,992	136,686
Employee benefits	491,932	176,483	26,699	176,483	978	376	1,715	38,563
Contracted services	95,424	91,014	18,325	91,014	6,205	376	409	1,328
Supplies	78,980	505,233	9,686	505,233	6,205	376	14,180	135,346
Telephone	62,909	6,205	4,006	6,205	6,205	376	2,390	895
Postage	2,687	978	376	978	978	376	1,127	375,618
Occupancy	432,945	136,686	8,992	136,686	136,686	376	166	2,472
Equipment	62,386	38,563	1,715	38,563	38,563	166	226	1,800
Printing and publication	6,363	1,328	409	1,328	1,328	226	22,948	179,113
Transportation	66,920	135,346	14,180	135,346	135,346	166	112,675	182,155
Conferences	32,456	895	2,390	895	895	226	20,292	2,045,759
Client services	375,618	375,618	-	375,618	375,618	166	163	2,472
Insurance	19,634	2,472	166	2,472	2,472	226	676	1,800
Miscellaneous	13,656	1,800	226	1,800	1,800	226	112,675	179,113
In-kind expenses	-	179,113	22,948	179,113	179,113	22,948	112,675	179,113
Administrative Overhead	-	-	-	-	-	-	-	-
Indirect costs	421,571	182,155	22,707	182,155	182,155	22,707	20,292	182,155
Total Expenses	4,339,515	2,045,759	256,625	321,553	39,661	161,544	7,164,657	7,164,657
EXCESS OF REVENUE OVER EXPENSES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

BAY AREA COMMUNITY SERVICES, INC.
OPERATIONS BY RESOLUTION NUMBER FOR STATE OF CALIFORNIA
HOUSING AND COMMUNITY DEVELOPMENT
FOR THE YEAR ENDED JUNE 30, 2010

	SIL Kennedy Street <u>90-CHRP-R-047</u>	SIL Railroad Ave. <u>90-HRL-S-307</u>	<u>2010 Total</u>
SUPPORT AND REVENUE			
State of California-HCD	\$ -	\$ 27,268	\$ 27,268
Client/Program participation	19,773	26,511	46,284
Miscellaneous (including intra agency transfers)	99	238	337
Total Support and Revenue	<u>19,872</u>	<u>54,017</u>	<u>73,889</u>
EXPENSES			
Salaries	2,475	2,587	5,062
Employee benefits	431	465	896
Contracted services	-	-	-
Supplies	114	3	117
Postage	-	-	-
Occupancy	33,433	27,612	61,045
Equipment	-	120	120
Printing & Publications	-	-	-
Insurance	1,711	2,851	4,562
Indirect Costs	3,000	3,000	6,000
Miscellaneous	-	402	402
Total Expenses	<u>41,164</u>	<u>37,040</u>	<u>78,204</u>
Excess revenue over expenses	<u>(21,292)</u>	<u>16,977</u>	<u>(4,315)</u>
Debt reduction	-	(29,736)	(29,736)
Depreciation-Bldg Improvements	11,431	12,079	23,510
Depreciation-Building	5,314	7,434	12,748
Change in Fund Balance	<u>16,745</u>	<u>(10,223)</u>	<u>6,522</u>
Net Change	<u>\$ (4,547)</u>	<u>\$ 6,754</u>	<u>\$ 2,207</u>

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**INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

Board of Directors
Bay Area Community Services, Inc.
Oakland, California

We have audited the financial statements of Bay Area Community Services, Inc. for the year ended June 30, 2010, and have issued our report thereon dated November 1, 2010. These financial statements are the responsibility of Bay Area Community Services, Inc.'s management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States, *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Bay Area Community Services, Inc. taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States and Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



