Bay Area Housing Corporation and Affiliates

Consolidated Financial Statements
and Supplementary Information
and Other Audit Report

June 30, 2024
(With Comparative Totals for 2023)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bay Area Housing Corporation and Affiliates

Opinion

We have audited the accompanying consolidated financial statements of Bay Area Housing Corporation (a California nonprofit corporation) and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bay Area Housing Corporation and Affiliates as of June 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bay Area Housing Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information on pages 31 - 33 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2025, on our consideration of the Organization'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 the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Bay Area Housing Corporation's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Armanino LLP

San Jose, California

February 13, 2025

Bay Area Housing Corporation and Affiliates
Consolidated Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
Current assets		
Cash	$ 1,599,349	$ 1,442,769
Restricted cash	180,603	84,084
Short-term investments	422,297	-
Accounts receivable	426,830	373,424
Contributions and grants receivable	4,747	39,747
Note receivable - West Bay Housing Corporation, current portion	6,999	41,315
Prepaid expenses and deposits	54,534	63,954
Total current assets	2,695,359	2,045,293
Property and equipment, net	61,603,333	60,073,148
Other assets		
Note receivable - West Bay Housing Corporation, net of current portion	-	3,505
Housing predevelopment funds	246,515	208,656
Replacement reserves	1,431,364	1,448,754
Operating reserve	66,969	70,215
Surplus funds reserve	749,071	748,998
Debt service reserve	4,280,109	4,280,110
Total other assets	6,774,028	6,760,238
Total assets	$ 71,072,720	$ 68,878,679

The accompanying notes are an integral part of these consolidated financial statements.

Bay Area Housing Corporation and Affiliates
Consolidated Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 71,068	$ 43,917
Deferred revenue	379,042	440,249
CHFFA bonds payable, current portion	3,910,755	3,666,135
Mortgages and notes payable, current portion	201,496	173,363
Accrued interest, current portion	10,000	90,000
Total current liabilities	4,572,361	4,413,664
Long-term liabilities		
CHFFA bonds payable, net of current portion	1,783,874	5,548,519
Mortgages and notes payable, net of current portion	10,851,811	9,940,350
Accrued interest, net of current portion	415,501	395,481
Total long-term liabilities	13,051,186	15,884,350
Total liabilities	17,623,547	20,298,014
Net assets		
Without donor restrictions		
Operating fund	1,630,666	1,043,621
Restricted deposits and reserves	6,527,513	6,454,703
Property and equipment fund	37,267,231	33,984,423
Total without donor restrictions	45,425,410	41,482,747
With donor restrictions		
Home modification fund	182,083	84,084
Housing predevelopment fund	253,514	253,476
Property and equipment fund	7,588,166	6,760,358
Total with donor restrictions	8,023,763	7,097,918
Total net assets	53,449,173	48,580,665
Total liabilities and net assets	$ 71,072,720	$ 68,878,679

The accompanying notes are an integral part of these consolidated financial statements.

Bay Area Housing Corporation and Affiliates
Consolidated Statement of Activities
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenue, support, and gains				
Rental income	$ 6,051,506	$ -	$ 6,051,506	$ 5,858,309
Property management income	1,455,375	-	1,455,375	1,481,980
Contributions and grants	1,185,580	1,155,880	2,341,460	1,472,748
Special events	55,511	-	55,511	106,247
Other income	6,800	-	6,800	37,122
Interest income	99,256	826	100,082	20,021
Net assets released from restriction	230,861	(230,861)	-	-
Total revenue, support, and gains	9,084,889	925,845	10,010,734	8,976,427
Functional expenses				
Program services				
Project development	363,118	-	363,118	423,086
Property management	4,227,235	-	4,227,235	4,234,877
Community programs	124,330	-	124,330	-
Total program services	4,714,683	-	4,714,683	4,657,963
Support services				
Management and general	344,378	-	344,378	362,151
Fundraising	83,165	-	83,165	229,951
Total support services	427,543	-	427,543	592,102
Total functional expenses	5,142,226	-	5,142,226	5,250,065
Change in net assets	3,942,663	925,845	4,868,508	3,726,362
Net assets, beginning of year	41,482,747	7,097,918	48,580,665	44,854,303
Net assets, end of year	$ 45,425,410	$ 8,023,763	$ 53,449,173	$ 48,580,665

The accompanying notes are an integral part of these consolidated financial statements.

