

BAY AREA COMMUNITY SERVICES, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2014
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013**

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

**BAY AREA COMMUNITY SERVICES, INC.
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014
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IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying consolidated financial statements of Bay Area Community Services, Inc., which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statement of activities, consolidated statement of functional expenses and consolidated statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the 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, 2014, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2014, on our consideration of 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bay Area Community Services, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Bay Area Community Services, Inc.'s 2013 consolidated financial statements, and our report dated December 19, 2013, expressed an unqualified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it was derived.

A handwritten signature in black ink, appearing to read "Gabriel Bernabe".

San Francisco, California
October 6, 2014

BAY AREA COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2014

Assets:	<u>2014</u>	<u>2013</u>
Cash and cash equivalents (Note 2)	\$ 1,503,028	\$ 1,727,785
Accounts receivable	161,605	218,557
Support receivable - contracts	2,001,407	879,499
Prepaid and deposits	75,186	90,599
Property and equipment (Note 3 and 13)	4,304,738	4,031,161
Contributed real estate	<u>27,200</u>	<u>27,200</u>
Total Assets	\$ <u>8,073,164</u>	\$ <u>6,974,801</u>
 Liabilities and Net Assets:		
Accounts payable	\$ 843,513	\$ 811,674
Accrued liabilities	1,054,447	949,599
Client deposits	36,952	29,471
Unearned support	295,240	117,460
Short and long term debt	<u>1,167,845</u>	<u>1,511,471</u>
Total Liabilities	<u>3,397,997</u>	<u>3,419,675</u>
 Net Assets		
Unrestricted	4,579,892	3,477,372
Temporarily restricted	<u>95,275</u>	<u>77,754</u>
Total Net Assets	<u>4,675,167</u>	<u>3,555,126</u>
 Total Liabilities and Net Assets	 \$ <u>8,073,164</u>	 \$ <u>6,974,801</u>

See notes to financial statements

BAY AREA COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
PUBLIC SUPPORT AND OTHER REVENUE				
Public Support:				
Contributions	\$ 104,681	\$ 43,388	\$ 148,069	\$ 171,269
Foundations	16,264	223,127	239,391	271,658
United Way	-	-	-	209
Government contracts	10,381,708	-	10,381,708	7,184,243
Total public support	10,502,653	266,515	10,769,168	7,627,379
Other Revenue:				
Program service fee	1,125,015	-	1,125,015	1,110,322
Investment/interest income	341	-	341	6,266
Miscellaneous	198,208	-	198,208	192,961
Other fees	321,480	-	321,480	84,744
In-kind contributions	312,230	-	312,230	120,804
Total other revenue	1,957,274	-	1,957,274	1,515,097
Net assets released from restriction (Note 8)	248,994	(248,994)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>12,708,921</u>	<u>17,521</u>	<u>12,726,442</u>	<u>9,142,476</u>
EXPENSES				
Program services	10,671,970	-	10,671,970	7,536,775
Management and general	875,705	-	875,705	853,380
Fund-raising	58,726	-	58,726	91,455
TOTAL EXPENSES	<u>11,606,401</u>	<u>-</u>	<u>11,606,401</u>	<u>8,481,610</u>
CHANGE IN NET ASSETS	1,102,520	17,521	1,120,041	660,866
NET ASSETS, beginning of year	<u>3,477,372</u>	<u>77,754</u>	<u>3,555,126</u>	<u>2,894,260</u>
NET ASSETS, end of year	<u>\$ 4,579,892</u>	<u>\$ 95,275</u>	<u>\$ 4,675,167</u>	<u>\$ 3,555,126</u>

