

BAY AREA COMMUNITY SERVICES, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2017
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016**

IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

BAY AREA COMMUNITY SERVICES, INC.
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016

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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, 2017, 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, 2017, 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 February 22, 2018, 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 2016 consolidated financial statements, and our report dated November 12, 2016, 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, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it was derived.



San Francisco, California
February 22, 2018

BAY AREA COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016

Assets:	2017	2016
Cash and cash equivalents	\$ 1,333,066	\$ 1,109,032
Accounts receivable	376,072	21,137
Support receivable - contracts	4,244,780	2,406,642
Prepaid and deposits	71,326	52,191
Property and equipment, net	8,471,393	6,306,657
Debt Issuance Costs, net	-	4,098
Contributed real estate	27,200	27,200
Total Assets	\$ 14,523,837	\$ 9,926,957
 Liabilities and Net Assets:		
Line of Credit	\$ 600,000	\$ 350,000
Accounts payable	580,542	327,522
Accrued liabilities	1,179,969	918,764
Client deposits	46,735	54,900
Unearned support	192,274	192,274
Short and long term debt	2,196,339	2,252,130
Investment in Fixed Assets	2,781,074	-
Total Liabilities	7,576,933	4,095,590
 Net Assets		
Unrestricted	6,118,954	5,644,935
Temporarily restricted	827,950	186,432
Total Net Assets	6,946,904	5,831,367
 Total Liabilities and Net Assets	 \$ 14,523,837	 \$ 9,926,957

See notes to financial statements

BAY AREA COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
PUBLIC SUPPORT AND OTHER REVENUE				
Public Support:				
Contributions	\$ 84,241	\$ 16,154	\$ 100,395	\$ 91,855
Foundations	88,500	20,500	109,000	126,323
Government contracts	15,924,728	720,000	16,644,728	11,397,923
Total public support	16,097,469	756,654	16,854,123	11,616,101
Other Revenue:				
Program service fee	1,167,309	-	1,167,309	1,204,489
Investment/interest income	492	-	492	487
Miscellaneous	405,178	-	405,178	162,064
Other fees	9,493	-	9,493	8,484
In-kind contributions	427,364	-	427,364	391,352
Total other revenue	2,009,836	-	2,009,836	1,766,876
Net assets released from restriction	115,136	(115,136)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	18,222,441	641,518	18,863,959	13,382,977
EXPENSES				
Program services	16,058,103	-	16,058,103	11,644,301
Supportive services:				
Management and general	1,646,244	-	1,646,244	1,154,653
Fundraising	44,075	-	44,075	30,086
TOTAL EXPENSES	17,748,422	-	17,748,422	12,829,040
CHANGE IN NET ASSETS	474,019	641,518	1,115,537	553,937
NET ASSETS, beginning of year	5,644,935	186,432	5,831,367	5,277,430
NET ASSETS, end of year	<u>\$ 6,118,954</u>	<u>\$ 827,950</u>	<u>\$ 6,946,904</u>	<u>\$ 5,831,367</u>