Bay Area Housing Corporation and Affiliates
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Program Services				Support Services			
	Project Development	Property Management	Community Programs	Total Program Services	Management and General	Fundraising	2024 Total	2023 Total
Personnel expenses								
Salaries	$ 294,568	$ 245,840	$ 27,813	$ 568,221	$ 141,226	$ 32,725	$ 742,172	$ 815,296
Payroll taxes and benefits	39,898	58,254	5,184	103,336	20,438	4,277	128,051	126,792
Total personnel expenses	334,466	304,094	32,997	671,557	161,664	37,002	870,223	942,088
Interest	-	1,236,885	-	1,236,885	-	-	1,236,885	1,413,884
Depreciation	-	1,152,224	-	1,152,224	-	-	1,152,224	1,111,702
Repairs and maintenance	-	1,123,580	22,078	1,145,658	-	-	1,145,658	1,131,826
Property taxes	-	314,244	-	314,244	-	-	314,244	283,586
Professional services	-	-	49,175	49,175	140,371	25,086	214,632	173,670
Rent	10,738	15,810	2,982	29,530	5,369	895	35,794	31,608
Marketing and outreach	-	-	12,607	12,607	15,729	5,385	33,721	-
Insurance	4,986	18,415	1,384	24,785	8,452	415	33,652	97,318
Office expense	4,691	24,386	1,303	30,380	2,345	389	33,114	18,350
Travel and conferences	2,613	26,931	242	29,786	436	813	31,035	15,624
Telephone	5,212	8,736	1,447	15,395	2,606	434	18,435	17,849
Fundraising expenses	-	-	-	-	-	11,993	11,993	-
California LLC taxes	-	800	-	800	6,800	-	7,600	7,600
Taxes and licenses	412	371	115	898	206	753	1,857	-
Miscellaneous	-	269	-	269	400	-	669	397
Utilities	-	490	-	490	-	-	490	4,563
	$ 363,118	$ 4,227,235	$ 124,330	$ 4,714,683	$ 344,378	$ 83,165	$ 5,142,226	$ 5,250,065
Percentage of total	7.1 %	82.2 %	2.4 %	91.7 %	6.7 %	1.6 %	100 %	

The accompanying notes are an integral part of these consolidated financial statements.

Bay Area Housing Corporation and Affiliates
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	$ 4,868,508	$ 3,726,362
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Grants restricted for purchase of property and equipment	(1,030,880)	(783,400)
Depreciation	1,152,224	1,111,702
Amortization of debt issuance costs	177,532	175,583
Changes in operating assets and liabilities		
Accounts receivable	(53,406)	20,836
Contributions and grants receivable	35,000	(30,000)
Prepaid expenses and deposits	9,420	(18,865)
Accounts payable and accrued expenses	27,152	1,745
Deferred revenue	(61,207)	50,671
Accrued interest	(59,980)	1,670
Net cash provided by operating activities	5,064,363	4,256,304
Cash flows from investing activities		
Purchase of property and equipment	(2,682,410)	(2,616,977)
Payments received on notes receivable - WBHC	37,821	43,271
Purchase of investments	(422,297)	-
Net cash used in investing activities	(3,066,886)	(2,573,706)
Cash flows from financing activities		
Payment for debt issuance costs	(58,269)	(21,388)
Proceeds from mortgages and notes payable	1,166,747	740,000
Payments on mortgages and notes payable	(178,968)	(158,186)
Payments on bonds payable	(3,687,473)	(3,469,080)
Cash received from grants restricted for purchase of property and equipment	1,030,880	783,400
Net cash used in financing activities	(1,727,083)	(2,125,254)
Net increase (decrease) in cash	270,394	(442,656)
Cash and restricted cash, beginning of year	8,283,586	8,726,242
Cash and restricted cash, end of year	$ 8,553,980	$ 8,283,586

The accompanying notes are an integral part of these consolidated financial statements.

Bay Area Housing Corporation and Affiliates
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
Cash and restricted cash consisted of the following:		
Cash	$ 1,599,349	$ 1,442,769
Restricted cash	180,603	84,084
Housing predevelopment funds	246,515	208,656
Replacement reserves	1,431,364	1,448,754
Operating reserve	66,969	70,215
Surplus funds reserve	749,071	748,998
Debt service reserve	4,280,109	4,280,110
	$ 8,553,980	$ 8,283,586

Supplemental disclosure of cash flow information

Cash paid during the year for interest	$ 1,193,987	$ 1,294,023

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF ACTIVITIES

Bay Area Housing Corporation ("BAHC") was established in April 2003 in response to the need for alternative housing solutions for the individuals being displaced by the closure of Agnews Developmental Center.

The mission is to develop and maintain housing, scattered within the community, which would provide a safe, supportive environment for people with intellectual and developmental disabilities.

BAHC's history

In cooperation with the Department of Developmental Services, San Andreas Regional Center ("SARC") and Golden Gate Regional Center ("GGRC"), BAHC has developed a well-respected housing organization with a financially sustainable portfolio.

BAHC currently owns 52 scattered site, single family homes in the Bay Area. Homes will provide PERMANENT housing opportunities for a vulnerable and often invisible part of its Community. Current capacity provides specialized housing for up to 208 individuals at any one time. Over the years, BAHC's homes have been a safe, supportive home for an estimated 400 people, and will continue to be a community resource into the future.

Casa Milagro

In 2007, BAHC formed a limited liability company, Casa Milagro, LLC. This LLC holds the 32 homes acquired under the Bay Area Housing Plan, between 2003 and 2011. These properties were refinanced with a 15-year bond issued in 2011 (see Note 8).

Mas Milagros

In 2010, BAHC formed another limited liability company, Mas Milagros, LLC. This LLC holds 4 properties, acquired between 2011 and 2015. These properties have "forgivable" loans from City and County of Santa Clara, and are encumbered by restrictive covenants. Interest is accrued annually, and $90,000 was paid during the year ended June 30, 2024. These loans will be forgiven over time.

Community Placement Plan ("CPP") properties

CPP holds 16 properties acquired under the Community Placement Plan, between 2016 and 2024. These properties were financed with a combination of grants from the State of California and commercial loans.

In fiscal 2023-24, BAHC added two more homes to the CPP portfolio. Renovations are ongoing at year end. BAHC is actively working on a CPP contract to acquire a multi-unit property in the next year.

1. NATURE OF ACTIVITIES (continued)

Community Placement Plan ("CPP") properties (continued)

BAHC, Casa Milagro, Mas Milagros and CPP portfolio are collectively referred as the "Organization".

