

BERKELEY FOOD AND HOUSING PROJECT

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTRY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2015
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014**

IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

**BERKELEY FOOD AND HOUSING PROJECT
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
BERKELEY FOOD AND HOUSING PROJECT
Berkeley, California

Report on Financial Statements

We have audited the accompanying financial statements of Berkeley Food and Housing Project, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and 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 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 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

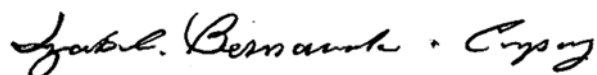
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Berkeley Food and Housing Project as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally 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 December 24, 2015, on our consideration of Berkeley Food and Housing Project'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 Berkeley Food and Housing Project's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Berkeley Food and Housing Project's 2014 financial statements, and our report dated December 5, 2014, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it was derived.



San Francisco, California
December 24, 2015

BERKELEY FOOD AND HOUSING PROJECT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014

ASSETS	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and Cash Equivalents	\$ 460,692	\$ 368,131
Account Receivables	1,433,871	570,528
Prepaid Expenses	75,281	50,627
Deposits	17,920	17,500
Other Assets	47,049	30,255
Total Current Assets	<u>2,034,813</u>	<u>1,037,041</u>
Fixed Assets (Net of Accumulated Depreciation of \$1,295,297 and \$1,181,661 respectively)	<u>1,425,854</u>	<u>1,406,029</u>
TOTAL ASSETS	<u>\$ 3,460,667</u>	<u>\$ 2,443,070</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 133,181	\$ 105,403
Accrued Vacation, Payroll and Payroll Taxes	186,437	160,382
Accrued Liabilities	9,255	2,080
Deferred Revenue	12,795	20,126
Security Deposits, Client Savings, and Pass-Through Funds	219,869	193,936
Total Current Liabilities	<u>561,537</u>	<u>481,927</u>
Noncurrent Liabilities		
Interest Payable	638,931	598,873
Loan Payable	96,195	108,195
Mortgages Payable	835,630	835,630
Total Noncurrent Liabilities	<u>1,570,756</u>	<u>1,542,698</u>
Total Liabilities	<u>2,132,293</u>	<u>2,024,625</u>
Net Assets		
Unrestricted	645,809	340,206
Temporarily Restricted	682,565	78,239
Total Net Assets	<u>1,328,374</u>	<u>418,445</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,460,667</u>	<u>\$ 2,443,070</u>

See notes to the financial statements

BERKELEY FOOD AND HOUSING PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>TOTAL 2015</u>	<u>TOTAL 2014</u>
REVENUE				
HUD	\$ 687,673	\$ -	\$ 687,673	\$ 648,228
FEMA	19,000	-	19,000	33,000
VA Per Diem	179,865	-	179,865	174,693
Supportive Services for Veteran Families	654,585	-	654,585	325,133
City of Berkeley	858,585	-	858,585	886,123
City of Emeryville	7,406	-	7,406	4,600
City of Albany	83,656	-	83,656	83,866
Alameda County	945,180	-	945,180	753,612
Donations	574,546	237,574	812,120	833,073
Donations-Capital Campaign	-	663,970	663,970	-
Program Revenue	205,199	-	205,199	201,837
In-Kind Donations	100,594	-	100,594	108,684
Other Income	30,591	-	30,591	15,952
Interest	191	-	191	159
Net assets released from:				
Satisfaction of usage restrictions	297,218	(297,218)	-	-
Total Revenue	<u>4,644,289</u>	<u>604,326</u>	<u>5,248,615</u>	<u>4,068,960</u>
EXPENSES				
Program Services	3,601,200	-	3,601,200	3,225,597
Management and General	400,089	-	400,089	312,449
Fund Raising and Capital Campaign	337,397	-	337,397	336,955
Total Expenses	<u>4,338,686</u>	<u>-</u>	<u>4,338,686</u>	<u>3,875,001</u>
Excess (Deficit) of Revenue Over Expenses	305,603	604,326	909,929	193,959
Net Assets - Beginning of Year	<u>340,206</u>	<u>78,239</u>	<u>418,445</u>	<u>224,486</u>
Net Assets - End of Year	<u>\$ 645,809</u>	<u>682,565</u>	<u>\$ 1,328,374</u>	<u>\$ 418,445</u>