See notes to financial statements

BAY AREA COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013

	Program Services				Management and		Fundraising	2014 Total Expenses	2013 Total Expenses
	Mental Health	Older Adults	Youth	Housing	Total Programs	General			
EXPENSES:									
Salaries	\$ 2,233,080	\$ 702,734	\$ 1,034,812	\$ 245,237	\$ 4,215,863	\$ 494,953	\$ 20,870	\$ 4,731,686	\$ 3,760,426
Employee benefits	409,550	90,178	53,525	20,080	573,333	47,528	228	621,089	925,141
Payroll taxes	250,230	78,906	100,324	26,087	455,547	50,535	2,676	508,758	418,932
Contracted services	775,154	86,511	511,935	444,504	1,818,104	51,348	4,315	1,873,767	940,730
Supplies	113,051	36,924	50,005	34,849	234,829	14,093	562	249,484	175,952
Telephone	48,595	17,854	7,141	10,799	84,389	7,294	253	91,936	65,191
Postage	1,550	1,699	1,428	276	4,953	2,105	2,522	9,580	9,649
Occupancy	452,699	43,724	11,100	625,633	1,133,156	39,974	1,250	1,174,380	681,093
Equipment	384,560	14,675	6,988	290,414	696,637	76,551	1,220	774,408	318,774
Printing and publications	49,106	6,456	282	1,779	57,623	4,068	14,284	75,975	19,288
Transportation	207,653	85,909	23,755	651	317,968	1,370	103	319,441	277,183
Conferences	133,054	13,847	891	991	148,783	21,864	10,443	181,090	53,824
Client services	275,083	-	-	61,012	336,095	-	-	336,095	395,490
Insurance	17,461	2,179	3,608	14,551	37,799	11,401	-	49,200	39,395
Interest	-	-	-	2,501	2,501	9,225	-	11,726	12,765
Miscellaneous	12,730	17,506	26,522	3,257	60,015	13,943	-	73,958	81,705
In-kind	-	119,562	-	192,668	312,230	-	-	312,230	120,804
EXPENSES BEFORE DEPRECIATION	5,363,556	1,318,664	1,832,316	1,975,289	10,489,825	846,252	58,726	11,394,803	8,296,342
DEPRECIATION OF BUILDINGS AND EQUIPMENT	125,803	-	-	56,342	182,145	29,453	-	211,598	185,268
TOTAL EXPENSES	\$ 5,489,359	\$ 1,318,664	\$ 1,832,316	\$ 2,031,631	\$ 10,671,970	\$ 875,705	\$ 58,726	\$ 11,606,401	\$ 8,481,610

See notes to financial statements

BAY AREA COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,120,041	\$ 660,866
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	211,598	185,268
Decrease (increase) in:		
Accounts and contracts receivable	(1,064,956)	612,100
Pledges	-	30,000
Prepaid and deposits	15,413	1,381
Increase (decrease) in:		
Accounts payable	31,839	(53,456)
Accrued liabilities and deposits	112,329	(38,004)
Unearned support	177,780	117,460
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>604,044</u>	<u>1,515,615</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(485,175)</u>	<u>(471,316)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(485,175)</u>	<u>(471,316)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term borrowings	<u>(343,626)</u>	<u>(117,404)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(343,626)</u>	<u>(117,404)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(224,757)	926,895
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,727,785</u>	<u>800,890</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,503,028</u></u>	<u><u>\$ 1,727,785</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest and mortgage interest	<u><u>\$ 92,306</u></u>	<u><u>\$ 83,841</u></u>

See notes to financial statements

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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.

Wellness Centers - provide a constellation of wellness and recovery programs to adults with severe and persistent mental illness. These programs include Wellness Recovery Action Plans, employment services, case management, psychiatric and community integration. 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, Dublin, Livermore, Pleasanton, 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.

Senior Nutrition Program - continues to serve nearly 110,000 hot meals annually to older adults in the Meals on Wheels program and 90,000 meals through congregate meal programs. The program, funded by Alameda County Area Agency on Aging relies heavily on program fees and fund raising to close the gap between the actual costs and the contract awards. ACMOW provides a substantial award each year. Program to end June 30, 2014.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1: GENERAL (Continued)

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, County of Alameda, foundations and contributions.

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, and ADSNAC, cities of Fremont and Union City, Regional Center of the East Bay, Veterans Administration, service fees and donations.