See notes to financial statements

BAY AREA COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016

	Program Services				Supportive Services		2017 Total Expenses	2016 Total Expenses
	Mental Health	Older Adults	Housing	Total Programs	Management and General	Fundraising		
EXPENSES:								
Salaries	\$ 5,066,459	\$ 472,213	\$ 419,200	\$ 5,957,872	\$ 764,260	\$ 25,951	\$ 6,748,083	\$ 5,186,113
Employee benefits	675,552	89,788	63,335	828,675	76,909	2,757	908,341	777,987
Payroll taxes	450,931	42,274	38,268	531,473	62,433	2,371	596,277	456,448
Contracted services	689,047	65,257	479,678	1,233,982	149,739	4,330	1,388,051	1,418,447
Supplies	242,558	25,311	63,115	330,984	22,396	356	353,736	312,357
Telephone	86,982	5,047	15,528	107,557	19,472	50	127,079	96,938
Postage	3,037	490	529	4,056	2,273	352	6,681	9,129
Occupancy	2,689,071	36,451	1,118,430	3,843,952	71,416	2,243	3,917,611	1,792,515
Equipment	506,391	9,091	77,448	592,930	67,292	-	660,222	791,750
Printing and publications	73,688	4,314	5,667	83,669	18,787	3,476	105,932	136,880
Transportation	231,385	49,965	18,223	299,573	16,622	19	316,214	315,954
Conferences	62,252	7,362	2,533	72,147	38,781	2,010	112,938	99,186
Client services	892,036	1,904	462,932	1,356,872	1,128	-	1,358,000	734,413
Insurance	18,587	2,408	26,299	47,294	20,343	160	67,797	64,092
Interest	20,904	-	420	21,324	1,783	-	23,107	8,482
Miscellaneous	16,144	388	30,652	47,184	10,909	-	58,093	9,265
Bad Debt Expense	-	1,065	22,440	23,505	301,691	-	325,196	-
In-kind	-	29,004	398,360	427,364	-	-	427,364	391,352
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION EXPENSE	11,725,024	842,332	3,243,057	15,810,413	1,646,234	44,075	17,500,722	12,601,308
DEPRECIATION AND AMORTIZATION EXPENSE	105,983	9,697	132,010	247,690	10	-	247,700	227,732
TOTAL FUNCTIONAL EXPENSES	\$ 11,831,007	\$ 852,029	\$ 3,375,067	\$ 16,058,103	\$ 1,646,244	\$ 44,075	\$ 17,748,422	\$ 12,829,040

See notes to financial statements

BAY AREA COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,115,537	\$ 553,937
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	247,700	227,732
Decrease (increase) in:		
Accounts and contracts receivable	(2,193,072)	(484,335)
Prepaid and deposits	(19,135)	4,550
Debt Issuance Costs	4,098	-
Increase (decrease) in:		
Accounts payable	253,020	(7,001)
Accrued liabilities and deposits	253,040	194,138
Unearned support	-	(102,459)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(338,812)</u>	<u>386,562</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Debt Issuance Costs Paid	-	(4,132)
Investment in Fixed Assets	2,781,074	-
Purchase of property and equipment	<u>(2,412,437)</u>	<u>(1,868,484)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>368,637</u>	<u>(1,872,616)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Line of Credit	250,000	350,000
Proceeds from Mortgage Loans	-	1,634,000
Repayment of long-term borrowings	<u>(55,791)</u>	<u>(520,754)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>194,209</u>	<u>1,463,246</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	224,034	(22,808)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,109,032</u>	<u>1,131,840</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,333,066</u></u>	<u><u>\$ 1,109,032</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest and mortgage interest	<u><u>\$ 139,109</u></u>	<u><u>\$ 88,351</u></u>

See notes to financial statements

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1: GENERAL

Bay Area Community Services, Inc. (BACS) is a not-for-profit corporation organized to provide a variety of behavioral health and social services to individuals including teens, adults, older adults, and families. 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 individuals with severe and persistent mental illness. Funding is provided by the County of origin for the person served.

Case Management - provides clinical care coordination such as assessment, treatment, and brokerage to numerous community resources to individuals 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 a variety of challenges enabling them to live independently. Funding is provided by grants, rental fees and service fees. This program includes the activities of East Bay Transitional Homes, Inc. (EBTH) and Bay Area Community Services Housing Corporation (BACSHC), both related legal corporations established by BACS to support housing as well as a Housing and Urban Development (HUD) Section 202 housing project.

Wellness Centers - provide a constellation of wellness and recovery programs to individuals with behavioral health challenges. These programs include Wellness Recovery Action Plans, employment services, case management, psychiatric and community integration. Program activities provide hope for individuals and support empowerment, self-responsibility, and achieving a meaningful role in life. Funding is provided by Alameda County, Union City and by contributions from individuals, community organizations and foundations.