See notes to the financial statements

BERKELEY FOOD AND HOUSING PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2015</u>	<u>2014</u>
Change in Net Assets	\$ 909,929	\$ 193,959
Adjustments to Reconcile Change in Net Assets To Net Cash Provided by Operating Activities		
Depreciation	113,637	108,456
Accrued Interest Payable	40,058	40,058
(Increase)/Decrease in:		
Account Receivables	(863,343)	(362,429)
Prepaid Expenses	(24,654)	(961)
Deposits	(420)	
Other Assets	(16,794)	(23,565)
Increase/(Decrease) in:		
Accounts Payable & Other Liabilities	61,008	66,224
Deferred Revenues	(7,331)	(56,934)
Security Deposits, Client Savings, and Pass-Through Funds	25,933	(107,423)
Net Cash Provided by Operating Activities	<u>238,023</u>	<u>(142,615)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Fixed Assets	<u>(133,462)</u>	<u>(81,653)</u>
Net Cash Used by Investing Activities	<u>(133,462)</u>	<u>(81,653)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan payments	<u>(12,000)</u>	<u>(12,000)</u>
Net Cash Used by Financing Activities	<u>(12,000)</u>	<u>(12,000)</u>
NET INCREASE/(DECREASE) IN CASH	92,561	(236,268)
Cash and Cash Equivalents at Beginning of the Year	<u>368,131</u>	<u>604,399</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 460,692</u>	<u>\$ 368,131</u>

SUPPLEMENTARY INFORMATION

Interest Paid	<u>\$ 3,653</u>	<u>\$ 4,334</u>
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See notes to the financial statements

**BERKELEY FOOD AND HOUSING PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014**

	<u>Supporting Services</u>			<u>TOTAL 2015</u>	<u>TOTAL 2014</u>
	<u>Program Services</u>	<u>Management And General</u>	<u>Fundraising and Capital Campaign</u>		
Salaries	\$ 1,921,791	\$ 248,214	\$ 183,696	\$ 2,353,701	\$ 2,098,012
Payroll Taxes	176,949	22,692	15,857	215,498	194,467
Fringe Benefits	353,223	24,072	22,444	399,739	349,120
Total Personnel Expenses	<u>2,451,963</u>	<u>294,978</u>	<u>221,997</u>	<u>2,968,938</u>	<u>2,641,599</u>
Food Costs	119,131	-	325	119,456	125,655
Program Supplies	83,541	-	1,940	85,481	79,387
Client Relations	7,033	-	2,341	9,374	10,636
Contracted Program Services	77,862	-	1,500	79,362	97,904
Staff Development	22,286	6,189	2,526	31,001	24,897
Travel and Transportation	55,127	1,915	329	57,371	29,977
Volunteer Placement Fees	4,540	-	-	4,540	10,450
Accounting	54,949	7,252	4,827	67,028	20,767
Legal	-	11,346	-	11,346	10,986
Professional Fees	27,321	14,796	8,904	51,021	2,100
Office Supplies	20,418	4,074	1,296	25,788	28,019
Printing and Copying	5,063	1,531	9,208	15,802	13,833
Mailing and Postage	633	1,437	10,517	12,587	7,203
Advertising and Development	1,189	599	50,809	52,597	25,935
Licenses, Permits, Fees, & Tax	22,179	3,543	4,964	30,686	38,905
Information Technology	28,141	4,791	5,166	38,098	52,359
Insurance	27,686	2,589	1,782	32,057	32,659
Rent	220,344	26,282	5,424	252,050	236,608
Equipment Rental	15,635	2,512	942	19,089	17,865
Furniture & Equipment	39,010	4,853	1,252	45,115	44,298
Repairs and Maintenance	55,467	1,690	301	57,458	74,587
Telephone	34,162	2,152	584	36,898	28,672
Utilities	76,027	2,168	-	78,195	66,851
Total Expenses Before Depreciation and Interest	<u>3,449,707</u>	<u>394,697</u>	<u>336,934</u>	<u>4,181,338</u>	<u>3,722,152</u>
Interest	40,694	2,714	303	43,711	44,392
Depreciation	110,799	2,678	160	113,637	108,457
TOTAL EXPENSES	<u>\$ 3,601,200</u>	<u>\$ 400,089</u>	<u>\$ 337,397</u>	<u>\$ 4,338,686</u>	<u>\$ 3,875,001</u>

See notes to financial statements

**BERKELEY FOOD AND HOUSING PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Note A: NATURE OF ACTIVITIES

Berkeley Food and Housing Project (“BFHP”), was incorporated as a California nonprofit public benefit corporation in 1984. BFHP is governed by a volunteer board of directors, and its principal function is to provide community-based services to poor, homeless and mentally disabled people.

