

November 27, 2024

Dear Funder or Lender:

Thank you for your continued support of A Community of Friends' (ACOF) mission to end homelessness.

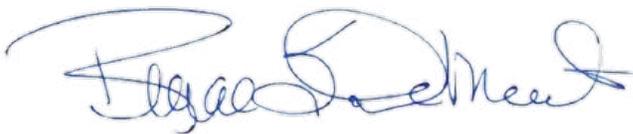
Included in this package are the audited *consolidated* financial statements of A Community of Friends and Subsidiaries for the year ended June 30, 2024.

During the fiscal year, ACOF acquired three Project Homekey buildings in the Los Angeles area. The detail of the impact on the Consolidated Statement of Financial Position can be seen on page 42 of the audited financial statements.

Please refer to the Parent Company Only financial statements presented on pages 46 through 48 for the results of operations for ACOF.

Please send any questions regarding our audited financial statements to me at [rdement@acof.org](mailto:rdement@acof.org).

Best regards,



Renae S. DeMent  
Chief Financial Officer



**A Community of Friends and Subsidiaries  
Consolidated Financial Statements  
and Supplementary Information  
*As of and for the Year Ended June 30, 2024  
with Independent Auditor's Report***

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Consolidated Financial Statements  
and Supplementary Information  
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with Independent Auditor's Report***

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## Independent Auditor's Report

**Board of Directors  
A Community of Friends**

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the consolidated financial statements of A Community of Friends and Subsidiaries (collectively the "Company"), which comprise the consolidated statement of financial position as of June 30, 2024, 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, (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of A Community of Friends and Subsidiaries 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Company 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 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 GAAS 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 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 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 the Company'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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 financial statements as a whole. The accompanying supplementary information on pages 42 to 50 is presented for purposes of additional analysis 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 other 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 GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the 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 November 27, 2024 on our consideration of the Company'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 solely 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 Company'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 Company's internal control over financial reporting and compliance.

**Glendale, California  
November 27, 2024**

**A Community of Friends and Subsidiaries**  
**Consolidated Statement of Financial Position**  
**June 30, 2024**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$	5,024,859
Certificates of deposit and other short-term investments		2,245,039
Rental properties reserves		5,719,609
Project receivables - current portion		3,465,549
Partnership receivables - current portion		2,992,759
Developer fees receivables - current portion, net		2,161,588
Contracts receivable		811,079
Other receivables		1,371,034
Prepaid expenses and deposits		183,329
<b>Total current assets</b>		<u>23,974,845</u>

**Noncurrent assets**

Long-term project receivables		906,540
Long-term partnership receivables		3,323,176
Long-term developer fees receivables, net		4,773,486
Notes, advances, and interest receivable, net		5,128,739
Investment in limited partnerships		5,977,431
Real estate in development		85,204,316
Property and equipment, net		19,330,637
Right-of-use asset, net		1,504,770
Other long-term assets		98,284
<b>Total assets</b>	<b>\$</b>	<u>150,222,224</u>

**LIABILITIES AND NET ASSETS**

**Current liabilities**

Accounts payable and accrued expenses	\$	4,658,827
Current portion of lease liability		154,461
Current portion of notes and interest payable		4,425,804
Other liabilities		151,202
<b>Total current liabilities</b>		<u>9,390,294</u>

**Noncurrent liabilities**

Deficiency in partnership investments		422,874
Lease liability, net of current portion		1,397,530
Notes and interest payable, net of current portion		93,028,737
<b>Total liabilities</b>		<u>104,239,435</u>

**Net assets**

Without donor restrictions		45,288,768
With donor restrictions		694,021
<b>Total net assets</b>		<u>45,982,789</u>
<b>Total liabilities and net assets</b>	<b>\$</b>	<u>150,222,224</u>

*See notes to consolidated financial statements.*

**A Community of Friends and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year ended June 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and support</b>			
Government grants and contracts	\$ 49,186,869	\$ -	\$ 49,186,869
Foundation grants	3,867,750	315,000	4,182,750
Developer fees	1,348,694	-	1,348,694
Partnership and property management fees	1,196,647	-	1,196,647
Rental income	7,589,730	-	7,589,730
Administrative fees	67,881	-	67,881
Interest income from loans	77,309	-	77,309
Gain on forgiveness of debt	183,707	-	183,707
Other interest income	278,768	-	278,768
General donations	260,562	-	260,562
In-kind donations	24,927	-	24,927
Miscellaneous	269,880	-	269,880
Net assets released from restriction	304,726	(304,726)	-
<b>Total revenue and support</b>	<b>64,657,450</b>	<b>10,274</b>	<b>64,667,724</b>
<b>Functional expenses</b>			
Program services	19,684,715	-	19,684,715
Fund development	406,143	-	406,143
General and administration	2,838,722	-	2,838,722
<b>Total functional expenses</b>	<b>22,929,580</b>	<b>-</b>	<b>22,929,580</b>
<b>Change in net assets before income from investment in partnerships</b>	<b>41,727,870</b>	<b>10,274</b>	<b>41,738,144</b>
<b>Income from investment in partnerships</b>	<b>101,246</b>	<b>-</b>	<b>101,246</b>
<b>Change in net assets</b>	<b>41,829,116</b>	<b>10,274</b>	<b>41,839,390</b>
<b>Net assets, beginning of year</b>	<b>3,459,652</b>	<b>683,747</b>	<b>4,143,399</b>
<b>Net assets, end of year</b>	<b>\$ 45,288,768</b>	<b>\$ 694,021</b>	<b>\$ 45,982,789</b>

*See notes to consolidated financial statements.*

**A Community of Friends and Subsidiaries**  
**Consolidated Statement of Functional Expenses**  
**Year ended June 30, 2024**