North County Housing Connect Program - provides intensive care coordination services such as daily living skills, housing navigation, access to health care and linkages to numerous community resources to adults and elders with severe and persistent mental illness who are homeless or at risk of becoming homeless in Northern Alameda County. Funding is provided by rental fees and Alameda County.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1: GENERAL (Continued)

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

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

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

Housing Fast Support Network/Henry Robinson Multi Service Center - provides interim 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.

Preventive Engagement Program - a new program for BACS in Solano County. Provides prevention and early intervention services to adults who are experiencing their first crisis or are exiting hospitalization and need support to prevent relapse. Funding provided by Solano County.

Solano Housing Advocacy, Permanency, and Engagement - Provides housing support and mental health services to adults in Solano County who need access and support to stabilize their housing and prevent hospitalization.

Forensic Innovation Re-entry Services Team – Funded by the Mentally Ill Offender Criminal Reduction fund in Solano County, the FIRST program serves mentally ill adults who are exiting an incarceration or to avoid an incarceration. Services include jail avoidance, reentry planning, and case management.

Hope Intervention Program - a new program for BACS in Alameda County. Provides prevention and early intervention services to teens and young adults who are experiencing their first crisis or are exiting hospitalization and need support to prevent relapse. Funding provided by Alameda County through SB 82.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1: GENERAL (Concluded)

Success at Generating Empowerment Program - Provides support to adults living with mental illness who are in process of obtaining social security benefits and who need case management and care coordination to help stay engaged until benefits are obtained.

Forensic Re-entry Engagement Program - Provides triage and support to adults living with mental illness who are exiting from an incarceration in Alameda County and need support linking to benefits, ongoing care, and other natural community supports.

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

BACS 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, BACS 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's 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.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 8).

Accounts receivable/Support receivable

Support receivables are primarily from governmental agencies. BACS considers these receivables to be fully collectible; accordingly no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

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.

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.

Assets purchased with unrestricted general funds and assets donated to the Agency are depreciated through the statement of activities. Assets purchased with grant funds are recorded as revenue and expensed in the period of acquisition through the statement of activities. The corresponding capitalization and depreciation for these grant purchases is accounted for through increases and decreases in investment in fixed assets liability in the statement of activities.

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.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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, 2017.

Principles of Consolidation

The consolidated financial statements include the accounts of Bay Area Community Services, Inc., East Bay Transitional Homes, Inc., and Bay Area Community Services Housing Corporation. 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 30, 2017 and 2016, were 12.96% and 9.31%, 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, 2016 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>2017 Net</u>	<u>2016 Net</u>
Land	\$ 1,583,008	\$ -	\$ 1,583,008	\$ 1,583,008
Buildings	5,658,633	2,593,377	3,065,256	3,244,080
Improvements	4,861,619	1,038,514	3,823,105	1,479,161
Equipment & Furniture	260,464	260,440	24	408
Total	<u>\$ 12,363,724</u>	<u>\$ 3,892,331</u>	<u>\$ 8,471,393</u>	<u>\$ 6,306,657</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$247,700 and \$227,732 respectively.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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: LINE OF CREDIT

BACS has a secured bank line of credit with a local bank, which provides short-term borrowings up to \$350,000. Interest is payable monthly at the bank index rate plus 0.5%, which as of June 30, 2017 was 5.25%. The line of credit matures on February 28, 2018. As of June 30, 2017, BACS had actual borrowings against the line of credit in the amount of \$350,000.

BACS has a secured bank line of credit with the bank, which has credit limit of \$250,000. The line of credit bears interest at the prime rate plus 1.5%, which as of June 30, 2017 was 9.25%. The line of credit matures on September 21, 2017. As of June 30, 2017, the Organization had actual borrowings against the line of credit in the amount of \$250,000.