Primary sources of revenues

The Organization's primary sources of revenue are rental income from the 52 homes and associated property management fees. A long-term lease agreement has been entered into with tenants (Service Providers) sponsored by SARC and paid with state appropriate funds. These funds are obligated under state law to provide services to people with developmental disabilities. The Organization also earns developer fees for managing the acquisition and renovations of CPP contract projects.

Fundraising for community programs

In fiscal 2021-22, the Organization increased fundraising activities, raising money specifically intended to assist low-income individuals with intellectual and developmental disabilities ("IDD") who require modifications to their home to improve quality of life. This program is referred to as Making Homes Work.

In fiscal 2022-23, the Organization invested in the development of another community program, referred to as the Legacy Home Program. This program helps families plan for the long-term housing needs of loved ones with IDD, while creating more affordable housing in the Community.

In fiscal 2023-24, the Organization hired a full time program manager to launch the community programs and focus on promoting and fulfilling the mission.

In general

Since its inception, the Organization has sustained an experienced, supportive Board of Directors consisting primarily of parents of children with developmental disabilities.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

Not-for-profits that: 1) have a majority of voting interest; 2) have economic interest; and 3) exercise economic control over a related entity, are required to consolidate their financial statements. Casa Milagro, LLC and Mas Milagros, LLC meet the above criteria and are consolidated into the BAHC's financial statements. The two LLCs, of which BAHC is the sole member, are California limited liability companies operated exclusively to further the tax exempt charitable purposes of the sole member. All significant intercompany transactions have been eliminated.

Method of accounting

The Organization prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of presentation

The Organization reports information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* - include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization.
- *Net assets with donor restrictions* - include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting year (see Note 12). Net assets held in perpetuity include those assets which are subject to a non-expiring donor restriction, such as endowments. There are no net assets held in perpetuity as of June 30, 2024 and 2023.

Adoption of accounting standards update

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 326, "Financial Instruments – Credit Losses," ("FASB ASC 326") which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in the standard is a shift from an "incurred loss" model to an "expected credit loss" model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 are accounts receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of accounting standards update (continued)

The Organization adopted FASB ASC 326 effective July 1, 2023 using the modified retrospective method. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new disclosures only.

Use of estimates

The presentation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include the expected useful lives of property and equipment, and the determination of functional expense allocations.

Cash and cash equivalents

Cash consists of cash on hand and cash in demand deposit accounts. Not included in cash are funds restricted as to their use, regardless of their liquidity. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. The Organization's cash balance included no cash equivalents as of June 30, 2024 and 2023.

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Restricted cash

Restricted cash consists of cash held for the Making Homes Work Projects (home modification program) of BAHC.

Short-term investments

Short-term investments consists of certificates of deposit held with an original maturity within a year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables and allowance for credit losses

The Organization maintains an allowance for credit losses for uncollectible receivables. The allowance for credit losses is estimated based on historical collection trends, the age of outstanding receivables and the Organization's assessment of current conditions and reasonable and supportable expectation of future economic conditions. Accounts are monitored by management on an ongoing basis and are written off by the Organization when it has been determined that all available collection avenues have been exhausted. There was no allowance for credit losses as of June 30, 2024 and 2023.

Property and equipment

All property and equipment are stated at cost, or if donated, recorded as support at the estimated fair value at the time of donation. Major improvements or additions over $2,500 are capitalized. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Depreciation

Depreciation is computed based on the straight-line method over the estimated useful lives of fixed assets, which range from 3 to 40 years (see Note 5).

Impairment of long-lived assets

The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of June 30, 2024 and 2023, there were no events or changes in circumstances indicating that the carrying amount of property and equipment may not be recoverable.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of the debt issuance costs is calculated using the straight-line method, which approximates the effective interest method and is reported as a component of interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and grants

Contributions and grants are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restriction. Contributions and grants with donor restrictions are reported as an increase in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions and grants are recognized. Contributions and grants including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, which is when donor stipulated barriers are overcome and the Organization is entitled to the assets transferred or promised.

Revenue recognition

The Organization follows the following steps to determine revenue recognition for program income including property management:

- Identifying the contract(s) with a customer,
- Identifying the performance obligations in the contract(s),
- Determining the transaction price,
- Allocating the transaction price to the performance obligations in the contract(s), and
- Recognizing revenue when, or as, the Organization satisfies a performance obligation.

Retirement plan

The Organization has a Simple IRA retirement plan, which covers substantially all full-time employees. The Organization contributes up to 3% of an eligible employee's gross salary. The contribution for the years ended June 30, 2024 and 2023 was $16,851 and $13,916, respectively.

Functional expense allocations

Directly identifiable expenses are charged to program and support services. Expenses related to more than one function are charged to programs and support services on the basis of salary expense. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

U.S. GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns and its state limited liability company tax returns are more likely than not to be sustained upon examination.

The Organization files information returns in the U.S. federal jurisdiction and state of California. The Organization's federal returns for the previous 3 years remain subject to possible examination by the Internal Revenue Service. The Organization's California returns for the previous 4 years remain subject to possible examination by the Franchise Tax Board.

Summarized comparative information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class or functional revenue and expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the consolidated financial statements for the year ended June 30, 2023 for comparative purposes to conform with the presentation in the current year consolidated financial statements.