Lavender Seniors – provides advocacy, direct services, and supports to frail LGBT Seniors who are isolated and in need of a friendly visitor and other natural supports so they stay in their homes and out of institutions. Funding provided by County of Alameda Area Agency on Aging and donations. Program to end June 30, 2014.

Friendly Visitor Program - provides advocacy, direct services, and supports to frail seniors who are isolated and in need of a friendly visitor and other natural supports so they stay in their homes and out of institutions. Funding provided by City of Hayward. Program to end June 30, 2014.

Youth Development Services – provides individualized placement and support services as well as prevention services for disenfranchised youth and young adults through programs such as prevention and early intervention, employment and other supports. The programs seek to improve education, employment, and wellness outcomes for youth and families in the East Bay through integrated culturally appropriate programs. Funding provided by County of Alameda, LaClinica De La Raza and donations. Program to end June 30, 2014.

Winter Shelter – A winter shelter for 50 homeless adults every night during the winter located at the Henry J. Robinson Multi-Service Center in Oakland. Program funded by City of Oakland.

Henry Robinson Multi Service Center - provides transitional housing and supportive services to 137 single adult homeless individuals at any point in time at the Henry J. Robinson Multi-Service Center. This is funded by a U.S. Department of Housing and Urban Development ("HUD") Continuum of Care under the Housing and Community Development Act of 1974, by the City of Oakland and Alameda County.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated 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.

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.

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.

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.

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 consolidated 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 consolidated financial statements (Note 7).

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the consolidated 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.

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. Management believes BACS has no uncertain tax positions as of June 30, 2014.

Principles of Consolidation

The consolidated financial statements include the accounts of Bay Area Community Services, Inc., and East Bay Transitional Homes, Inc. All significant interrelated items and transactions have been eliminated in the consolidation.

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 2014, and 2013, were 12.65% and 10.50% respectively.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2013 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>2014 Net</u>	<u>2013 Net</u>
Land	\$ 1,332,028	\$ -	\$ 1,332,028	\$ 1,332,028
Buildings	3,515,601	2,147,942	1,367,659	1,475,049
Improvements	2,397,818	800,257	1,597,561	1,185,038
Equip & Furniture	268,876	261,386	7,490	39,046
Total	<u>\$ 7,514,323</u>	<u>\$ 3,209,585</u>	<u>\$ 4,304,738</u>	<u>\$ 4,031,161</u>

Depreciation expense for the years ended June 30, 2014 and 2013 was \$211,598 and \$185,268 respectively.

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.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 5: SHORT AND LONG-TERM DEBT

Notes Payable and long-term debt at June 30, 2014, consisted of the following:

Mortgages Payable:

Bank Loan, due 05/31/16, at an interest rate of 7.44% due monthly in installments of \$3,941.28, secured by the Townhouse CLC property.	\$ 502,849
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Loan from City of Pleasanton 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
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Loan from State of California Housing and Community Development /SUHRP, at an interest rate of 3%, secured by Railroad Avenue/Pleasanton properties, with \$1,074 in annual interest payments accrued. Due Date 06/30/21.	35,800
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Loan from State of California Housing and Community Development, at an interest rate of 3%, secured by the Kennedy Ave, Livermore properties, with \$6,300 in annual interest payments accrued. Due Date 06/30/41.	210,000
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Loan from U.S. Department of Housing and Urban Development, at an interest rate of 9.25%, secured by the Humphrey Lane-79 th Avenue property, with monthly Principal and interest payments of \$3,935. Due Date 05/01/25.	323,803
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Loan from the City of Oakland, at an interest rate of 3%, secured by the Humphrey Lane – 79 th Avenue property, with \$1,500 in interest-only payments this fiscal year. Due date 12/31/27.	50,000
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Total Mortgages Payable	<u>\$1,150,345</u>
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Notes Payable:

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.	17,500
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Total Notes Payable	<u>\$ 17,500</u>
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BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