	Program Services				Total	Fund Development	General and Administration	Total
	Supportive Services	Real Estate Activities	Property Management	Rental				
<b>Personnel expenses</b>								
Salaries	\$ 2,659,068	\$ 1,256,748	\$ 678,749	\$ 8,188	\$ 4,602,753	\$ 163,149	\$ 1,708,372	\$ 6,474,274
Payroll taxes	214,731	95,879	56,387	4,479	371,476	8,440	119,622	499,538
Employee benefits	490,163	134,730	128,191	588	753,672	17,956	224,936	996,564
<b>Total personnel expenses</b>	<b>3,363,962</b>	<b>1,487,357</b>	<b>863,327</b>	<b>13,255</b>	<b>5,727,901</b>	<b>189,545</b>	<b>2,052,930</b>	<b>7,970,376</b>
<b>Other expenses</b>								
Advertising	7,428	802	3,649	-	11,879	372	21,622	33,873
Auditing and accounting	7,186	20,087	8,588	-	35,861	2,461	47,781	86,103
Auto expense	14,089	4,882	3,060	-	22,031	219	2,609	24,859
Bad debts	1,174	175,604	-	135,966	312,744	-	-	312,744
Consulting	-	60,074	-	13,500	73,574	57,877	60,170	191,621
Contractual-supportive services	476,792	-	-	-	476,792	-	-	476,792
Donated supplies	24,927	-	-	-	24,927	-	-	24,927
Dues, fees and subscriptions	677	3,458	129	9,464	13,728	17,258	81,301	112,287
Employee engagement	-	2,583	-	-	2,583	10	20,623	23,216
Equipment leases	4,603	3,126	929	-	8,658	335	4,086	13,079
Fundraising	-	-	-	-	-	69,992	-	69,992
Interest	-	531,554	-	121,213	652,767	91	124	652,982
Liability insurance	6,310	1,640	1,972	66,021	75,943	131	85,517	161,591
Marketing	-	-	-	-	-	13,140	500	13,640
Meals	4,756	2,991	2,366	-	10,113	184	20,004	30,301
Miscellaneous	420	3,615	240	1,032	5,307	782	25,968	32,057
Office expenses	108,985	38,246	20,470	19,340	187,041	10,399	102,597	300,037
Postage and printing	70	5,183	302	-	5,555	2,113	3,452	11,120
Property maintenance and repairs	-	-	-	236,656	236,656	-	-	236,656
Rent and parking	11,674	66,610	29,119	-	107,403	19,040	122,275	248,718
Resident programs	408,729	-	-	-	408,729	-	6,478	415,207
Security	-	-	-	38,666	38,666	-	-	38,666
Seminars and training	8,724	7,115	12,805	59	28,703	258	9,762	38,723
Taxes and licenses	201	2,011	603	10,062	12,877	201	2,413	15,491
Telephone	52,444	15,488	9,825	12,565	90,322	1,693	24,582	116,597
Temporary staff	-	-	-	55,670	55,670	13,366	75,362	144,398
Travel	20	1,260	837	-	2,117	686	3,173	5,976
Utilities	-	-	-	103,842	103,842	-	-	103,842
Worker's compensation insurance	41,537	19,336	37,890	739	99,502	2,490	24,587	126,579
<b>Total expenses before depreciation and amortization</b>	<b>4,544,708</b>	<b>2,453,022</b>	<b>996,111</b>	<b>838,050</b>	<b>8,831,891</b>	<b>402,643</b>	<b>2,797,916</b>	<b>12,032,450</b>
Depreciation and amortization	3,500	27,996	24,497	148,396	204,389	3,500	40,806	248,695
<b>Total - A Community of Friends</b>	<b>4,548,208</b>	<b>2,481,018</b>	<b>1,020,608</b>	<b>986,446</b>	<b>9,036,280</b>	<b>406,143</b>	<b>2,838,722</b>	<b>12,281,145</b>
<b>Expenses - Subsidiaries</b>								
Rental operations	-	-	-	10,648,435	10,648,435	-	-	10,648,435
<b>Total functional expenses</b>	<b>\$ 4,548,208</b>	<b>\$ 2,481,018</b>	<b>\$ 1,020,608</b>	<b>\$ 11,634,881</b>	<b>\$ 19,684,715</b>	<b>\$ 406,143</b>	<b>\$ 2,838,722</b>	<b>\$ 22,929,580</b>

*See notes to consolidated financial statements.*

**A Community of Friends and Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**Year ended June 30, 2024**

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 41,839,390
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	2,364,786
Income from investment in partnerships	(101,246)
Bad debts	312,744
Lease expense in accordance with Topic 842	212,074
Forgiven loans	(183,707)
Increase in:	
Receivables	(3,457,641)
Prepaid expenses and deposits	(80,273)
Other assets	(65,895)
Increase in:	
Accounts payable and accrued expenses	614,121
Accrued interest	2,734,061
Other liabilities	88,935
<b>Net cash provided by operating activities</b>	<u>44,277,349</u>
<b>Cash flows from investing activities</b>	
Purchase of property and equipment	(7,703)
Investment in limited partnerships	92,272
Issuance of notes receivable	(2,995,000)
Real estate in development	(47,551,101)
Sale of certificate of deposits	389,049
<b>Net cash used in investing activities</b>	<u>(50,072,483)</u>
<b>Cash flows from financing activities</b>	
Proceeds from notes payable	1,956,395
Payments of lease liability	(191,414)
Payments of notes payable	(273,514)
<b>Net cash provided by financing activities</b>	<u>1,491,467</u>
<b>Net decrease in cash, cash equivalents and restricted cash</b>	(4,303,667)
<b>Cash, cash equivalents and restricted cash, beginning of year</b>	<u>15,048,135</u>
<b>Cash, cash equivalents and restricted cash, end of year</b>	<u>\$ 10,744,468</u>
<b>Supplemental disclosure of cash flow information</b>	
Acquisition of properties financed through notes payable	\$ <u>36,516,951</u>
Interest paid	\$ <u>254,716</u>

*See notes to consolidated financial statements.*

**A Community of Friends and Subsidiaries**  
**Consolidated Statement of Cash Flows (Continued)**  
**Year ended June 30, 2024**

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The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statement of financial position that sum to the total of the same such amounts shown in the consolidated statement of cash flows.

Cash and cash equivalents	\$ 5,024,859
Restricted cash included in rental properties reserves	<u>5,719,609</u>
Total cash, cash equivalent and restricted cash shown in the consolidated statement of cashflows	<u>\$ 10,744,468</u>

*See notes to consolidated financial statements.*

**NOTE 1      ORGANIZATION**

A Community of Friends (ACOF) was organized in 1988 pursuant to the General Nonprofit Corporation laws of the State of California.

ACOF is an affordable housing developer that specializes in developing permanent supportive housing for formerly homeless individuals and families living with mental illness. After development, ACOF operates the housing and ensures the provision of supportive services to tenants. ACOF provides supportive services in about 63% of the buildings in its portfolio, and partners with community-based social service agencies to provide services in its remaining buildings.

ACOF functions as a general partner in most of the limited partnerships that own the buildings developed as affordable housing. As discussed further in Note 2, ACOF also directly owns and manages four affordable apartment buildings.

ACOF's income is derived from developer fees, rents, and partnership and property management fees from its affordable housing projects, grants and donations received from foundations and corporations, and contracts awarded by various federal and local government agencies.

In August 2011, ACOF formed its wholly owned subsidiary, Supportive Housing LLC, to be the initial limited partner for acquisitions and for partnerships where the investor limited partner exits at the end of the 15-year tax credit compliance period. In recent years, Supportive Housing LLC started functioning as the general partner in new limited partnerships that own properties to be developed as affordable housing.

Supportive Housing LLC acquired the limited partner interests (99% to 99.99%) in various limited partnerships. As of June 30, 2024, it has controlling interests in the following limited partnerships:

- 39 West Apartments, L.P.
- 836 Fedora, L.P.
- Amistad Apartments, L.P.
- Brandon Apartments, L.P.
- California Hotel 1140, L.P.
- Calvert Street Apartments, L.P.
- Figueroa Court Apartments, L.P.
- Fox Normandie Apartments, L.P.
- Gower Street Apartments L.P.
- Las Palomas Hotel, L.P.
- Maryland Apartments, L.P.
- Parker Hotel, L.P.
- Santos Plaza, L.P.
- Sonya Gardens, L.P.
- V. Nueva, L.P.

Except for Figueroa Court Apartments, L.P., ACOF holds the remaining percentage of interest (0.01% to 1%) in the partnerships.

**NOTE 1 ORGANIZATION (CONTINUED)**

In January and February of 2023, ACOF established three additional wholly-owned subsidiaries: Highland PSH LLC, Vanowen CP PSH LLC, and 14510 Garvey LLC. These entities were organized to purchase, develop and manage supportive housing for individuals and families. The three additional entities resulted in an increase of \$45,366,425 in the consolidated net assets of the Company as of June 30, 2024.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of ACOF, its three new subsidiaries and investments in limited partnerships or limited liability companies in which ACOF has a controlling interest (collectively, the “Company”). All significant intercompany transactions have been eliminated upon consolidation.