BFHP’s mission is to ease and end the crisis of homelessness in the community. BFHP’s programs are grounded in the core components of food, emergency shelter, transitional housing, permanent housing, and rapid re-housing / homelessness prevention services. Core programming is enriched with wraparound supportive services, ranging from benefits enrollment and advocacy for medical and mental health, to money management, employment assistance, and housing case management, the latter of which is a comprehensive, intake-to-placement service delivery model that supports a household’s transition from homelessness to permanent housing.

BFHP is committed to preserving a safe, supportive and stabilizing environment wherein homeless and low income individuals and families can access a holistic range of services to meet their immediate needs and achieve their goals of ending their cycle of homelessness. The short-term goal of BFHP is to rapidly move its participants into permanent housing, while simultaneously addressing each client’s barriers to retaining their housing. The long-term goal of BFHP is to work with the larger community to end chronic homelessness.

Note B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Revenue is recorded when earned and expenditures are recorded when incurred.

Basis of Presentation

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

Estimates

The preparation of financial statements in conformity with 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.

Income Tax Status

BFHP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. BFHP is also exempt from state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Management believes that BFHP has no uncertain tax positions as of June 30, 2015.

Reclassifications

Certain reclassifications have been made to the 2014 financial statement presentation to correspond to the current year’s format. Total net assets and net income are unchanged due to these reclassifications.

**BERKELEY FOOD AND HOUSING PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Note B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents and grants receivable approximate fair value because of the short maturity of those financial instruments. The carrying amounts of loans and mortgages payable are provided by the lenders, and are based on interest rates being offered for loans with similar terms, to other low-income housing borrowers.

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.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, BFHP considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. BFHP maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2015, BFHP did not have any uninsured cash balances.

Grants / Accounts Receivable

Grants / Accounts receivable consist of amounts due from funding sources, and are considered by management to be fully collectible.

Property and Equipment

Property and equipment are recorded at cost. Donated assets are recorded at their fair market value at the date of donation. Fixed asset additions are recorded at cost and depreciated using the straight-line and accelerated method over estimated useful lives ranging from five to twenty-seven and one-half years.

Functional Allocation of Expenses

The costs of providing BFHP's programs have been summarized on a functional basis in these financial statements. Based on management's estimates, costs have been allocated between programs and supporting services as they relate to those functions.

Advertising Costs

The costs of advertising are expensed as incurred. During the year ended June 30, 2015, advertising costs charged to expense totaled \$24,099.

**BERKELEY FOOD AND HOUSING PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Note C: GRANTS AND ACCOUNTS RECEIVABLE

Receivables represent costs incurred on cost reimbursement contracts and earnings on other contracts in excess of revenues received. The following amounts were due to BFHP at June 30:

	<u>2015</u>	<u>2014</u>
Alameda County	\$ 419,470	\$ 88,181
Respite Services	2,490	4,880
Alameda MHSAs Innovations	20,000	0
CalWORKs	155,416	0
City of Albany	34,590	15,925
City of Berkeley	81,148	40,273
City of Emeryville	7,406	0
FEMA	0	16,500
HUD	135,136	147,642
Supportive Services for Veteran Families (SSVF)	33,693	148,914
VA Transitional Housing	15,552	13,213
Foundation & Individual Grants	23,970	95,000
Capital Campaign Contributions	505,000	0
Total	<u>\$ 1,433,871</u>	<u>\$ 570,528</u>

Note D: FIXED ASSETS

Fixed assets as of June 30 are as follows:

	<u>2015</u>	<u>2014</u>
Land	\$ 270,000	\$ 270,000
Building	1,593,995	1,593,995
Machinery, Equipment & Vehicles	154,673	154,673
Furniture & Fixtures	33,191	33,191
Property Improvements	463,228	329,767
Leasehold Improvements	92,935	92,935
Capital Lease Equipment	24,505	24,505
Computer Equipment	5,132	5,132
Playground	83,492	83,492
Subtotal Fixed Assets	<u>2,721,151</u>	<u>2,587,690</u>
Less: Accumulated Depreciation	<u>(1,295,297)</u>	<u>(1,181,661)</u>
Net Fixed Assets	<u>\$ 1,425,854</u>	<u>\$ 1,406,029</u>

Depreciation expense was \$113,637 and \$108,457 for the years ended June 30, 2015 and June 30, 2014, respectively.