BACS has various notes outstanding, most of which are collateralized by real property. During the year of 2014 and 2013, interest expense on these notes was \$91,866 and \$83,841 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>2014</u>	<u>2013</u>
2014	0	25,412
2015	28,949	27,699
2016	31,443	30,193
2017	34,346	272,963
2018	37,136	35,898
2019	35,289	0
Thereafter	1,000,682	1,119,306
	<u>1,167,845</u>	<u>1,511,471</u>
Less: Current Portion	(28,949)	(25,412)
Long-term Portion	\$ <u>1,138,896</u>	\$ <u>1,486,059</u>

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:

<u>Year Ending June 30:</u>	
2015	\$ 252,708
2016	150,288
2017	150,288
Total	\$ <u>553,284</u>

Rent expense for the years ended June 30, 2014 and 2013 was \$497,321 and \$487,130 respectively for non-cancelable operating leases.

NOTE 7: IN-KIND CONTRIBUTIONS

Senior Nutrition and Adult Day Care received use of space for meal sites and parking with a rental value of \$119,562 and \$120,804 for 2014 and 2013, respectively. The Henry Robinson Hotel received meals and Counseling services valued at \$192,668 in 2014.

Other services, not recognized in the financial statements, were received by BACS that had an estimated value of \$389,431 and \$274,955 in 2014 and 2013, respectively.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

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

	2014	2013
OAP Programs	\$ 71,331	\$ 16,104
Towne House Wellness Center	0	3,648
ADC – Oakland	15,000	0
VALLEY Wellness Center	8,944	12,578
Nutrition	0	45,424
Total	\$ <u>95,275</u>	\$ <u>77,754</u>

Net assets of \$248,994 and \$316,388 were released from donor restrictions during the year of 2014 and 2013, respectively by incurring expenses satisfying the restricted purposes as follows:

	2014	2013
East Bay Community Services	\$ 11,000	\$ 3,609
Wellness Centers	16,292	7,755
Supported Independent Living	2,685	377
Senior Nutrition	147,534	134,683
Adult Day Care – Oakland	22,200	865
The Henry Robinson Hotel	1,685	0
Adult Day Care – Fremont	16,130	15,485
Lavender Seniors	20,511	58,336
OAP Programs	10,957	95,278
Total	\$ <u>248,994</u>	\$ <u>316,388</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 consolidated financial statements.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

**NOTE 10: 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, 2014 and 2013, BACS uninsured cash balances before reconciling items total \$1,014,587 and \$863,800 respectively.

NOTE 11: CONCENTRATION OF CONTRACT REVENUE

BACS receives approximately 92% of its government contracts revenue from County of Alameda from nine contracts.

NOTE 12: 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, 2014, the real property had a net book value of \$1,385,227.

NOTE 13: SUBSEQUENT EVENTS

The Organization's management has evaluated its subsequent events through October 6, 2014, the date the consolidated financial statements were available to be issued.

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**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

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

Our report on our audit of the consolidated financial statements of Bay Area Community Services, Inc. for the year ended June 30, 2014 appears on page one. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following information is presented for purposes of additional analysis and is not a required part of the consolidated 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
October 6, 2014