NOTE 6: SHORT AND LONG-TERM DEBT

Mortgages Payable and Notes Payable at June 30, 2017, consisted of the following:

Mortgages Payable:

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. BACS formally requested principal forgiveness on the long-term debt with City of Pleasanton on October 10, 2016. A request was made to use the funds in lieu of repayment towards maintenance and needed renovations on the Pleasanton Apartments. \$ 27,893

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

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 06/01/41. 210,000

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6: SHORT AND LONG-TERM DEBT (Concluded)

Mortgages Payable (continued):

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.	264,354
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
Bank Loan, due 1/1/26, at an interest rate of 5.15% due monthly in installments of \$4,119, secured by the Fairfield Property.	668,952
Bank Loan, due 4/1/26, at an interest rate of 5.20% due monthly in installments of \$1,172, secured by the 98 th Avenue Property.	190,471
Bank Loan, due 6/1/26, at an interest rate of 5.20% due monthly in installments of \$4,506, secured by the 629 Oakland Avenue Property.	<u>735,119</u>
Total Mortgages Payable	<u><u>\$2,182,589</u></u>

Notes Payable:

City of San Leandro Note Payable – Capital Improvement Loan Woodroe. Maturity Date 4/21/28. Total loan \$25,000. Loan balance retired over 20 years at 5% annually on anniversary date of loan.	<u>\$ 13,750</u>
Total Notes Payable	<u><u>\$ 13,750</u></u>

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6: SHORT AND LONG-TERM DEBT (Concluded)

BACS has various notes outstanding, most of which are collateralized by real property. During the fiscal years of 2017 and 2016, interest expense on these notes were \$139,109 and \$88,351, 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>2017</u>	<u>2016</u>
2017	\$ 0	\$ 56,811
2018	59,511	59,592
2019	63,776	63,745
2020	68,022	68,001
2021	73,055	73,031
2022	78,255	0
Thereafter	1,853,720	1,930,950
	<u>2,196,339</u>	<u>2,252,130</u>
Less: Current Portion	(59,511)	(56,811)
Long-term Portion	<u>\$ 2,136,828</u>	<u>\$ 2,195,319</u>

NOTE 7: 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>	
2018	\$ 64,848
2019	40,371
2020	34,068
Total	<u>\$ 139,287</u>

Rent expense for the years ended June 30, 2017 and 2016 was \$145,881 and \$64,567 respectively for non-cancelable operating leases.

NOTE 8: IN-KIND CONTRIBUTIONS

BACS's Adult Day Care program received use of space for meal sites and parking for a value of \$29,004 and \$49,688 for 2017 and 2016, respectively. The Henry Robinson Hotel program received meals valued at \$398,360 and \$333,664 for 2017 and 2016.

Volunteer hours were also provided to BACS and were valued at \$4,144. These services are not recognized in the financial statements.

BAY AREA COMMUNITY SERVICES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9: TEMPORARILY RESTRICTED NET ASSETS

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

	2017	2016
Supported Independent Living Programs	\$ 16,008	\$ 7,564
Towne House Wellness Centers	29,634	16,886
Valley Wellness Center	11,944	11,944
South County Wellness	1,500	0
Older Adults Program	0	96,904
Adult Day Care – Oakland	42,226	42,226
Adult Day Care – Fremont	5,639	9,908
Fairfield Property – Solano County	720,000	0
Case Management	999	1,000
Total	<u>\$ 827,950</u>	<u>\$ 186,432</u>

Net assets of \$115,136 and \$9,246 were released from donor restrictions during the year of 2017 and 2016, respectively by incurring expenses satisfying the restricted purposes as follows:

	2017	2016
Supported Independent Living Programs	\$ 13,781	\$ 421
Towne House Wellness Centers	1	0
Older Adults Program	96,984	43
Adult Day Care – Oakland	0	3,690
Adult Day Care – Fremont	4,369	5,092
Case Management	1	0
Total	<u>\$ 115,136</u>	<u>\$ 9,246</u>

NOTE 10: 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, BACS 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, 2017

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, 2017 and 2016, BACS uninsured cash balances before reconciling items total \$1,089,384 and \$572,505, respectively.

NOTE 12: CONCENTRATION OF CONTRACT REVENUE

BACS receives approximately 52% of its government contracts revenue from County of Alameda from five contracts.