Subsequent events

Management of the Organization has evaluated events and transactions subsequent to June 30, 2024 for potential recognition or disclosure in the consolidated financial statements. The Organization did not have subsequent events that required recognition or disclosure in the consolidated financial statements for the fiscal year ended June 30, 2024. Subsequent events have been evaluated through the date the consolidated financial statements became available to be issued, February 13, 2025.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management, it structures its financial assets to be available as its operating expenditures, liabilities, and other obligations come due.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

To meet liquidity needs, the Organization maintains adequate levels of cash and cash equivalents available. Accounts receivable, contributions and grants receivable, and note receivable - West Bay Housing Corporation that are considered current will be collected within one year.

In addition, the Organization maintains funds in reserves for operating and replacement accounts. These funds are used for the benefit of the tenants (service providers) and/or the Organization. Such funds are not considered by the Organization to have donor restrictions. If there are emergency replacements and repairs that cannot be covered by operating cash, the Organization can request funds to be temporarily released from the reserve accounts. Funds will then be returned back to the reserve accounts once operating cash becomes available.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2024 and 2023 to fund general expenditures and other obligations when they become due:

	2024	2023
Financial assets		
Cash	$ 1,599,349	$ 1,442,769
Restricted cash	180,603	84,084
Short-term investments	422,297	-
Accounts receivable	426,830	373,424
Contributions and grants receivable	4,747	39,747
Note receivable - West Bay Housing Corporation	6,999	44,820
Housing predevelopment funds	246,515	208,656
	2,887,340	2,193,500
Less: amounts unavailable to meet cash needs for general expenditures		
Funds subject to purpose restriction - Home modification fund	(182,083)	(84,084)
Funds subject to purpose restriction - Housing predevelopment fund	(253,514)	(253,476)
	(435,597)	(337,560)
	$ 2,451,743	$ 1,855,940

4. NOTE RECEIVABLE

West Bay Housing Corporation

In July 2009, the Organization advanced $500,000 to West Bay Housing Corporation ("WBHC") per authorization of the Steering Committee of the Bay Area Housing Plan for the purchase of properties pursuant to the Bay Area Housing Plan. The source of the funds is the SARC housing predevelopment advance (see Note 7). The advance to WBHC is subject to the conditions established in a promissory note agreement between WBHC and the Organization dated July 20, 2009. Monthly payments of principal and interest of $3,513 were due through July 2024 at an interest rate of 3.25% per annum. The balance of the note receivable from WBHC is $6,999 and $44,820 as of June 30, 2024 and 2023, respectively. Interest earned and received for the years ended June 30, 2024 and 2023 totaling $826 and $2,403, respectively, is restricted for related predevelopment expenses.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2024	2023
Land	$ 26,932,553	$ 26,497,554
Land improvements	880,408	847,098
Buildings and building improvements	45,697,511	43,912,852
Furniture and fixtures	17,826	17,826
Construction in progress	2,171,017	1,741,575
	75,699,315	73,016,905
Accumulated depreciation	(14,095,982)	(12,943,757)
	$ 61,603,333	$ 60,073,148

Depreciation expense for the years ended June 30, 2024 and 2023 was $1,152,224 and $1,111,702, respectively.

6. RESTRICTED DEPOSITS AND RESERVES

Housing predevelopment funds

The Organization holds housing predevelopment funds available for disbursement. The balance as of June 30, 2024 and 2023 was $246,515 and $208,656, respectively (see Note 7).

6. RESTRICTED DEPOSITS AND RESERVES (continued)

Replacement reserves

The Organization is required to maintain reserves for capital improvements, maintenance, repair and replacement of major components of its properties, to be funded on a monthly basis at varying rates per property ranging from $2,400 to $12,000 per year. Disbursements from the replacement reserves require prior approval from the lender and/or SARC.

The replacement reserves activity detail is as follows:

	2024	2023
Balance, beginning of year	$ 1,448,754	$ 1,567,337
Monthly funding and interest earned	246,703	182,047
Authorized withdrawals	(264,093)	(300,630)
Balance, end of year	$ 1,431,364	$ 1,448,754

Interest earned during the years ended June 30, 2024 and 2023 was $14,653 and $11,047, respectively.

Operating reserve

The Organization acquired 455 Cypress Avenue located in San Jose by assuming the seller's outstanding loans on the property and carried operating reserves along with the loans. The balance as of June 30, 2024 and 2023 was $66,969 and $70,215, respectively.

Surplus funds reserve

The surplus funds reserve, also known as the prepayment account, represents the accumulation of funds from rents which proved to be higher than the property taxes they were meant to pay. Currently the Organization uses the surplus funds reserve to pay two types of expenses: (1) maintenance and repair expenses as provided for in the November 2016 BAHP HOMES: Policies and Procedures for Maintenance Services and Repairs; and (2) certain professional fees and bank charges associated with Casa Milagro's ownership of 32 BAHP properties. The balance in the surplus funds reserve amounted to $749,071 and $748,998, as of June 30, 2024 and 2023, respectively.

6. RESTRICTED DEPOSITS AND RESERVES (continued)

Debt service reserve

Concurrent with the bond refinancing (see Note 8), $4,269,387 was deposited to a debt service reserve fund held in trust by the bond trustee. The reserve is part of the bond reserve account, which includes three non-profit organizations. Due to the uncertainty of the ownership of the earnings from the reserve, the Organization doesn't record the interest. It will be determined when the bond is due in February 2026. As of June 30, 2024 and 2023, the debt service reserve was $4,280,109 and $4,280,110, respectively.