**BERKELEY FOOD AND HOUSING PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Note E: LEASES

BFHP leases equipment, copiers, washing machines, and buildings for their residential programs and administrative purposes. The leases have varying expirations dated through July 2020.

Future minimum principle payments are as follows:

Fiscal year ending June 30:	
2016	\$ 164,930
2017	150,240
2018	77,567
2019	11,211
2020	9,600
Total	<u>\$ 413,548</u>

Note F: SECURITY DEPOSITS, CLIENT SAVINGS, AND PASS-THROUGH FUNDING

Client security deposits and savings are held on behalf of housing program participants, in checking accounts which bear no interest, and are refundable upon program departure. BFHP also provides representative payee services to clients who require assistance with money management, and support for the maintenance of permanent housing. In addition, Pass-through funds for fiscal services are also held on behalf of government agencies in non-interest bearing checking accounts.

Note G: LOAN PAYABLE

Having determined the need for technical and financial assistance in order to continue as a going concern on March 1, 2000, BFHP entered into an agreement with the Board of Trustees of Episcopal Charities (“EC”). This service agreement was terminated in June 2007. Under the agreement, EC supplied technical assistance and financial support relative to the operation management of BFHP. As part of its financial support, the Episcopal Bishop of California (“EBC”) agreed to lend EC \$300,000, with the specific objective of short term financial aid to BFHP. This entire amount was provided to BFHP in March 2000. This loan is a part of EBC’s bank line of credit, and bears interest and has payment terms identical to those of EBC’s line of credit agreement. The loan bears interest at the bank’s reference rate (3.25% at June 30, 2015 and 2014), and is payable in monthly installments of interest only. The balance due was \$96,195 and \$108,195, respectively, at June 30, 2015 and 2014. Interest paid on this amount was \$3,377 and \$3,701, respectively.

**BERKELEY FOOD AND HOUSING PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Note H: MORTGAGES PAYABLE

On November 4, 1998, BFHP entered into a \$317,630 loan agreement with the City of Berkeley ("City"). An additional \$270,000 was borrowed from the City on March 29, 2002. The City loans bear simple interest at six percent (6%) per annum over fifty-five years, with all interest and principal payments to be deferred until March 1, 2053 or upon sale of the property, whichever occurs first.

In December 2001, BFHP entered into a \$160,000 loan agreement with the County of Alameda Housing and Community Development ("County"). The County loan bears simple interest at three percent (3%) per annum over ten years, with all interest and principal payments deferred until January 1, 2020, at which time the County shall evaluate the deferral status of this note and establish a payment schedule. The County loan is due and payable in ten years, or upon sale of the property, whichever occurs first.

On December 8, 2001, BFHP received an \$88,000 Affordable Housing Program (AHP) subsidy. The AHP subsidy is non-interest bearing, with a fifteen-year compliance period.

Total loan proceeds of \$835,630 were used to finance the rehabilitation and expansion of the Dwight Way property and all loans are secured by said property.

At June 30, 2015 and 2014, interest payable includes \$564,531 and \$529,273 interest payable to the City, respectively, and \$74,400 and \$69,600 interest payable to the County, respectively.

Note I: DONATED SERVICES, MATERIALS, AND FACILITIES

BFHP receives donated services from a variety of unpaid volunteers assisting BFHP in its programs. No amounts have been recognized in the accompanying Statements of Activities because the criteria for recognition of such volunteer effort has not been satisfied. Professional services valued at \$2,071 and \$7,500 and various materials valued at \$51,683 and \$54,344, were donated to BFHP, for the fiscal years ended June 30, 2015 and 2014, respectively. Donated professional services have been recognized as support and revenue, with an offsetting amount recognized as expenses, in the accompanying statements of activities. Donated materials were received and utilized by the various programs and for development purposes, and have been allocated as program expenses accordingly.

The use of local government facilities has been donated to BFHP for the operation of its Men's Shelter and Veteran's Transitional and Housing Programs. The estimated rental value of the governmental facility was \$46,840 and \$46,840 for the fiscal years ended June 30, 2015 and 2014, and is reflected in the accompanying financial statements as in-kind donations and rent expense.

BERKELEY FOOD AND HOUSING PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

Note J: COMMITMENTS AND CONTINGENCIES

Grant awards and bequests require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. BFHP deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of BFHP to the provisions of the grants. BFHP's management is of the opinion that the organization has complied with the terms of all grants.