The following entities are included in the consolidated financial statements of ACOF:

A Community of Friends  
Supportive Housing LLC, which controls the following:  
Parker Hotel, L.P. (2011)  
Las Palomas Hotel, L.P. (2011)  
Gower Street Apartments, L.P. (2012)  
39 West Apartments, L.P. (2013)  
836 Fedora, L.P. (2017)  
Figueroa Court Apartments, L.P. (2017)  
Sonya Gardens, L.P. (2017)  
California Hotel 1140, L.P. (2017)  
Brandon Apartments, L.P. (2017)  
Fox Normandie Apartments, L.P. (2017)  
Maryland Apartments, L.P. (2017)  
V. Nueva, L.P. (2017)  
Amistad Apartments, L.P. (2019)  
Calvert Street Apartments, L.P. (2019)  
Santos Plaza, L.P. (2021)  
Highland PSH, LLC (2023)  
Vanowen CP PSH, LLC (2023)  
14510 Garvey, LLC (2023)

There are additional 31 limited partnerships in which the Company has an interest which are not controlled by the Company and do not require inclusion in the consolidated financial statements in the current year. (See Note 10).

The financial statements of ACOF alone are presented on pages 42 and 44 under the column title “A Community of Friends.” The impact of the consolidation of the entities wherein ACOF has controlling interests is reflected on the Consolidating Statement of Activities on the line “Income from investment in partnerships”. The operational result for ACOF is reflected on the line “Change in net assets before income from investment in partnerships”.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Principles of Consolidation (Continued)**

The financial statements of ACOF (parent company) only, excluding its accumulated share in the net income/loss of the limited partnerships wherein it has controlling and non-controlling interests, are presented as a supplemental report on pages 46 to 48.

**Basis of Presentation**

The Company's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require the Company to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Company. These net assets may be used at the discretion of the Company's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Company or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2024, the Company's net assets with donor restrictions amounted to \$694,021.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities. Donor restricted contributions whose restrictions are met within the same reporting period as received are reported as contributions without donor restrictions in the accompanying consolidated financial statements.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

The Company places its cash and cash equivalents with major, national financial institutions. The balances at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. At times, cash balances are in excess of the insured limit. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Developer Fee Income Recognition/Receivable**

The Company receives developer fees in connection with overseeing construction projects from initial identification through purchase, construction and occupancy. Although development efforts begin prior to the purchase of property, the related developer fees are generally not determined until after limited partnerships are formed and project financing has been arranged.

In the aggregate, approximately 60% of the development effort is expended prior to obtaining project construction financing, and the remaining construction takes an average of 16 months thereafter. As a result, management established its income recognition policy for developer fees to recognize a total of 60% of the income upon closing of construction financing, and to recognize the remaining income ratably over the succeeding 16 months. Management establishes a reserve on developer fees receivables based on the limited partnerships' ability to generate sufficient future cash flows for payment.

**Contracts and Contracts Receivable**

The Company enters into contracts with various governmental agencies to fund supportive services. The contracts are generally for a period of one year and are renewed annually.

Contracts receivable represent monies due from governmental agencies. Because of administrative delays, the Company can incur costs under a contract already awarded but awaiting contract execution by the governmental agencies. These costs accounted for as receivable represent an increased credit risk. The Company has historically not suffered any loss as a result of the delay in the government agencies signing the contracts.

**Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation and amortization. The Company capitalizes all purchases of property and equipment with a cost of \$5,000 or more, if funded by Continuum of Care program funds, and \$1,000 or more, if funded by all other funds. The provision for depreciation and amortization is computed using the straight-line method over the estimated useful lives as follows:

Buildings and improvements	27.5 to 40 years
Furniture and equipment	5 to 7 years

**Real Estate in Development**

The Company capitalizes all costs associated with the acquisition, development, and construction of real estate for eventual transfer to a limited partnership.

**Investment in Limited Partnerships**

The Company is the general partner in various limited partnerships. These investments are accounted for using the equity method and the Company will only recognize additional losses on these limited partnerships to the extent that the Company is liable for the obligations of the limited partnerships or is otherwise committed to providing them additional financial support.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions and Pledges**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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.

Unconditional promises to give that are expected to be collected within one year are reported at net realizable value. Unconditional promises that are expected to be collected in more than one year are reported at the present value of the estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in the contribution revenue. Conditional promises to give, that is, those with measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. At June 30, 2024, grants and contributions of approximately \$12,679,000 were not yet recognized in the consolidated statement of activities because the conditions on which they depend were not yet met.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**Partnership and Property Management Fees**

The Company receives partnership and management fees for certain management services provided to the limited partnerships. Fees are recognized as earned in accordance with the terms of the related partnership agreements.

**Interest Capitalized**

The Company follows the policy of capitalizing interest during predevelopment as a component of the cost of property constructed or as a project receivable from a related limited partnership. For the year ended June 30, 2024, interest capitalized in real estate in development amounted to \$401,028.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and administrative services benefited. Expenses are allocated using the time and effort method (i.e. employee salaries, payroll taxes and benefits, consulting), number of employees by function (leases, depreciation and amortization, office expenses, taxes and licenses, postage and printing), and specific identification of use (all other expenses). Such allocations are determined by management on an equitable basis.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

ACOF and its wholly-owned subsidiaries, Supportive Housing LLC, Highland PSH, LLC, Vanowen CP PSH, LLC, and 14510 Garvey, LLC are exempt from income taxes under Internal Revenue Code Section 501(c)(3) and Section 23701d of the California Revenue and Taxation Code. Accordingly, a provision for federal or state income taxes is not recorded in the accompanying consolidated financial statements. ACOF is classified as an organization that is not a private foundation under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Generally accepted accounting principles prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on an audit, based on the technical merits of the position. As of and for the year ended June 30, 2024, the Company had no unrecognized tax benefits or tax penalties or interest.

ACOF and its wholly-owned subsidiaries, Supportive Housing LLC, Highland PSH, LLC, Vanowen CP PSH, LLC, and 14510 Garvey, LLC's federal and state income tax returns for 2020 and subsequent years are subject to examination by regulatory agencies. Tax returns are subject to examination generally for three and four years after they were filed for federal and state, respectively.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Rental Properties**

ACOF wholly owns and manages four rental properties known as Selby Hotel (29 units), Orbison House (9 units), Step Out Apartments (11 units), and Central Court Apartments (7 units).

**In-kind Donations**

ACOF receives in-kind donations in the form of non-food items such as clothing, shoes and household goods. In-kind donations are reported as contributions at their estimated fair value on the date of receipt, and reported as expense when utilized. The value of the in-kind donations is based upon estimates of fair market value or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. These in-kind donations are not sold and the goods are only distributed for program use. For the year ended June 30, 2024, the total in-kind donations is not material to the financial statements.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

Right-of-use (ROU) asset and lease liability is measured based on the present value of future lease payments over the lease term. The ROU asset also includes any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate.

**Recently Adopted Accounting Pronouncement**

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which created a new credit impairment standard for financial instruments and changed how entities account for credit losses for most financial assets and instruments not measured at fair value and require entities to estimate an expected lifetime credit loss on financial assets. The ASU was effective for the Company as of July 1, 2023. The adoption of ASU as of July 1, 2023, did not have a material impact on the Company's consolidated financial statements.

**New Accounting Pronouncements Effective in the Future Years**

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, requiring enhanced disclosures about a reporting entity's effective tax rates and income taxes paid (refunded). The ASU is effective for the Company beginning on July 1, 2026. The Company is currently evaluating the impact of this new guidance on its financial statements.