7. HOUSING PREDEVELOPMENT FUND ADVANCE

SARC made available a fund, originally in the amount of $3,360,672, to be used for housing predevelopment costs as outlined in a Bay Area Housing Plan agreement in which BAHC is the trustee. The funds were primarily lent out for the development of housing and repaid with interest. During the year ended June 30, 2018, all funds less authorized expenditures were repaid to SARC after the plan was fully implemented. All interest earned is restricted for housing predevelopment purposes and included in the net assets with donor restrictions balance (see Notes 4 and 12).

The fund balance detail is as follows:

	2024	2023
Fund assets		
Note receivable - West Bay Housing Corporation	$ 6,999	$ 44,820
Housing predevelopment funds	246,515	208,656
	$ 253,514	$ 253,476
Fund net assets		
Net assets with donor restrictions - housing predevelopment fund interest income	$ 253,514	$ 253,476
	$ 253,514	$ 253,476

8. CHFFA BONDS PAYABLE

The Organization refinanced its indebtedness on 32 homes under a loan agreement dated February 1, 2011 between Casa Milagro, LLC and California Health Facilities Financing Authority ("CHFFA"), a public instrumentality of the State of California, using proceeds allocated from its issuance of Tax-Exempt Series 2011A and Taxable Series 2011B Insured Revenue Bonds (Community Program for Persons with Developmental Disabilities), pursuant to the Bay Area Housing Plan. The total amount allocated to Casa Milagro, LLC net of premium and discount was $41,610,258. The bond debt is fully amortizable over a fifteen-year term with payments of principal and interest due monthly in the amount of $359,130 through February 1, 2026. Interest rates range from 2.12% in year one to 7.88% in year fifteen. The loan is secured by the underlying properties.

Bonds payable consisted of the following:

	2024	2023
Bonds payable	$ 5,930,039	$ 9,591,312
Unamortized bond premium and discount, net	43,668	69,868
	5,973,707	9,661,180
Less: current portion	(3,910,755)	(3,666,135)
Less: unamortized debt issuance cost	(279,078)	(446,526)
	$ 1,783,874	$ 5,548,519

The future maturities of the bonds payable are as follows:

Year ending June 30,	
2025	$ 3,910,755
2026	2,019,284
	$ 5,930,039

Interest expense on the bonds for the years ended June 30, 2024 and 2023 was $622,090 and $840,481, respectively. Amortization of debt issuance costs on the bonds for the years ended June 30, 2024 and 2023 was $167,447 and $167,447, respectively.

9. MORTGAGES AND NOTES PAYABLE

Mortgages and notes payable are detailed as follows:

	2024	2023
City of Santa Clara RDA note (2010) - The Organization assumed debt with the City of Santa Clara Redevelopment Agency through a loan assignment and assumption agreement dated November 9, 2010, in exchange for property acquired from Bracher HDC, Inc. The note accrues simple interest at the rate of 2% per annum. Payments of $10,000 are due annually starting on December 1, 2015, to be applied to accrued and current interest first. All unpaid principal and interest is due at maturity on August 1, 2033.	$ 1,246,000	$ 1,246,000
City of Santa Clara RDA loan (2012) - Mas Milagros, LLC ("Mas") assumed a note with the City of Santa Clara Redevelopment Agency through a loan assignment and assumption agreement dated August 28, 2012, in exchange for property acquired from Senior Housing Solutions. The note, bearing no interest, is due at maturity on August 31, 2065.	393,858	393,858
City of Santa Clara HOME loan - Mas Milagros, LLC assumed a note with the City of Santa Clara through a loan assignment and assumption agreement dated August 28, 2012, in exchange for property acquired from Senior Housing Solutions. The note, bearing no interest, is due at maturity on July 13, 2030. As long as the property continues to be used to provide affordable housing and services to extremely low income persons with developmental disabilities, no repayment is required to the City.	488,244	488,244

9. MORTGAGES AND NOTES PAYABLE (continued)

	2024	2023
County of Santa Clara HOME loan - Mas Milagros, LLC assumed a note with the County of Santa Clara through a loan assignment and assumption agreement dated August 21, 2012, in exchange for property acquired from Senior Housing Solutions. The note, bearing 3% interest, is due at maturity on July 13, 2065. Payments of principal and interest are contingent on the availability of residual receipts as defied in the note. Residual receipts are kept by Mas until the threshold of $25,000 is reached. Once the threshold is attained, 50% of residual receipts will be used to make payments to the County of Santa Clara HOME loan.	170,000	170,000
Housing Trust loan - Mas Milagros, LLC assumed a note with the Opportunity Fund Northern California through a loan assignment and assumption agreement dated June 5, 2012, in exchange for property acquired from Senior Housing Solutions. The loan was assigned to Housing Trust Silicon Valley on January 1, 2013. The note bears no interest. Mas has an option to keep residual receipts as defined in the note, or use 100% of residual receipts to pay down the note. Unpaid principal is due at maturity on August 1, 2065.	100,000	100,000
First Republic Bank loan - the Organization entered into a loan agreement dated April 12, 2017, in the amount of $404,799, bearing 4.5% simple interest, to acquire a property located in South San Francisco. In June 2017 monthly payments of principal and interest in the amount of $2,051 commenced. Final payment of all outstanding principal and interest shall be made May 1, 2047.	351,552	360,134
First Republic Bank loan - the Organization entered into a loan agreement dated May 24, 2017, in the amount of $584,000, bearing 4.5% simple interest, to acquire a property located in Daly City. In July 2017 monthly payments of principal and interest in the amount of $2,595 commenced. Final payment of all outstanding principal and interest shall be made June 1, 2047.	508,292	520,568