NOTE 13: RESTRICTED ASSETS

Bay Area Community Services Housing Corporation (BACSHC) holds title to real property located at 345 Travis Blvd., Fairfield, CA. As of June 30, 2017, BACSHC received a grant in the amount of \$720,000 and agreed to record a Deed Restriction against the property which requires that the property only be used as a transitional housing facility for persons with mental disabilities for a period of ten (10) years.

NOTE 14: SUBSEQUENT EVENTS

On August 2, 2017, BACS was the recipient of donated property from Sutter East Bay Hospitals. The property has been appraised at \$8,750,000. This facility will be operating as Thunder Road as an Adolescent Treatment Center.

BACS's management has evaluated its subsequent events through February 22, 2018, the date the consolidated financial statements were available to be issued.

IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017 appears on pages one and two. 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
February 22, 2018

**BAY AREA COMMUNITY SERVICES, INC.
OPERATIONS BY RESOLUTION NUMBER FOR ALAMEDA COUNTY
FOR THE YEAR ENDED JUNE 30, 2017**

	Mental Health Services BHSVC 28007 16 8,5	Adult Day Care-Oakland SOCSA 24551 8 29916/4	Adult Day Care-Fremont SOCSA 24551 8 29916/4	Care Management SOCSA 24551 8 29916/4	Total
SUPPORT AND REVENUE					
Foundation	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	-	23,400	-	23,400
State of California	-	-	-	-	-
County of Alameda	8,881,539	82,122	54,752	191,859	9,210,272
City of Fremont	-	-	-	-	-
City of Union City	4,016	-	9,000	-	13,016
Client/Program participation	31,070	265,441	244,793	-	541,304
Other (including Intra-agency transactions)	52,723	1,751	1,748	4,638	60,860
In-kind revenue	-	8,004	21,000	-	29,004
Total Support and Revenue	8,969,348	357,318	354,693	196,497	9,877,856
EXPENSES					
Salaries	4,353,193	176,458	161,731	134,025	4,825,407
Employee benefits	856,552	66,673	37,555	27,834	988,614
Contracted services	184,495	31,155	31,303	2,798	249,751
Supplies	182,524	11,409	13,493	409	207,835
Telephone	67,019	2,182	805	2,060	72,066
Postage	1,689	253	210	27	2,179
Occupancy	658,177	642	35,408	4,098	698,325
Equipment	450,948	2,549	6,543	-	460,040
Printing and publication	16,555	130	92	115	16,892
Transportation	162,685	21,829	12,088	4,734	201,336
Conferences	59,206	2,749	2,951	1,662	66,568
Client services	862,811	747	394	763	864,715
Insurance	15,718	791	1,377	240	18,126
Miscellaneous	68,817	1,996	1,349	996	73,158
In-kind expenses	-	8,004	21,000	-	29,004
Indirect costs	1,028,959	29,751	28,394	16,736	1,103,840
Total Expenses	8,969,348	357,318	354,693	196,497	9,877,856
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, 2017

	SIL Kennedy Street 90-CHRP-R-047	SIL Railroad Ave. 90-HRL-S-307	2017 Total
SUPPORT AND REVENUE			
Client/Program participation	\$ 22,504	\$ 30,048	\$ 52,552
Miscellaneous (including intra agency transfers)	44	106	150
Total Support and Revenue	<u>22,548</u>	<u>30,154</u>	<u>52,702</u>
EXPENSES			
Contracted Services	3,000	3,000	6,000
Supplies	23	44	67
Telephone	-	-	-
Postage	4	3	7
Occupancy	14,961	11,631	26,592
Equipment	1,936	590	2,526
Insurance	1,730	2,952	4,682
Bad Debt Expense	312	-	312
Expenses before Depreciation	<u>21,966</u>	<u>18,220</u>	<u>40,186</u>
Depreciation-Building	5,314	7,434	12,748
Depreciation-Bldg Improvements	1,535	12,079	13,614
Depreciation-Equipment	121	-	121
Total Depreciation	<u>6,970</u>	<u>19,513</u>	<u>26,483</u>
Total Expenses	<u>\$ 28,936</u>	<u>\$ 37,733</u>	<u>\$ 66,669</u>