BAY AREA COMMUNITY SERVICES, INC.
OPERATIONS BY RESOLUTION NUMBER FOR ALAMEDA COUNTY
FOR THE YEAR ENDED JUNE 30, 2014

	Mental Health Services	Senior Nutrition	Adult Day Care-Fremont	Adult Day Care-Oakland	Care Management	
	BHSVC 6442	SOCSEA 11392	SOCSEA 11546	SOCSEA 11546	SOCSEA 11380	
	28940-17A	28937-6 29021-45	28937-6 29021-45	28937-6 29021-45	28937-6 29021-45	
	28972-65	29288-9	29288-9	29288-9	29288-9	Total
\$	\$ -	\$ 78,159	\$ -	\$ -	\$ -	\$ 78,159
Foundation	-	-	13,080	-	-	13,080
Federal	-	-	15,118	15,260	-	30,378
State of California	-	-	25,994	63,380	133,627	6,527,016
County of Alameda	6,049,829	254,186	-	-	-	10,000
City of Alameda	10,000	-	-	-	-	29,426
City of Fremont	-	-	29,426	-	-	24,485
City of Hayward	14,110	-	-	-	10,375	3,500
City of Dublin	3,500	-	-	-	-	7,000
City of Pleasanton	7,000	-	-	-	-	14,000
City of Union City	5,000	-	9,000	-	-	5,000
City of Livermore	5,000	-	-	-	-	585,405
Client/Program participation	38,862	110,701	225,200	210,642	-	107,364
Other (including Intra-agency transactions)	46,624	2,801	1,153	41,328	15,458	479,532
In-kind revenue	-	366,007	12,288	101,237	-	7,914,345
Total Support and Revenue	6,179,925	811,854	331,259	431,847	159,460	

	Salaries	Employee benefits	Contracted services	Supplies	Telephone	Postage	Occupancy	Equipment	Printing and publication	Transportation	Conferences	Client services	Insurance	Miscellaneous	In-kind expenses	Indirect costs	
Salaries	2,233,081	252,084	154,113	164,367	100,021	2,903,666											
Employee benefits	659,780	49,072	38,106	49,412	27,972	824,342											
Contracted services	773,369	14,614	27,899	32,492	1,128	849,502											
Supplies	113,051	10,883	11,217	14,087	100	149,338											
Telephone	48,594	4,661	4,770	4,257	2,610	64,892											
Postage	1,476	212	303	604	31	2,626											
Occupancy	577,137	12,006	20,690	166	5,764	615,763											
Equipment	385,925	1,608	4,296	8,163	383	400,375											
Printing and publication	47,704	1,831	1,200	291	611	51,637											
Transportation	207,653	44,954	18,749	18,406	3,752	293,514											
Conferences	133,054	4,768	1,706	1,289	700	141,517											
Client services	275,083	-	-	-	-	275,083											
Insurance	17,461	850	439	670	220	19,640											
Miscellaneous	12,730	297	923	631	20	14,601											
In-kind expenses	-	365,988	12,288	101,237	-	479,513											
Indirect costs	693,827	48,026	34,560	35,775	16,148	828,336											
Total Expenses	6,179,925	811,854	331,259	431,847	159,460	7,914,345											
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -											

See notes to financial statements

BAY AREA COMMUNITY SERVICES, INC.
OPERATIONS BY RESOLUTION NUMBER FOR ALAMEDA COUNTY
FISCAL AGENT AND CONTRACTS
FOR THE YEAR ENDED JUNE 30, 2014

	LAVERDER SENIORS SOCSA 11425 28937-6 29021-45 29288-9	EAST BAY YOUTH & FAMILY INITIATIVE WIA GRANT SOCSA 11403 28010-5	EAST BAY YOUTH & FAMILY INITIATIVE SASYEP SOCSA 11337 2887-09 29021-2	Total
SUPPORT AND REVENUE				
Contribution	9,918	-	-	9,918
Foundation	10,593	-	-	10,593
County of Alameda	28,095	179,563	1,372,883	1,580,541
Client/Program participation	410	-	-	410
Other (including Intra-agency transactions)	8,701	-	-	8,701
In-kind revenue	29,480	-	-	29,480
Total Support and Revenue	87,197	179,563	1,372,883	1,639,643
EXPENSES				
Salaries	29,698	122,547	745,376	897,621
Employee benefits	4,131	20,179	98,375	122,685
Contracted services	7,423	25,789	447,381	480,593
Supplies	622	1,136	45,216	46,974
Telephone	1,049	1,621	3,594	6,264
Postage	545	232	951	1,728
Occupancy	3,848	1,608	4,612	10,068
Equipment	225	169	6,737	7,131
Printing and publication	1,848	12	270	2,130
Transportation	46	5,776	10,597	16,419
Conferences	1,084	250	335	1,669
Insurance	-	-	2,864	2,864
Miscellaneous	5,145	244	6,575	11,964
Indirect Costs	2,053	-	-	2,053
In-kind expenses	29,480	-	-	29,480
Total Expenses	87,197	179,563	1,372,883	1,639,643
EXCESS OF REVENUE OVER EXPENSES	- \$	- \$	- \$	-