San Francisco, California
November 1, 2010

BAY AREA COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<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>	<u>State Expenditures</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through the County of Alameda:				
Nutrition Services	93.045	PSA090910	\$ 897,917	\$ 165,849
ARRA - Nutrition Services - Home Delivered Nutrition Services	93.705	ARRA	51,536	-
ARRA - Nutrition Services - Congregate Nutrition Services	93.707	ARRA	78,165	-
Pass-Through the County of Alameda:				
Senior Grants ADC (Fremont and Oakland)	93.044	PSA090910	55,129	-
Care Management	93.044	PSA090910	10,521	49,111
Subtotal CDFA 93.044			<u>65,650</u>	<u>49,111</u>
Pass-Through the County of Alameda:				
Money Management	93.041	PSA090910	21,912	-
Pass-Through the County of Alameda:				
Registry	93.778	PSA090910	39,661	-
Pass-Through Calif Dept of Aging				
MSSP - City of Fremont	93.778	MS-0001-09	660	-
Subtotal CDFA 93.778			<u>40,321</u>	<u>-</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,155,501</u>	<u>214,960</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through the County of Alameda:				
Food Distribution (USDA)	93.053	PSA090910	191,177	-
Pass-Through the State of California, Dept of Education:				
Food Distribution (USDA)	93.053	N/A	-	29,720
TOTAL U.S DEPARTMENT OF AGRICULTURE (Subtotal CDFA 93.053)			<u>191,177</u>	<u>29,720</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct program:				
Low income Housing Assistance (Note E)	14.157	121-EH123	128,166	-
Low income Housing Assistance (Note A)	14.182	121-EH123	381,360	-
Pass-Through the Housing Authority:				
County of Alameda	14.156	CA39-K067	12,259	-
Total Low Income Housing Assistance			<u>521,785</u>	<u>-</u>
Pass-Through Community Development Block Grants from:				
City of Alameda	14.218	B-03-MC-06-0007	25,500	-
City of Dublin	14.218	B-03-MC-06	4,857	-
City of Fremont	14.218	B-03-06-0011	37,226	-
City of Livermore	14.218	B-03-MC-06-0041	4,000	-
City of Oakland	14.218	B-03-MC-06-0013	82,500	-
City of Pleasanton	14.218	B-03-MC-06	5,000	-
City of Union City	14.218	B-03-MC-06-0012	14,000	-
City of Pleasanton (Note B)	14.218	B-03-MC-06	27,893	-
County of Alameda	14.218	B-00-UC-00-1417	46,379	-
Total Community Development Block Grants (Subtotal CFDA 14.218)			<u>247,355</u>	<u>-</u>
Pass-Through the State of California:				
Department of Housing and Community Development (Note C)	14.235	CA39-P90-1138 Contract #90-HRL-S307 CA39-P91-1013 Contract #91-HRL-PH007	152,046	-
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>921,186</u>	<u>-</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through the County of Alameda				
ARRA - ACHIRE - Employment Subsidy	93.714	ARRA	2,565	-
<u>VETERANS ADMINISTRATION</u>				
Dept of Veteran Affairs, Palo Alto				
	64.009	N/A	11,424	-
SUBTOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ 2,281,853</u>	<u>\$ 244,680</u>
<u>STATE AWARDS ONLY</u>				
Alameda County Behavioral Health Care Services				
	93.958	HE08-144 (A,B)	-	3,885,103
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ 2,281,853</u>	<u>\$ 4,129,783</u>

Note A: Outstanding loan balances \$ 381,360
Loan funds borrowed in 2010 \$ -0-

Note B: Outstanding loan balances \$ 27,893
Loan funds borrowed in 2010 \$ -0-

Note C: Outstanding loan balances \$ 152,046
Loan funds borrowed in 2010 \$ -0-

Note D: Basis of Presentation
The accompanying schedule of expenditures of federal awards includes the federal grant activity of BACS and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note E: Significant accounting policies used in preparation of this schedule are the same policies used in preparation of the financial statements and are summarized in Note 2 of the Notes to the financial statements.

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

Board of Directors
Bay Area Community Services, Inc.
Oakland, California

We have audited the financial statements of Bay Area Community Services, Inc. as of and for the year ended June 30, 2010, and have issued our report thereon dated November 1, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Bay Area Community Services, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bay Area Community Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bay Area Community Services, Inc.'s internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bay Area Community Services, Inc.'s financial statements are free of 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*.

This report is intended solely for the information and use of management, Board of Directors, federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Joseph L. Boman". The signature is written in a cursive style with a horizontal line through the middle.

San Francisco, California
November 1, 2010

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Bay Area Community Services, Inc.
Oakland, California

Compliance

We have audited Bay Area Community Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Bay Area Community Services, Inc.'s major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements of law, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Bay Area Community Services, Inc.'s management. Our responsibility is to express an opinion on Bay Area Community Services, Inc.'s compliance based on our audit.

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 OMB Circular A-133. Those standards and OMB Circular A-133 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 Bay Area Community Services, Inc.'s 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. Our audit does not provide a legal determination of Bay Area Community Services, Inc.'s compliance with those requirements.

In our opinion, Bay Area Community Services, Inc. complied, in all material respects, with the 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, 2010.

Internal Control over Compliance

Management of Bay Area Community Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bay Area Community Services, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Bay Area Community Services, Inc.'s 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Directors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



San Francisco, California
November 1, 2010

BAY AREA COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

A. SUMMARY OF AUDITOR'S RESULTS	
1. Type of Financial Statement Report	UNQUALIFIED
2. Significant Deficiencies in Internal Control Disclosed by Audit of Financial Statements	NONE
3. Noncompliance Disclosed by Audit Which Is Material to Financial Statements	NONE
4. Significant Deficiencies in Internal Control over Major Programs Disclosed by Audit	NONE
5. Type of Compliance Report Major Programs	UNQUALIFIED
6. OMB A-133 Subpart E.510a Audit Finding Disclosed by Audit	NONE
7. Major Programs:	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers 93.044 Special Programs for the Aging – Title III, Part C – Nutrition Services 93.045 Nutrition Services Incentive Program 93.053 ARRA – Aging Home-Delivered Nutrition Services for States 93.705 ARRA ARRA – Aging Congregate Nutrition Services for States 93.707 ARRA Low Income Housing Assistance 14.182 & 14.157
8. Dollar Threshold for Type A Programs	\$300,000
9. Auditee Qualification	LOW RISK
B. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with GAGAS	NONE
C. Findings and Questioned Costs for Federal Awards Including Audit Findings Defined in OMB A-133 Subpart E.510a	NONE

**BAY AREA COMMUNITY SERVICES, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

There were no findings noted for the year ended June 30, 2009.