In March 2023, the FASB issued ASU 2023-01, *Leases (Topic 842): Common Control Arrangements*, which addresses the terms and conditions to be considered when classifying and accounting for leases and leasehold improvements in leases between entities under common control. This ASU is effective for the Company beginning on July 1, 2024. The Company is evaluating the impact of this new guidance on its financial statements.

In September 2022, the FASB issued ASU 2022-04, *Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*, which requires additional disclosures for a buyer in a supplier finance program related to the program's nature, activity during the period, changes from period to period, and potential magnitude. The ASU is effective for fiscal years beginning after December 15, 2022, with the exception of the amendment on roll forward information, which is effective for fiscal years beginning after December 15, 2023. The Company is evaluating the impact of this new guidance on its financial statements.

**NOTE 3            CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject the Company to increased credit risk are receivables from the limited partnerships in which the Company is a general partner.

The receivables from the limited partnerships include project receivables, developer fees receivables, notes and interest receivables, and partnership receivables. The credit risk of these receivables from the limited partnerships is affected by the cash flows of the limited partnerships (See Note 10 for financial information regarding the limited partnerships).

At June 30, 2024, the Company has developer fees receivable from various limited partnerships amounting to \$8,731,225. The partnership agreements allow for the deferred payment of these developer fees over 10 to 12-year periods. The Company estimates that for certain limited partnerships, overall project cash flows will increase after the limited partnerships' permanent loans are paid off, after which deferred developer fee payments will increase. At June 30, 2024, the Company recognized a reserve on the developer fees receivable from these various limited partnerships amounting to \$1,796,151. See Note 9.

Notes receivable are from related partnerships. The Company receives funds to loan to the partnerships either by borrowing the funds (mirror loans) or by receiving a government grant. The notes receivable where funds were received by grants represent the greater credit risk. The total of such notes receivable is \$6,405,000 with interest accrual of \$1,127,533 at June 30, 2024. See Note 13.

Management believes the notes will be paid upon the ultimate disposition of the property in the limited partnership. The Company reviews notes receivable for impairment whenever events or changes in circumstances indicate that the carrying value of the notes may not be recoverable. At June 30, 2024, the Company established an allowance for doubtful accounts on the notes and interest receivable in the amount of \$3,981,905.

**A Community of Friends and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**Year ended June 30, 2024**

**NOTE 4 AVAILABILITY OF FINANCIAL ASSETS AND LIQUIDITY**

The following represents the Company's financial assets at June 30, 2024:

	<u>ACOF</u>	<u>Subsidiaries</u>	<u>Consolidated</u>
<b>Financial assets at year end:</b>			
Cash and cash equivalents	\$ 3,113,884	\$ 1,910,975	\$ 5,024,859
Certificates of deposit and other short-term investments	2,245,039	-	2,245,039
Rental properties reserves	692,294	5,027,315	5,719,609
Project receivables - current portion	4,478,098	(1,012,549)	3,465,549
Partnership receivables - current portion	4,241,940	(1,249,181)	2,992,759
Developer fees receivables - current portion, net	2,426,588	(265,000)	2,161,588
Contracts receivable	811,079	-	811,079
Other receivables	92,129	1,278,905	1,371,034
<b>Total financial assets</b>	<u>18,101,051</u>	<u>5,690,465</u>	<u>23,791,516</u>
Less amounts not available to be used within one year:			
Rental properties reserves	692,294	5,027,315	5,719,609
Net assets with donor restriction	694,021	-	694,021
Less net assets with purpose restrictions to be met in less than a year	<u>(694,021)</u>	<u>-</u>	<u>(694,021)</u>
	<u>692,294</u>	<u>5,027,315</u>	<u>5,719,609</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 17,408,757</u>	<u>\$ 663,150</u>	<u>\$ 18,071,907</u>

The Company's goal is to maintain financial assets sufficient to meet 90 days of operating expenses (on a consolidated basis, \$5,000,000). In addition to financial assets available to meet general expenditures over the next 12 months, the Company anticipates collecting sufficient revenue to cover general expenditures and commitments not covered by donor-restricted resources. Any financial assets in excess of cash requirements are invested in certificates of deposit and short-term investments to maximize the return of investments on its funds.

**NOTE 5 CASH AND CASH EQUIVALENTS**

At June 30, 2024, cash and cash equivalents are for uses as follows:

A Community and Friends and Subsidiaries	\$ 2,283,504
Rental Properties' Operations	<u>2,741,355</u>
Total \$	<u>5,024,859</u>

**A Community of Friends and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**Year ended June 30, 2024**

**NOTE 6 RENTAL PROPERTIES AND SUBSIDIARY RESERVES**

At June 30, 2024, rental properties and subsidiary reserves total \$5,719,609 and consisted of the following:

Property	Replacement Reserve	Operating Reserve	Other Reserves	Total
Rental Properties:				
Central Court Apartments	\$ 81,456	\$ 50,785	\$ 2,605	\$ 134,846
Orbison House	14,868	21,145	4,058	40,071
Selby Hotel	148,189	69,688	11,438	229,315
Step Out Apartments	144,693	143,369	-	288,062
Subsidiary - Supportive Housing, LLC:				
39 West Apartments, L.P.	293,925	416,181	12,271	722,377
836 Fedora, L.P.	72,114	200,709	11,734	284,557
Amistad Apartments, L.P.	141,595	165,862	26,918	334,375
Brandon Apartments, L.P.	109,763	1,715	13,013	124,491
California Hotel 1140, L.P.	259,912	428,669	11,157	699,738
Calvert Street Apartments, L.P.	28,672	22,039	13,746	64,457
Figueroa Court Apartments, L.P.	297,557	3,596	13,990	315,143
Fox Normandie Apartments, L.P.	52,734	2,121	-	54,855
Gower Street Apartments, L.P.	202,255	269,757	16,246	488,258
Las Palomas Hotel, L.P.	102,712	72,752	9,733	185,197
Maryland Apartments, L.P.	51,149	23,703	5,757	80,609
Parker Hotel, L.P.	177,906	3,029	10,656	191,591
Santos Plaza, L.P.	69,745	794	14,713	85,252
Sonya Gardens, L.P.	282,074	201,024	19,954	503,052
V. Nueva, L.P.	204,835	673,776	14,752	893,363
	<u>\$ 2,736,154</u>	<u>\$ 2,770,714</u>	<u>\$ 212,741</u>	<u>\$ 5,719,609</u>

Rental properties and subsidiary reserves are funds held for use by the properties for operations and replacements. The reserves are required by regulatory agreements.