9. MORTGAGES AND NOTES PAYABLE (continued)

	2024	2023
Clearinghouse Community Development Financial Institution loan - the Organization entered into a loan agreement dated December 2, 2016, in the amount of $615,038, bearing 6.0% simple interest, to acquire a property located in San Martin. In February 2017 monthly payments of principal and interest in the amount of $3,721 commenced. Final payment of all outstanding principal and interest shall be made January 1, 2047.	548,590	559,490
Clearinghouse Community Development Financial Institution loan - the Organization entered into a loan agreement dated April 18, 2017, in the amount of $593,722, bearing 6.15% simple interest, to acquire a property located in Morgan Hill. In June 2017 monthly payments of principal and interest in the amount of $3,794 commenced. Final payment of all outstanding principal and interest shall be made May 1, 2044.	515,447	528,129
Clearinghouse Community Development Financial Institution loan - the Organization entered into a loan agreement dated April 18, 2017, in the amount of $560,267, bearing 6.15% simple interest, to acquire a property located in Morgan Hill. In June 2017 monthly payments of principal and interest in the amount of $3,581 commenced. Final payment of all outstanding principal and interest shall be made May 1, 2044.	486,403	498,370
Clearinghouse Community Development Financial Institution loan - the Organization entered into a loan agreement dated December 9, 2016, in the amount of $666,000, bearing 6.15% simple interest, to acquire a property located in San Martin. In February 2017 monthly payments of principal and interest in the amount of $4,030 commenced. Final payment of all outstanding principal and interest shall be made January 1, 2047.	594,489	606,292

9. MORTGAGES AND NOTES PAYABLE (continued)

	2024	2023
Santa Cruz County Bank - the Organization entered into a loan agreement dated September 19, 2016, in the amount of $611,500, bearing 6.5% simple interest, to acquire a property located in Santa Cruz. In November 2016 monthly payments of principal and interest in the amount of $3,903 commenced. Final payment of all outstanding principal and interest shall be made October 5, 2046.	546,397	556,730
First Republic Bank loan - the Organization entered into a loan agreement dated July 5, 2017, in the amount of $811,292, bearing 4.5% simple interest, to acquire a property located in San Jose. In September 2017 monthly payments of principal and interest in the amount of $4,111 commenced. Final payment of all outstanding principal and interest shall be made August 1, 2047.	708,947	725,955
Santa Cruz County Bank - the Organization entered into a loan agreement dated September 25, 2018, in the amount of $535,000, bearing 6.5% simple interest, to acquire a property located in Hollister. In October 2018 monthly payments of principal and interest in the amount of $3,599 commenced. Final payment of all outstanding principal and interest shall be made September 5, 2043.	478,291	489,899
Santa Cruz County Bank - the Organization entered into a loan agreement dated March 11, 2019, in the amount of $640,000, bearing 6.5% simple interest, to acquire a property located in Hollister. In April 2019 monthly payments of principal and interest in the amount of $4,044 commenced. Final payment of all outstanding principal and interest shall be made March 5, 2049.	592,759	602,309
Choice Financial Group - the Organization entered into a loan agreement dated December 20, 2019, in the amount of $660,000, bearing 5.0% simple interest, to acquire a property located in San Juan Bautista. In February 2020 monthly payments of principal and interest in the amount of $3,543 commenced. Final payment of all outstanding principal and interest shall be made January 1, 2050.	613,273	624,624

9. MORTGAGES AND NOTES PAYABLE (continued)

	2024	2023
Clearinghouse Community Development Financial Institution loan - the Organization entered into a loan agreement dated December 7, 2020, in the amount of $622,102, bearing 5.75% simple interest, to acquire a property located in Watsonville. In February 2021 monthly payments of principal and interest in the amount of $4,099 commenced. Final payment of all outstanding principal and interest shall be made January 1, 2044.	574,036	589,768
Clearinghouse Community Development Financial Institution loan - the Organization entered into a loan agreement dated November 29, 2021, in the amount of $570,000, bearing 5.75% simple interest, to acquire a property located in Watsonville. In February 2022 monthly payments of principal and interest in the amount of $3,837 commenced. Final payment of all outstanding principal and interest shall be made January 1, 2044.	537,384	552,082
Clearinghouse Community Development Financial Institution loan - the Organization entered into a loan agreement dated November 29, 2022 in the amount of $740,000, bearing 5.25% simple interest, to acquire a property located in Newark. In November 2022 monthly payments of principal and interest in the amount of $4,468 commenced. Final payment of all outstanding principal and interest shall be made October 1, 2047.	715,782	730,779
Clearinghouse Community Development Financial Institution loan - the Organization entered into a loan agreement dated October 30, 2023 in the amount of $656,747, bearing 8.25% simple interest, to acquire a property located in Gilroy. In January 2024 monthly payments of principal and interest in the amount of $5,297 commenced. Final payment of all outstanding principal and interest shall be made December 1, 2047.	652,435	-