See notes to financial statements

BAY AREA COMMUNITY SERVICES, INC.
OPERATIONS BY RESOLUTION NUMBER FOR STATE OF CALIFORNIA
HOUSING AND COMMUNITY DEVELOPMENT
FOR THE YEAR ENDED JUNE 30, 2014

	SIL Kennedy Street 90-CHRP-R-047	SIL Railroad Ave. 90-HRL-S-307	2014 Total
SUPPORT AND REVENUE			
Client/Program participation	20,352	29,574	49,926
Miscellaneous (including intra agency transfers)	1,833	3,064	4,897
Total Support and Revenue	22,185	32,638	54,823
EXPENSES			
Salaries	224	705	929
Employee benefits	44	139	183
Contracted Services	3,220	3,210	6,430
Supplies	519	384	903
Telephone	65	-	65
Postage	7	1	8
Occupancy	15,918	11,754	27,672
Equipment	1,083	294	1,377
Insurance	1,679	3,063	4,742
Expenses before Depreciation	22,759	19,550	42,309
Depreciation-Bldg Improvements	11,399	12,189	23,588
Depreciation-Building	5,314	7,434	12,748
Total Depreciation	16,713	19,623	36,336
Total Expenses	\$ 39,472	\$ 39,173	\$ 78,645

See notes to financial statements

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**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AND
STATE AWARDS REQUIRED BY OMB CIRCULAR A-133**

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

We have audited the consolidated financial statements of Bay Area Community Services, Inc. as of and for the year ended June 30, 2014, and have issued our report thereon dated October 6, 2014, which contained an unmodified opinion on those consolidated financial statements. 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 is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and their records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