**NOTE 7 PARTNERSHIP RECEIVABLES**

At June 30, 2024, partnership receivables consisted of the following:

Accrued partnership management fees	\$ 4,488,046
Insurance advances	1,502,539
Accrued administrative fees	325,350
	<u>Total 6,315,935</u>
Less current portion	2,992,759
Long-term	<u>\$ 3,323,176</u>

**NOTE 8      PROJECT RECEIVABLES**

At June 30, 2024, project receivables consisted of the following:

In operation:

6604 West PSH, L.P.	\$	99,602
Avalon Apartments, L.P.		100,000
Berendos, L.P.		350
Beverly PSH, L.P.		476
Cedars Springs, L.P.		1,055
Gateways Housing, L.P.		30,701
Riverside Supportive Housing, L.P.		38,702
Sun Valley Housing, L.P.		2,025
Woodland Terrace, L.P.		774,434

In predevelopment and construction:

8022 Vineland, L.P.		597,090
Estrella Azul, L.P.		1,024,294
Huntington Square, L.P.		38,843
Lorena Plaza L.P.		267,726
Redlands Supportive Housing, L.P.		42,535
Selby Supportive Housing, L.P.		536,706
Ventura Veterans, L.P.		817,550

Total 4,372,089

Less current portion 3,465,549

Long-term \$ 906,540

**NOTE 9      DEVELOPER FEES RECEIVABLES**

At June 30, 2024, developer fees receivable, which included deferred developer fees, consisted of the following:

<u>In operation in 2024:</u>	
3101 West Venice, L.P.	\$ 461,406
6604 West PSH, L.P.	250,000
Avalon Apartments, L.P.	1,212,749
Berendos, L.P.	376,466
Beverly PSH, L.P.	130,840
Cedar Springs, L.P.	221,351
Miramonte PSH, L.P.	67,940
Osborne Place, L.P.	196,823
Riverside Supportive Housing, L.P.	1,141,079
Vendome Palms, L.P.	467,500
Vista Del Rio Housing Partners, L.P.	47,458
<u>In construction in 2024:</u>	
Huntington Square, L.P.	1,077,550
Lorena Plaza, L.P.	1,320,000
Redlands Supportive Housing, L.P.	589,688
Ventura Veterans, L.P.	858,000
Washington Santa Ana Housing Partners, L.P.	312,375
Total	8,731,225
Less allowance for uncollectible receivables	1,796,151
Less current portion	2,161,588
Long-term	\$ 4,773,486

**NOTE 10      INVESTMENT IN LIMITED PARTNERSHIPS**

The partnerships construct, own and operate affordable apartment buildings in Southern California. The Company identifies the properties for development, arranges for investor partners and other financing, supervises construction, and oversees the resulting rental activity. The Company usually serves as a general partner with a minor ownership interest and receives developer fees and other fees as provided for in each of the partnership/investor agreements. Some of the properties are encumbered by mortgages, which are usually non-recourse to the partnerships and their partners.

**A Community of Friends and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**Year ended June 30, 2024**

**NOTE 10 INVESTMENT IN LIMITED PARTNERSHIPS (CONTINUED)**

At June 30, 2024, investment in limited partnerships consisted of the following:

In construction/predevelopment:

Huntington Square, L.P.	\$ (6,400)
Lorena Plaza, L.P.	148,400
Redlands Supportive Housing, L.P.	992,800
Ventura Veterans, L.P.	499,200

In operation:

3101 West Venice, L.P.	39,621
6604 West PSH, L.P.	84,998
AMCAL Avenida Fund, L.P.	(205)
Avalon Apartments, L.P.	(623)
Berendos, L.P.	1,631
Beverly PSH, L.P.	(391,131)
Camino de las Flores, L.P.	(338)
Cedar Springs, L.P.	(263)
Figueroa Court Partners	(23,751)
Fullerton Supportive Housing, L.P.	152,495
La Primavera Apartments, L.P.	(235)
Miramonte PSH L.P.	(113)
ND Sepulveda I, L.P.	27
ND Sepulveda II, L.P.	110
Osborne Place, L.P.	232,331
Rayen Apartments, L.P.	91,560
Riverside Supportive Housing, L.P.	370,300
Step Up On Fifth, L.P.	24,874
Sun Valley Housing, L.P.	(261)
The Villas at Gower, L.P.	11,703
Vendome Palms, L.P.	257,101
Vista Del Rio Housing Partners, L.P. *	3,071,911
West Villas, L.P.	(343)
Willis Avenue Apartments, L.P.	(594)
Willowbrook Place, L.P.	665
Woodland Terrace, L.P.	(913)
Total	<u>\$ 5,554,557</u>

\* Due to land donation in 2015.

At June 30, 2024, the above is summarized in the financial statements as follows:

Investment in limited partnerships (assets)	\$ 5,977,431
Deficiency in partnership investments (liability)	(422,874)
	<u>\$ 5,554,557</u>

**A Community of Friends and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**Year ended June 30, 2024**

**NOTE 10 INVESTMENT IN LIMITED PARTNERSHIPS (CONTINUED)**

The following is a summary of selected financial information from the financial statements of the limited partnerships for the year ended December 31, 2023

	<b>Total Assets</b>	<b>Non- Recourse Debt</b>	<b>Total Capital (Deficit)</b>	<b>Revenues</b>	<b>Net Income (Loss)</b>	<b>Company's Allocated Share of Partnership Income (Loss)</b>
3101 West Venice, L.P.	\$ 14,889,745	\$ 4,926,930	\$ 8,167,100	\$ 838,547	\$ (486,828)	\$ (48)
6604 West PSH, L.P.	30,242,508	20,866,345	6,507,374	788,003	(1,910,305)	(2)
AMCAL Avenida Fund, L.P.	8,808,055	14,584,814	528,628	529,059	(617,700)	(30)
Avalon Apartments, L.P.	16,091,370	10,144,392	4,142,330	1,178,530	(626,921)	(63)
Berendos, L.P.	13,516,624	8,701,452	1,596,982	1,042,999	(135,809)	(12)
Beverly PSH, L.P.	18,432,173	12,100,066	5,568,310	898,313	(565,048)	(29)
Camino de las Flores, L.P.	5,291,385	14,607,460	(2,745,314)	328,205	(358,784)	(210,658)
Cedar Springs, L.P.	17,256,764	8,838,102	6,846,887	978,235	(406,174)	(38)
Figueroa Court Partners	95,632	85	(155,745)	-	-	(7,374)
Fullerton Supportive Housing, L.P.	16,131,816	8,127,245	7,676,123	465,653	678,284	(67)
Gateways Housing, L.P.	2,184,324	1,124,286	(716,441)	331,658	(185,106)	(205,334)
Huntington Square, L.P.	15,427,653	-	1,809,400	-	(800)	(129)
La Primavera Apartments, L.P.	-	3,198,643	-	329,137	(325,370)	274
Lorena Plaza, L.P.	19,533,413	1,700,000	2,722,119	-	(800)	-
Miramonte PSH, L.P.	20,532,320	14,837,846	5,348,976	801,440	(707,376)	(71)
ND Sepulveda I, L.P.	18,186,702	9,819,174	7,914,302	1,249,459	(460,779)	(31)
ND Sepulveda II, L.P.	16,788,755	8,625,345	7,651,340	1,263,251	(394,465)	(27)
Osborne Place, L.P.	17,340,308	21,872,312	5,265,419	1,513,121	(482,420)	(47)
Rayen Apartments, L.P.	7,792,272	8,195,626	(613,700)	1,070,286	(593,601)	(57)
Redlands Supportive Housing, L.P.	9,405,373	-	992,800	-	(800)	(404)
Riverside Supportive Housing, L.P.	46,179,584	-	8,977,907	35,890	(947,705)	(88)
Step Up On Fifth, L.P.	10,690,794	15,354,827	(6,990,080)	507,377	(881,873)	(84)
Sun Valley Housing, L.P.	19,992,089	14,461,927	4,849,547	930,783	(716,094)	(72)
The Villas at Gower, L.P.	23,206,528	15,943,478	5,139,001	1,589,492	(422,824)	(21)
Vendome Palms, L.P.	10,252,727	11,313,506	(1,920,255)	524,597	(526,130)	(79,461)
Ventura Veterans, L.P.	50,371,633	-	5,755,353	-	(800)	-
Vista Del Rio Housing Partners, L.P.	10,062,558	3,237,221	5,678,773	463,809	(442,143)	(22)
West Villas, L.P.	16,504,704	10,195,620	11,020,358	979,347	(619,954)	(52)
Willis Avenue Apartments, L.P.	11,295,713	9,719,887	1,327,356	783,016	(617,257)	(62)
Willowbrook Place, L.P.	4,136,557	4,141,457	(1,463,981)	470,971	(40,018)	-
Woodland Terrace, L.P.	6,115,264	7,727,825	(3,765,060)	713,979	(408,570)	(37)
	<u>\$ 476,755,343</u>	<u>\$ 264,365,871</u>	<u>\$ 97,115,809</u>	<u>\$ 20,605,157</u>	<u>\$ (13,204,170)</u>	<u>\$ (504,046)</u>