9. MORTGAGES AND NOTES PAYABLE (continued)

	2024	2023
Clearinghouse Community Development Financial Institution loan - the Organization entered into a loan agreement dated March 12, 2024 in the amount of $510,000, bearing 7.88% simple interest, to acquire a property located in Royal Oaks. In May 2024 monthly payments of principal and interest in the amount of $3,985 commenced. Final payment of all outstanding principal and interest shall be made April 1, 2048.	508,831	-
	11,331,010	10,343,231
Less unamortized debt issuance costs	(277,703)	(229,518)
	11,053,307	10,113,713
Current portion	(201,496)	(173,363)
	$ 10,851,811	$ 9,940,350

The future maturities of the mortgages and notes payable are as follows:

Year ending June 30,	
2025	$ 201,496
2026	213,643
2027	226,544
2028	239,142
2029	254,731
Thereafter	10,195,454
	$ 11,331,010

Amortization of debt issuance costs on the mortgages and notes for the years ended June 30, 2024 and 2023 was $10,085 and $8,136, respectively.

10. ACCRUED INTEREST

Accrued interest consisted of the following:

	2024	2023
City of Santa Clara RDA note (2010)	$ 365,251	$ 430,331
County of Santa Clara HOME loan	60,250	55,150
	425,501	485,481
Accrued interest, current portion	(10,000)	(90,000)
	$ 415,501	$ 395,481

11. INTEREST EXPENSE

Interest expense consisted of the following:

	2024	2023
CHFFA bonds	$ 622,090	$ 840,481
City of Santa Clara RDA note (2010)	24,920	24,920
County of Santa Clara HOME loan	5,100	5,100
CPP Properties various loans	407,243	367,800
Amortization of debt issuance costs	177,532	175,583
	$ 1,236,885	$ 1,413,884

$72,888 and $75,923 of interest incurred for the years ended June 30, 2024 and 2023, respectively, was capitalized to property costs.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2024	2023
Home modification fund	$ 182,083	$ 84,084
Housing predevelopment fund *	253,514	253,476
Property and equipment fund	7,588,166	6,760,358
	$ 8,023,763	$ 7,097,918

* In the event fund is not used for the intended restricted purpose, the remaining unexpended amount from housing predevelopment costs will be repaid to SARC at the culmination of the Bay Area Housing Plan (see Note 7).

13. RENTAL INCOME

Rental income consisted of the following:

	2024	2023
Property lease income	$ 5,764,635	$ 5,605,132
Property tax reimbursement	209,271	175,577
Replacement reserve payments	77,600	77,600
	$ 6,051,506	$ 5,858,309

14. PROPERTY MANAGEMENT INCOME

Property management income consisted of the following:

	2024	2023
Property management fees	$ 559,649	$ 486,552
Property repairs and maintenance reimbursement	802,617	706,534
Property maintenance contract fees	37,753	266,918
Property insurance reimbursement	55,356	21,976
	$ 1,455,375	$ 1,481,980

15. COMMITMENTS AND CONTINGENCIES

Commitment

The Organization, under restrictions as outlined in various agreements with the California Department of Developmental Services and the City of Santa Clara Redevelopment Agency, is to maintain all owned properties solely as long-term residences for the benefit of persons who are intellectually and developmentally disabled.

Lease

The Organization conducts its operations from office space leased under month-to-month basis. Lease expense for the office space for the years ended June 30, 2024 and 2023 was $35,794 and $31,608, respectively.

SUPPLEMENTARY INFORMATION

Bay Area Housing Corporation and Affiliates
Consolidating Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

ASSETS

	BAHC (without CPP)	CPP Projects	Eliminating Entries	BAHC	Casa Milagro, LLC	Mas Milagros, LLC	Eliminating Entries	2024 Total	2023 Total
Current assets									
Cash	$ 878,590	$ 662,382	$ -	$ 1,540,972	$ -	$ 58,377	$ -	$ 1,599,349	$ 1,442,769
Restricted cash	180,603	-	-	180,603	-	-	-	180,603	84,084
Short-term investments	422,297	-	-	422,297	-	-	-	422,297	-
Due from related parties	70,517	50,100	(70,570)	50,047	33,693	-	(83,740)	-	-
Accounts receivable	356,433	9,044	-	365,477	61,353	-	-	426,830	373,424
Contributions and grants receivable	4,747	-	-	4,747	-	-	-	4,747	39,747
Note receivable - West Bay Housing Corporation, current portion	6,999	-	-	6,999	-	-	-	6,999	41,315
Prepaid expenses and deposits	54,534	-	-	54,534	-	-	-	54,534	63,954
Total current assets	1,974,720	721,526	(70,570)	2,625,676	95,046	58,377	(83,740)	2,695,359	2,045,293
Property and equipment, net	-	21,984,477	-	21,984,477	36,427,780	3,191,076	-	61,603,333	60,073,148
Other assets									
Note receivable - West Bay Housing Corporation, net of current portion	-	-	-	-	-	-	-	-	3,505
Housing predevelopment funds	246,515	-	-	246,515	-	-	-	246,515	208,656
Replacement reserves	-	288,955	-	288,955	772,988	369,421	-	1,431,364	1,448,754
Operating reserve	-	-	-	-	-	66,969	-	66,969	70,215
Surplus funds reserve	-	-	-	-	749,071	-	-	749,071	748,998
Debt service reserve	-	-	-	-	4,280,109	-	-	4,280,109	4,280,110
Total other assets	246,515	288,955	-	535,470	5,802,168	436,390	-	6,774,028	6,760,238
Total assets	$ 2,221,235	$ 22,994,958	$ (70,570)	$ 25,145,623	$ 42,324,994	$ 3,685,843	$ (83,740)	$ 71,072,720	$ 68,878,679