Note K: TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2015, BFHP's temporarily restricted net assets are temporarily restricted for the following activities:

Core Operating Support: July 2015 – December 2015	\$ 15,000
Employment Services: December 2014 – November 2015	38,086
Veteran's Services	13,078
Men's Housing Program: Operating Support	3,306
Outreach Services	1,500
Homeless Fund: Transit passes, homeless supplies, etc.	489
Capital Campaign	<u>611,106</u>
Total	\$ <u><u>682,565</u></u>

Note L: SUBSEQUENT EVENTS

BFHP's management has evaluated its subsequent events through December 24, 2015, the date the financial statements were available to be issued.

IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

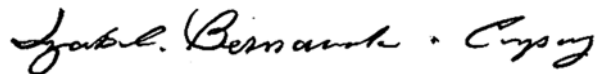
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**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

Board of Directors
BERKELEY FOOD AND HOUSING PROJECT
Berkeley, California

We have audited the financial statements of Berkeley Food and Housing Project for the year ended June 30, 2015, and have issued our report thereon dated December 24, 2015 and is presented in the preceding section. That examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The following Schedules are presented for purposes of additional analysis and are not a required part of the general purpose 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
December 24, 2015

**BERKELEY FOOD AND HOUSING PROJECT
SUPPLEMENTAL INFORMATION
SCHEDULE OF ALAMEDA COUNTY AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

The following is a summary of the awards, grant, and contracts received from the County of Alameda as of June 30, 2015:

	<u>Contract Period</u>	<u>Contract #</u>	<u>Amount</u>
Social Services - Workforce and Benefits Administration	7/01/14 - 6/30/15	10707, 10731, 10700	\$ 453,014
MHSA Innovation	7/01/14 - 6/30/15	NA	56,346
AB109 - Post Release Community Supervision	7/01/14 - 6/30/15	7776	<u>11,667</u>
Subtotal - non-federal awards			<u>521,027</u>
CalWORKs Housing Program	7/01/14 - 6/30/15	11167	49,927
Medi-Cal Administrative Activities	2010 - 2014	NA	353,161
Emergency Solutions Grant	7/01/14-6/30/15	10625	<u>21,066</u>
Subtotal - federal awards			<u>424,154</u>
Total awards, grants, and contracts			<u>\$ 945,181</u>

The following is a summary of the awards, grant, and contracts received from the County of Alameda as of June 30, 2014:

Social Services - Workforce and Benefits Administration	7/01/13 - 6/30/14	9319, 9320, 9337	\$ 403,756
Winter Shelter Case Management	7/01/13 - 6/30/14	8495	26,264
Measure A	7/01/13 - 6/30/14	9446	25,000
MHSA Innovation	7/01/13 - 6/30/14	NA	1,341
AB109 - Post Release Community Supervision	7/01/13 - 6/30/14	7776	<u>3,533</u>
Subtotal - non-federal awards			<u>459,894</u>
Medi-Cal Administrative Activities	7/01/12 - 6/30/13	NA	31,772
Emergency Solutions Grant	7/01/13-6/30/14	8495, 9238	<u>21,066</u>
Subtotal - federal awards			<u>52,838</u>
Total awards, grants, and contracts			<u>\$ 512,732</u>

IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

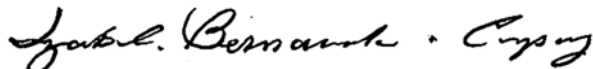
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**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
BERKELEY FOOD AND HOUSING PROJECT
Berkeley, California

We have audited the financial statements of Berkeley Food and Housing Project as of and for the year ended June 30, 2015, and have issued our report thereon dated December 24, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and their records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