**NOTE 11 REAL ESTATE IN DEVELOPMENT**

At June 30, 2024, real estate in development consisted of the following:

Land	\$ 10,093,790
Development costs	<u>75,110,526</u>
Total	<u>\$ 85,204,316</u>

Three Project Homekey buildings were acquired for a total cost in the amount of \$84,997,687. When the buildings are placed in service, the cost will move to land, buildings, and improvements.

**NOTE 12 PROPERTY AND EQUIPMENT**

At June 30, 2024, property and equipment consisted of the following:

Land, buildings, and improvements	\$ 70,239,812
Furniture and equipment	<u>2,911,926</u>
Total	<u>73,151,738</u>
Less accumulated depreciation and amortization	<u>53,821,101</u>
Property and equipment, net	<u>\$ 19,330,637</u>

For the year ended June 30, 2024, the provision for depreciation and amortization amounted to \$2,364,786.

**NOTE 13      NOTES, ADVANCES, AND INTEREST RECEIVABLE**

At June 30, 2024, notes, advances, and interest receivable consisted of the following:

	<b>Interest Receivable</b>	<b>Principal</b>
As discussed in Note 3, the funding for the following notes receivable originated from grant funds. All these notes are secured by deeds of trust on real property located in Los Angeles, California. The notes are:		
Notes receivable from The Villas at Gower, L.P., with interest at 0% and matures in 2065. The note was funded by the California Department of Housing and Community Development's Infill Infrastructure Grant Program.	\$            -	\$    1,810,000
Notes receivable from La Primavera Apartments, L.P., interest accrues at 4.92% per annum and matures in December 2032.	434,600	400,000
Notes receivable from Willowbrook Place, L.P., interest accrues at 5.0% per annum and matures in October 2060.	354,707	400,000
Notes receivable from Woodland Terrace, L.P., interest accrues at 5.0% per annum and matures in December 2060.	338,226	400,000

**A Community of Friends and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**Year ended June 30, 2024**

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**NOTE 13      NOTES, ADVANCES, AND INTEREST RECEIVABLE (CONTINUED)**

	<b>Interest Receivable</b>	<b>Principal</b>
Notes receivable from Osborne Place, L.P., interest is at 0% and matures in 2068.	\$            -	\$      400,000
Notes receivable from Lorena Plaza, L.P., interest is at 0% and matures in 2076.	-	2,995,000
Notes receivable from Berendos, L.P., interest accrues at 0% per annum and matures in October 2071. Payments shall be made annually based on net cash flow the previous year and any unpaid principal shall be due in full on maturity date.	-	961,784
Notes receivable from 3101 West Venice, L.P., proceeds from Federal Home Loan Bank Affordable Housing Program received through Citibank, NA, and loaned directly to 3101 West Venice, L.P; bears 4% interest rate per annum and secured by Deed of Trust. Principal and accrued interest is payable in full on certain Repayment Events described in the Promissory Note or December 1, 2070, whichever is earlier.	146,327	470,000
Total	1,273,860	7,836,784
Less: allowance for uncollectible notes and interest receivable	1,230,000	2,751,905
Net notes, advances and interest receivable	\$      43,860	\$    5,084,879

**NOTE 14      NOTES AND INTEREST PAYABLE**

At June 30, 2024, notes and interest payable consisted of the following:

	<b>Interest Payable</b>	<b>Principal</b>
<i>A Community of Friends</i>		
Notes payable to Los Angeles Housing Department (LAHD, formerly Los Angeles Housing and Community Investment Department), principal and interest due in annual payments (as defined in the loan agreements) derived from the cash flows of the various limited partnerships. Interest accrues annually on the outstanding principal balance at 2.5% to 5.72% per annum until the loan is repaid upon final sale of the properties or refinancing of the loan. The proceeds were loaned directly to specified limited partnerships, represented by loans receivable with the same terms as the notes payable. The loans are collateralized by a deed of trust on the respective property. The notes payable mature as follows:		
Figueroa Court Apartments, L.P., due in September 2038	\$    746,447	\$ 1,497,333
Las Palomas Hotel, L.P., due in June 2051	2,827,508	2,100,081
V. Nueva, L.P., due August 2040	1,520,800	1,599,182
Calvert Street Apartments, L.P., due July 2041	1,547,463	1,440,450
Note payable to Bank of America with no interest or principal payments due until maturity. Interest accrues at the rate charged by the Federal Home Loan Bank of San Francisco per annum on the unpaid portion of the outstanding principal. Should ACOF comply with requirements as stated in the loan agreement, this note becomes interest free. The loan matures in December 2052 and is collateralized by a deed of trust on the California Hotel 1140, L.P. property. Management does not anticipate having to pay interest, and therefore, has not accrued interest on this loan.	-	194,079

**NOTE 14      NOTES AND INTEREST PAYABLE (CONTINUED)**

	<b>Interest Payable</b>	<b>Principal</b>
<p>Note payable to U.S. Bank. The loan balance will be forgiven if ACOF complies with the requirements stated in the loan agreement. The note is collateralized by a deed of trust on the Maryland Apartments, L.P. property. The principal balance of the note matured in December 2021. Management anticipates that the note will be forgiven and is currently working on the related documentation requirements.</p>	\$            -	\$        162,986
<p>Notes payable to the California Department of Housing and Community Development (HCD). Interest accrues at a simple interest rate of 3% per annum. Interest payments are due annually unless a written request for a deferral of interest payments is submitted. The outstanding principal is to be repaid exclusively from residual receipts (as defined in the loan agreement) and is due upon maturity. The notes payable are collateralized by trust deeds on the property and are as follows:</p>		
Orbison House property, due in March 2031	344,896	345,000
Selby property, due in July 2031	714,840	725,000
<p>Notes payable to LAHD, principal and interest due in annual payments made exclusively from residual receipts (as defined in the loan agreement) derived from the project at the financed property, collateralized by a deed of trust. Interest accrues annually on the outstanding principal balance at 3% per annum until the final sale of the property or refinancing of the loan. Any unpaid accrued interest will be rolled over into the principal balances at the beginning of each calendar year. The notes payable matured in December 2019 and July 2021. Management anticipates that the notes will be forgiven and is currently working on the related documentation requirements.</p>		
Orbison House property, due in December 2019	213,985	204,000
Selby property, due in July 2021	384,921	325,000