San Francisco, California
October 6, 2014

BAY AREA COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

<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>County Expenditures</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Pass-Through the County of Alameda:					
Nutrition Services	93.045	PSA0914	\$ 219,757	\$ -	34,429
Senior Grants ADC (Fremont and Oakland)	93.044	PSA0914	61,774	-	27,600
Care Management	93.044	PSA0914	49,150	-	84,477
Lavender Seniors	93.044	PSA0914	27,289	-	806
Pass-Through the State of California, Dept of Education:					
Nutrition Services Incentive Program	93.053	N/A	30,378	-	-
Subtotal CFDA Cluster 93.044 & 93.045 & 93.053			<u>388,348</u>	<u>-</u>	<u>147,312</u>
Pass-Through the County of Alameda:					
Highway to Work	93.658		<u>502,612</u>	<u>481,333</u>	<u>388,938</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>890,960</u>	<u>481,333</u>	<u>536,250</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Direct program:					
Low income Housing Assistance (Note A)	14.182	121-EH123	323,803	-	-
Pass-Through the Housing Authority:					
County of Alameda	14.856	CA39-K067	<u>16,181</u>	<u>-</u>	<u>-</u>
Subtotal CFDA Cluster 14.182 & 14.856			<u>339,984</u>	<u>-</u>	<u>-</u>
Direct program:					
Low income Housing Assistance (Note E)	14.157	121-EH123	123,515	-	-
Pass-Through Community Development Block Grants from:					
City of Alameda	14.218	B-03-MC-06-0007	10,000	-	-
City of Dublin	14.218	B-03-MC-06	3,500	-	-
City of Fremont	14.218	B-03-06-0011	402,949	-	-
City of Livermore	14.218	B-03-06-0011	5,000	-	-
City of Union City	14.218	B-03-MC-06-0012	14,000	-	-
City of San Leandro	14.218	B-03-MC-06	7,500	-	-
City of Pleasanton	14.218	B-03-MC-06	2,000	-	-
City of Pleasanton (Note B)	14.218	B-03-MC-06	<u>27,893</u>	<u>-</u>	<u>-</u>
Total Community Development Block Grants (Subtotal CFDA 14.218)			<u>472,842</u>	<u>-</u>	<u>-</u>
Pass-Through the State of California					
HCD Community Development (Note C)	14.235		35,800	-	-
Pass-Through the City of Oakland					
HCD City of Oakland	14.235		<u>1,330,397</u>	<u>-</u>	<u>119,272</u>
Subtotal CFDA 14.235			<u>1,366,197</u>	<u>-</u>	<u>119,272</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>2,302,538</u>	<u>-</u>	<u>119,272</u>
<u>DEPARTMENT OF LABOR EMPLOYMENT TRAINING</u>					
Pass-Through the County of Alameda					
Workforce Investment Act - Youth Activities	17.259	N/A	179,563	-	-
<u>DEPARTMENT OF VETERAN AFFAIRS</u>					
Direct:					
Veterans Medical Health Benefits	64.009	N/A	<u>13,080</u>	<u>-</u>	<u>-</u>
SUBTOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ 3,386,141</u>	<u>\$ 481,333</u>	<u>655,522</u>
<u>STATE AWARDS ONLY</u>					
Alameda County Behavioral Health Care Services		Master 900107	<u>\$ -</u>	<u>\$ 6,049,829</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ 3,386,141</u>	<u>\$ 6,531,162</u>	<u>655,522</u>
Note A:	Outstanding loan balances		\$ 323,803		
	Loan funds borrowed in 2014		\$ -		
Note B:	Outstanding loan balances		\$ 27,893		
	Loan funds borrowed in 2014		\$ -		
Note C:	Outstanding loan balances		\$ 35,800		
	Loan funds borrowed in 2014		\$ -		
Note E:	This program is under East Bay Transitional Homes, Inc.				
Note D:	<u>Basis of Presentation</u>				
	The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bay Area Community Services, Inc. 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 F:	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.				

See notes to financial statements

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Bay Area Community Services, Inc., which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statement of activities, consolidated statement of functional expenses and consolidated statement of cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 6, 2014.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. Accordingly, we do not express an opinion on the effectiveness of 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bay Area Community Services, Inc.'s consolidated 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*.

Purpose of this Report

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

A handwritten signature in cursive script, appearing to read "Jacob L. Bernum".

San Francisco, California
October 6, 2014

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

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, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bay Area Community Services, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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, Audits of States, Local Governments, and Non-Profit Organizations (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 compliance requirements referred to above that could have a direct and material effect on the major federal programs 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 on compliance with each major program. However, our audit does not provide a legal determination of Bay Area Community Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Bay Area Community Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Bay Area Community Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bay Area Community Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *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 the 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 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 requirements 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a *material weakness* in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.



San Francisco, California
October 6, 2014

BAY AREA COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

A. SUMMARY OF AUDITOR'S RESULTS	
<i>Financial Statements</i>	
1. Type of Financial Statement Report	UNMODIFIED
2. Internal Control over Financial Reporting: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE NONE REPORTED
3. Noncompliance Disclosed by Audit Which Is Material to Financial Statements	NONE
<i>Federal Awards</i>	
1. Internal Control Over Major Programs: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE NONE REPORTED
2. Type of Compliance Report Major Programs	UNMODIFIED
3. OMB A-133 Subpart E.510a Audit Finding Disclosed by Audit	NONE REPORTED
4. Major Programs:	14.235 – SUPPORTIVE HOUSING PROGRAM 93.658 – FOSTER CARE – TITLE IV-E
5. Dollar Threshold for Type A Programs	\$300,000
6. Auditee Qualification	LOW RISK
B. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with GAGAS	NONE REPORTED
C. Findings and Questioned Costs for Federal Awards Including Audit Findings Defined in OMB A-133 Subpart E.510a	NONE REPORTED

BAY AREA COMMUNITY SERVICES, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

There were no findings noted for the year ended June 30, 2013.