San Francisco, California
December 24, 2015

**BERKELEY FOOD AND HOUSING PROJECT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

GRANTOR	Grant Number	Federal CFDA Number	Expenditures
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through County of Alameda: Supportive Housing Program</i>			
Russell Street Residence Continuum of Care Program	CA0114L9T021205	14.267	\$ 297,138
North County Women's Center Continuum of Care Program	CA0105L9T021306	14.267	260,355
North County Women's Center Continuum of Care Program	CA0105L9T021407	14.267	130,180
Subtotal 14.267			<u>687,673</u>
<i>Passed through City of Berkeley</i>			
Community Development Block Grant	9291B	14.218	180,986
Community Development Block Grant	9142C	14.218	50,628
<i>Passed through City of Emeryville</i>			
Community Development Block Grant	PO# 20150158	14.218	4,600
<i>Passed through City of Albany</i>			
Community Development Block Grant	C13-10A	14.218	26,000
Subtotal 14.218			<u>262,214</u>
<i>Passed through City of Berkeley</i>			
Emergency Solutions Grant	9291B	14.231	6,024
Emergency Solutions Grant	9531	14.231	1,059
Emergency Solutions Grant	9142C	14.231	89,957
<i>Passed through County of Alameda</i>			
Emergency Solutions Grant	10625	14.231	15,000
Emergency Solutions Grant	10625	14.231	6,066
Subtotal 14.231			<u>118,106</u>
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>1,067,993</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through County of Alameda</i>			
Medi-Cal Assistance Program	MOU 2010-2011	93.778	31,596
Medi-Cal Assistance Program	MOU 2011-2012	93.778	32,617
Medi-Cal Assistance Program	MOU 2012-2013	93.778	38,481
Medi-Cal Assistance Program	MOU 2013-2014	93.778	250,467
Subtotal 93.778			353,161
CalWORKs Housing Program	11167	93.558	49,927
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>403,088</u>
U. S. DEPARTMENT OF VETERANS AFFAIRS			
<i>Direct:</i>			
VA Homeless Providers Grant and Per Diem Program	10-94-CA	64.024	179,865
Supportive Services for Veteran Families Program	14-CA-175	64.033	654,585
TOTAL U. S. DEPARTMENT OF VETERANS AFFAIRS			<u>834,450</u>
U. S. DEPARTMENT OF AGRICULTURE			
<i>Passed through Alameda County Food Bank</i>			
Emergency Food Assistance Program	N/A	10.569	7,691
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>7,691</u>
U. S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through United Way of America</i>			
Emergency Food and Shelter National Board Program	Phase 32	97.024	19,000
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>19,000</u>
TOTAL FEDERAL EXPENDITURES			<u>2,332,222</u>
LOANS			
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
HOPWA - County of Alameda	Loan	14.241	160,000
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT LOANS			<u>160,000</u>
TOTAL EXPENDITURES AND LOANS OF FEDERAL AWARDS			<u>\$ 2,492,222</u>

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Government, and Not-for-Profit Organizations." Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**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
BERKELEY FOOD AND HOUSING PROJECT
Berkeley, 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 financial statements of Berkeley Food and Housing Project, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 24, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Berkeley Food and Housing Project'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 Berkeley Food and Housing Project's internal control. Accordingly, we do not express an opinion on the effectiveness of Berkeley Food and Housing Project'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 Berkeley Food and Housing Project's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



San Francisco, California
December 24, 2015

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

Board of Directors
BERKELEY FOOD AND HOUSING PROJECT
Berkeley, California

Report on Compliance for Each Major Federal Program

We have audited Berkeley Food and Housing Project's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Berkeley Food and Housing Project's major federal programs for the year ended June 30, 2015. Berkeley Food and Housing Project'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 Berkeley Food and Housing Project's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular a-133)*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about Berkeley Food and Housing Project'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 Berkeley Food and Housing Project's compliance.

Opinion on Each Major Federal Program

In our opinion, Berkeley Food and Housing Project 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, 2015.

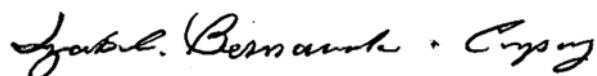
Report on Internal Control Over Compliance

Management of Berkeley Food and Housing Project 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 Berkeley Food and Housing Project's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Berkeley Food and Housing Project's internal control over compliance.

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

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

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



San Francisco, California
December 24, 2015

**BERKELEY FOOD AND HOUSING PROJECT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

A. SUMMARY OF AUDITOR'S RESULTS	
<i>Financial Statements</i>	
1. Type of Financial Statement Report	UNMODIFIED
2. Internal Control over Financial Reporting: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE NONE REPORTED
3. Noncompliance Disclosed by Audit Which Is Material to Financial Statements	NONE
<i>Federal Awards</i>	
1. Internal Control Over Major Programs: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE NONE REPORTED
2. Type of Compliance Report Major Programs	UNMODIFIED
3. OMB A-133 Subpart E.510a Audit Finding Disclosed by Audit	NONE REPORTED
4. Major Programs:	93.778 Medical Assistance Program 64.033 Supportive Services for Veteran Families
5. Dollar Threshold for Type A Programs	\$300,000
6. Auditee Qualification	LOW RISK
B. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with GAGAS	NONE REPORTED
C. Findings and Questioned Costs for Federal Awards Including Audit Findings Defined in OMB A-133 Subpart E.510a	NONE REPORTED

**BERKELEY FOOD AND HOUSING PROJECT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no prior year audit findings.