**NOTE 14      NOTES AND INTEREST PAYABLE (CONTINUED)**

		<u>Interest Payable</u>		<u>Principal</u>
<p>Notes payable to LAHD with no interest or principal payments due until maturity. Interest accrues at the rate of 8.5% to 10% per annum on the unpaid portion of the outstanding principal. Should ACOF comply with the Rent Regulatory Agreement, these notes become interest free. The loans are collateralized by a deed of trust on the Selby Hotel property. Management does not anticipate having to pay interest, and therefore, has not recorded accrued interest on these loans. The notes payable matured in February 2019 and were extended for additional five years until February 2024. Management is currently working to extend the loans' maturity date.</p>				
Selby property, due in February 2024	\$	-	\$	413,250
Selby property, due in February 2024		-		50,000
<p>Note payable to HCD for affordable housing related to the Step Out Apartments. Interest accrues at 3% per annum and is payable at 0.42% of the principal on an annual basis. The note is collateralized by a deed of trust on the property and matures in 2043.</p>		111,490		516,851
<p>Note payable to Los Angeles County Development Authority (LACDA). Interest accrues at a simple interest rate of 3% per annum. The outstanding principal and accrued interest is to be repaid in annual installments. The loan is collateralized by the Step Out Apartments property and matures on May 15, 2031.</p>		579,458		1,063,688
<p>Note payable to LACDA used for acquisition of the Step Out Apartments property. Interest accrues at a simple interest rate of 3% per annum. Principal and interest are due in annual payments made exclusively from residual receipts (as defined in the loan agreement) derived from the project and are due March 2031. The note is collateralized by a deed of trust on the Step Out Apartments.</p>		-		152,982

**NOTE 14      NOTES AND INTEREST PAYABLE (CONTINUED)**

	<b>Interest Payable</b>	<b>Principal</b>
<p>Notes payable to LAHD, to be used in financing the acquisition of Central Court Apartments and partially finance the rehabilitation and permanent costs. The loans are non-interest bearing and annual principal payments are made exclusively from residual receipts (as defined in the loan agreement) derived from the project at the financed property. The notes are collateralized by a deed of trust on the Central Court property. Both notes mature in February 2059.</p>	\$            -	\$        725,808
<p>Note payable to HCD for affordable housing related to Central Court Apartments. Interest accrues at 3% per annum and is payable at 0.42% of the principal on an annual basis. The note is collateralized by a deed of trust on the property and matures on the 55th anniversary of the date of recordation (September 2062) of the Regulatory Agreement or such later date as may be approved in writing by HCD.</p>	279,726	689,200
<p>Note payable to Wells Fargo Bank to be used for predevelopment and land acquisition for affordable housing projects. The unsecured note accrues interest at 2% per annum; interest is payable on a quarterly basis and the principal is due at maturity. The note matures in December 2024.</p>	-	375,000
<p>Note payable to Los Angeles Homeless Services Authority (LAHSA) wherein the proceeds were loaned directly to Osborne Place, L.P. for project development. The note bears 0% interest rate per annum, is collateralized by a deed of trust on real property of Osborne Place, L.P. and is payable to LAHSA on the earliest of (a) the date the Property ceases to operate as initially funded under SHP grant within 20 years from operating start date (March 2014), (b) the date the Property is sold or refinanced and (c) on event of default by ACOF.</p>	-	400,000

**A Community of Friends and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**Year ended June 30, 2024**

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**NOTE 14      NOTES AND INTEREST PAYABLE (CONTINUED)**

	<b>Interest Payable</b>	<b>Principal</b>
Note payable to Citibank, N.A., wherein proceeds were loaned directly to 3101 West Venice, L.P. The loan does not bear interest and will not amortize, except as provided in the loan agreement. Principal is payable in full on maturity date, which is the later of end of retention period or December 2070. The loan is secured by a deed of trust.	\$            -	\$      470,000
Equity investment structured as loan, obtained from US Bank. Proceeds shall be used for working capital purposes stated in the Equity Investment Agreement; bearing fixed interest rate of 3% per annum, payable quarterly; unpaid principal is due on maturity date, May 1, 2025.	3,750	500,000
Working capital loan payable to Nonprofit Finance Fund to finance the general working capital needs and certain predevelopment costs of ACOF. The loan is unsecured and accrues interest at 5.5% per annum payable quarterly. The principal balance of loan is payable in quarterly installments beginning March 2024 until December 2025.	-	2,000,000
Note payable to Conrad N. Hilton Foundation to finance the Alternative Supportive Housing Production (ASHP) Projects to be piloted by ACOF. The loan is unsecured and accrues interest at 2% per annum payable quarterly. The principal balance of loan is due in March 2028.	-	3,000,000
Note payable to The Housing Partnership Fund, Inc. to support ACOF's acquisition, mezzanine, equity, and predevelopment financing. The loan is unsecured and accrues interest at 4.5% per annum payable monthly. The principal balance of loan is due in January 2030.	7,500	2,000,000

**NOTE 14      NOTES AND INTEREST PAYABLE (CONTINUED)**

	<b>Interest Payable</b>	<b>Principal</b>
<p>Note payable to Bank Direct Capital Financer to finance certain operating costs of ACOF and the limited partnerships. The loan is unsecured and accrues interest at 6.05% per annum. The principal and interest is payable in equal monthly installments until October 2024. As of June 30,2024, \$1,502,539 of the outstanding balance is receivable from the limited partnerships.</p>	\$            -	\$    1,605,169
<u><i>Parker Hotel, L.P.</i></u>		
<p>Note payable to the City of Los Angeles at 5% interest per annum. Principal and interest are due in annual payments made exclusively from residual receipts (as defined in the loan agreement) derived from the project. The note matures in March 2035 and is collateralized by a deed of trust.</p>	2,226,535	1,605,167
<u><i>Gower Street Apartments, L.P.</i></u>		
<p>Note payable to the City of Los Angeles at an interest rate of 5% per annum. Payment of principal and interest is sourced from 50% of the residual receipts. The note secured by a deed of trust on real property will mature in June 2037 and any unpaid interest at maturity date will be forgiven if fair market value of the collateral property is less than the principal balance of the note and all other indebtedness secured by the property. As of June 30, 2024, no interest was accrued because the current market value of the property is lower than the loan balance.</p>	-	1,968,068
<u><i>39 West Apartments, L.P.</i></u>		
<p>Note payable to LAHD, bearing interest rate of 5% per annum. Principal and interest payments are due annually from residual receipts as defined in the loan agreement. The note matures in December 2036 and is collateralized by a deed of trust on the property.</p>	1,140,222	1,056,484

NOTE 14      NOTES AND INTEREST PAYABLE (CONTINUED)

	Interest Payable	Principal
<p><u>836 Fedora, L.P.</u> Note payable to LAHD, acquired for real property improvements, bearing simple interest rate of 5% per annum, secured by a deed of trust and matures on April 3, 2040. Annual payments to the loan is from residual receipts.</p>	\$      833,781	\$      759,000
<p><u>Figueroa Court Apartments, L.P.</u> Note payable to Citibank dated November 1, 1998, bearing 0% interest rate. The note is due on October 1, 2028 and secured by a second deed of trust.</p>	-	281,345
<p><u>Sonya Gardens, L.P.</u> Note payable to California Community Reinvestment Corporation, at initial interest rate of 7.71% per annum until July 2017 and thereafter, interest shall be adjusted to a per annum rate based on the Index described in the loan agreement plus 2.5%. Principal and interest are payable in equal monthly installments until maturity date on July 1, 2027. The loan is secured by a deed of trust.</p>	1,816	96,191
<p>Note payable to HCD, bearing interest rate of 3% per annum. Payments in the amount of 0.42% of the unpaid balance is due annually, as well as residual receipt payments as provided in the regulatory agreement, through December 2030. Thereafter, annual payments are based on residual receipts. The loan is secured by a deed of trust and matures in December 2055.</p>	287	24,711
<p>Note payable to LAHD, bearing simple interest rate of 7% per annum, payable in annual installments based on residual receipts as defined in the regulatory agreement, until paid in full. The loan matures in December 2040 and is secured by a deed of trust.</p>	301,432	525,000