See notes to financial statements

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REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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, 2017, and have issued our report thereon dated February 22, 2018, 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 the Uniform Guidance 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
February 22, 2018

BAY AREA COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<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:					
Senior Grants ADC (Fremont and Oakland)	93.044	PSA0917	\$ 99,436	\$ -	\$ 37,438
Subtotal CFDA Cluster 93.044 & 93.053			99,436	-	37,438
Pass-Through the County of Alameda:					
Care Management	93.041	PSA0917	59,864	-	131,995
Pass-Through the County of Solano	93.778	0394-16	294,807		
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			454,107	-	169,433
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Direct program:					
Low income Housing Assistance (Note A)	14.182	121-EH123	264,354	-	-
Pass-Through the Housing Authority:					
County of Alameda	14.856	CA39-K067	16,493	-	-
Subtotal CFDA Cluster 14.182 & 14.856			280,847	-	-
Direct program:					
Low income Housing Assistance (Note E)	14.157	121-EH123	162,118	-	-
Pass-Through Community Development Block Grants from:					
City of Union City	14.218	B-03-MC-06-0012	13,016	-	-
City of San Leandro	14.218	B-03-MC-06	1,250	-	-
City of Pleasanton (Note B)	14.218	B-03-MC-06	27,893	-	-
Total Community Development Block Grants (Subtotal CFDA 14.218)			42,159	-	-
Pass-Through the State of California					
HCD Community Development (Note C)	14.235	N/A	35,800	-	-
Pass-Through the City of Oakland					
HCD City of Oakland	14.235	N/A	1,714,682	-	261,741
Subtotal CFDA 14.235			1,750,482	-	261,741
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			2,235,606	-	261,741
<u>DEPARTMENT OF VETERAN AFFAIRS</u>					
Direct:					
Veterans Medical Health Benefits	64.009	N/A	23,400	-	-
SUBTOTAL EXPENDITURES OF FEDERAL AND COUNTY AWARDS			\$ 2,713,113	\$ -	\$ 431,174
<u>STATE AWARDS ONLY</u>					
Alameda County Behavioral Health Care Services		Master 900107	\$ -	\$ 8,881,539	\$ -
Alameda County Behavioral Health Care Services		CHFFA		333,957	
Solano County Mental Health Services		N/A		1,928,991	-
Solano County Mental Health Services		CHFFA		1,950,418	
SUBTOTAL EXPENDITURES OF STATE AWARDS			-	13,094,905	-
TOTAL EXPENDITURES OF FEDERAL, STATE, AND COUNTY AWARDS			\$ 2,713,113	\$ 13,094,905	\$ 431,174

Note A: Outstanding loan balances
Loan funds borrowed in 2017

Note B: Outstanding loan balances
Loan funds borrowed in 2017

Note C: Outstanding loan balances
Loan funds borrowed in 2017

Note E: This program is under East Bay Transitional Homes, Inc.

Note D: **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Bay Area Community Services, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Bay Area Community Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bay Area Community Services, Inc..

Note F: Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Bay Area Community Services, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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, 2017, 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 February 22, 2018.

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 black ink, reading "Sybil L. Bernabe" followed by a stylized flourish.

San Francisco, California
February 22, 2018

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

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 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, 2017. 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

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 *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.



San Francisco, California
February 22, 2018

BAY AREA COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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. Uniform Guidance Audit Finding Disclosed by Audit	NONE REPORTED
4. Major Program:	14.235 – SUPPORTIVE HOUSING PROGRAM SECTION 8 PROJECT-BASED CLUSTER: 14.182 – SECTION 8 NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION 14.856 – LOWER INCOME HOUSING ASSISTANCE PROGRAM – SECTION 8 MODERATE REHABILITATION
5. Dollar Threshold for Type A Programs	\$750,000
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 the Uniform Guidance	NONE REPORTED

BAY AREA COMMUNITY SERVICES, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

There were no findings noted for the year ended June 30, 2016.