Bay Area Housing Corporation and Affiliates
Consolidating Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

LIABILITIES AND NET ASSETS

	BAHC (without CPP)	CPP Projects	Eliminating Entries	BAHC	Casa Milagro, LLC	Mas Milagros, LLC	Eliminating Entries	2024 Total	2023 Total
Current liabilities									
Accounts payable and accrued expenses	$ 61,390	$ 9,678	$ -	$ 71,068	$ -	$ -	$ -	$ 71,068	$ 43,917
Deferred revenue	-	19,912	-	19,912	359,130	-	-	379,042	440,249
CHFFA bonds payable, current portion	-	-	-	-	3,910,755	-	-	3,910,755	3,666,135
Mortgages and notes payable, current portion	-	201,496	-	201,496	-	-	-	201,496	173,363
Accrued interest, current portion	-	-	-	-	-	10,000	-	10,000	90,000
Due to related parties	83,793	20,470	(70,570)	33,693	39,226	10,821	(83,740)	-	-
Total current liabilities	145,183	251,556	(70,570)	326,169	4,309,111	20,821	(83,740)	4,572,361	4,413,664
Long-term liabilities									
CHFFA bonds payable, net of current portion	-	-	-	-	1,783,874	-	-	1,783,874	5,548,519
Mortgages and notes payable, net of current portion	-	8,486,252	-	8,486,252	-	2,365,559	-	10,851,811	9,940,350
Accrued interest, net of current portion	-	-	-	-	-	415,501	-	415,501	395,481
Total long-term liabilities	-	8,486,252	-	8,486,252	1,783,874	2,781,060	-	13,051,186	15,884,350
Total liabilities	145,183	8,737,808	(70,570)	8,812,421	6,092,985	2,801,881	(83,740)	17,623,547	20,298,014
Net assets									
Without donor restrictions	1,640,455	6,668,984	-	8,309,439	36,232,009	883,962	-	45,425,410	41,482,747
With donor restrictions	435,597	7,588,166	-	8,023,763	-	-	-	8,023,763	7,097,918
Total net assets	2,076,052	14,257,150	-	16,333,202	36,232,009	883,962	-	53,449,173	48,580,665
Total liabilities and net assets	$ 2,221,235	$ 22,994,958	$ (70,570)	$ 25,145,623	$ 42,324,994	$ 3,685,843	$ (83,740)	$ 71,072,720	$ 68,878,679

Bay Area Housing Corporation and Affiliates
Consolidating Statement of Activities
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	BAHC (without CPP)	CPP Projects	Eliminating Entries	BAHC	Casa Milagro, LLC	Mas Milagros, LLC	Eliminating Entries	2024 Total	2023 Total
Revenue, support, and gains (losses)									
Rental income	$ -	$ 1,365,276	$ -	$ 1,365,276	$ 4,582,838	$ 103,392	$ -	$ 6,051,506	$ 5,858,309
Property management income	2,320,004	-	(628,452)	1,691,552	466,013	-	(702,190)	1,455,375	1,481,980
Contributions and grants	249,402	2,092,058	-	2,341,460	-	-	-	2,341,460	1,472,748
Special events	55,511	-	-	55,511	-	-	-	55,511	106,247
Development fee revenue	90,000	-	(90,000)	-	-	-	-	-	-
Other income	-	-	-	-	6,800	-	-	6,800	37,122
Interest income	34,122	1,253	-	35,375	53,881	10,826	-	100,082	20,021
Total revenue, support, and gains (losses)	2,749,039	3,458,587	(718,452)	5,489,174	5,109,532	114,218	(702,190)	10,010,734	8,976,427
Functional expenses									
Program services									
Project development	363,118	90,000	(90,000)	363,118	-	-	-	363,118	423,086
Property management	1,521,870	1,566,870	(628,452)	2,460,288	2,205,164	263,973	(702,190)	4,227,235	4,234,877
Community programs	124,330	-	-	124,330	-	-	-	124,330	-
Total program services	2,009,318	1,656,870	(718,452)	2,947,736	2,205,164	263,973	(702,190)	4,714,683	4,657,963
Supporting services									
Management and general	239,577	39,000	-	278,577	55,963	9,838	-	344,378	362,151
Fundraising	83,165	-	-	83,165	-	-	-	83,165	229,951
Total support services	322,742	39,000	-	361,742	55,963	9,838	-	427,543	592,102
Total functional expenses	2,332,060	1,695,870	718,452	3,309,478	2,261,127	273,811	702,190	5,142,226	5,250,065
Change in net assets	416,979	1,762,717	-	2,179,696	2,848,405	(159,593)	-	4,868,508	3,726,362
Net assets, beginning of year	1,659,073	12,494,433	-	14,153,506	33,383,604	1,043,555	-	48,580,665	44,854,303
Net assets, end of year	$ 2,076,052	$ 14,257,150	$ -	$ 16,333,202	$ 36,232,009	$ 883,962	$ -	$ 53,449,173	$ 48,580,665

OTHER AUDIT REPORT

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*

To the Board of Directors
Bay Area Housing Corporation and Affiliates

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 Housing Corporation (a California nonprofit corporation) and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated February 13, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Armanino LLP

San Jose, California

February 13, 2025