**NOTE 14      NOTES AND INTEREST PAYABLE (CONTINUED)**

	<b>Interest Payable</b>	<b>Principal</b>
<u><i>Brandon Apartments, L.P.</i></u>		
<p>Note payable to LACDA for the construction of affordable housing, bearing annual interest rate of 3%. Principal and interest are due in annual payments from residual receipts as defined in the loan agreement. The note is secured by a deed of trust and matures in November 2031.</p>	\$ 1,068,074	\$ 1,799,978
<p>Non-interest bearing note payable to California Housing Finance Agency (CalHFA). Monthly installment of \$913 is forgiven if the Partnership complies with note requirements until maturity date in January 2058. The note is collateralized by a deed of trust.</p>	-	31,954
<p>Note payable to Bank of America for the construction of affordable housing. If Partnership complies with the note agreement, interest and principal shall be due not later than maturity date in September 2041. Principal and interest are due monthly in arrears. The note is collateralized by a deed of trust.</p>	-	320,000
<u><i>California Hotel 1140, L.P.</i></u>		
<p>Note payable to LAHD bearing simple interest rate of 5% per annum. Principal and interest are due annually from residual receipts as described in the note agreement. The note is collateralized by a deed of trust and matures in October 2039.</p>	1,312,224	1,161,626
<u><i>Fox Normandie Apartments, L.P.</i></u>		
<p>Non-interest bearing note payable to Citibank, collateralized by a deed of trust. The note does not require principal payments until maturity on June 11, 2031.</p>	-	263,744

**NOTE 14      NOTES AND INTEREST PAYABLE (CONTINUED)**

	Interest Payable	Principal
<u><i>Maryland Apartments, L.P.</i></u>		
<p>Note payable to LACDA for construction of affordable housing, bearing interest rate of 3% per annum. Principal and interest are due in annual payments from residual receipts as described in the loan agreement. The note matures on March 15, 2031 and LACDA is the first trust deed holder.</p>	\$      690,374	\$    1,045,500
<u><i>V. Nueva, L.P.</i></u>		
<p>Non-interest bearing note payable to Bank of America Community Development. Management anticipates that the note will be forgiven in 2024. The note is collateralized by a second deed of trust.</p>	-	165,000
<u><i>Calvert Street Apartments, L.P.</i></u>		
<p>Note payable to Bank of America for the construction of affordable housing. The loan is non-interest bearing for as long as the Affordable Housing Project (AHP) requirements are met. The note is collateralized by deed of trust and matures on November 18, 2032.</p>	-	248,869
<u><i>Amistad Apartments, L.P.</i></u>		
<p>Note payable to LACDA bearing interest at 3% per annum. Payments of principal and interest are due annually from residual receipts derived from the operations of the Partnership, through March 15, 2034. The note is secured by deed of trust.</p>	1,258,593	2,169,998
<p>Note payable to Bank of America. The note is non-interest bearing as long as the Affordable Housing Program (AHP) requirements are met. If AHP requirements are not met, the note bears interest at the AHP subsidy rate. The note is secured by deed of trust and matures on December 27, 2041.</p>	-	300,000

**NOTE 14      NOTES AND INTEREST PAYABLE (CONTINUED)**

	Interest Payable	Principal
<p><u>Santos Plaza, L.P.</u>            Note payable to Affinity Bank in the authorized amount of \$168,160, dated February 18, 2004. The AHP Note is non-interesting bearing, is due February 18, 2034 and is secured by a deed of trust.</p>	\$            -	\$        168,160
<p>Note payable to the LAHD was first authorized in the amount of \$725,000 and subsequently increased to \$1,185,000. \$985,000 has been advanced from the City of Los Angeles HOME Funds and is evidenced by a promissory note, the City of Los Angeles HOME Funds Note, and secured by the City Deed of Trust. \$200,000 has also been advanced by a promissory note, the City of Los Angeles CDBG Funds Note, and is secured by the City Deed of Trust. The City Loan shall be a zero percent loan for the first year. Subsequently, the notes shall bear interest at the applicable federal rate prevailing on the date of the execution of the Loan Agreement of 5.46%, compounded annually. The principal and all accrued interest is due and payable on August 14, 2042. The note is secured by a deed of trust.</p>	2,037,142	1,185,000
<p>Note payable to LACDA in the authorized amount of \$453,318 bearing simple interest at 3% per annum. The note matures on March 15, 2036. Commencing on March 15, 2006, annual installments shall be made in an amount equal to 19% of the prior year residual receipts (as defined in the loan agreement) derived from operations. The note is secured by a deed of trust.</p>	267,044	453,318

**NOTE 14      NOTES AND INTEREST PAYABLE (CONTINUED)**

	<b>Interest Payable</b>	<b>Principal</b>
<u>Highland PSH, LLC</u>		
Note payable to Genesis LA Economic Growth Corporation in the authorized amount of \$6,375,000 bearing simple interest at 6.5% per annum. Monthly interest payment will commence the month following the disbursement date. Monthly payment of principal will commence after the expiration of construction period until the maturity date in October 31, 2040, but in the event lender grants borrower the construction period extension, the Maturity Date shall be April 30, 2041. The note is secured by deed of trust, assignment of rents and security agreement, and is guaranteed by ACOF.	\$            -	\$      591,818
Note payable to the City of Los Angeles in the authorized amount of \$5,225,000 for construction, rehabilitation and permanent costs at simple interest rate of 3% per annum. The principal and interest is due and payable on maturity date in December 2082. The note is secured by a deed of trust.	8,894	646,805
Note payable to the City of Los Angeles in the authorized amount of \$6,910,602 for the acquisition of real property described in the agreement, bearing simple interest at 3% per annum. The principal and interest is due and payable no later than the maturity date in December 2082. The note is secured by a deed of trust.	86,382	6,910,602

**A Community of Friends and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**Year ended June 30, 2024**

**NOTE 14      NOTES AND INTEREST PAYABLE (CONTINUED)**

	<b>Interest Payable</b>	<b>Principal</b>
<i>Vanowen CP PSH, LLC</i>		
Note payable to the City of Los Angeles in the authorized amount of \$3,752,413 bearing simple interest at 3% per annum. The principal and interest is due and payable no later than the maturity date in December 2082. The note is secured by a deed of trust.	\$            9,869	\$        717,772
Note payable to the City of Los Angeles in the authorized amount of \$33,928,936 for the acquisition of real property described in the agreement, bearing simple interest at 3% per annum. The principal and interest is due and payable no later than the maturity date in December 2082. The note is secured by a deed of trust.	<u>296,063</u>	<u>29,606,349</u>
Total	20,821,516	76,657,518
Less current portion	-	4,425,804
Long-term portion	<u>20,821,516</u>	<u>72,231,714</u>
Less unamortized loan fees	-	24,493
Notes payable long-term, net	<u>\$ 20,821,516</u>	<u>\$ 72,207,221</u>

Future maturities of interest and notes payable at June 30, 2024 were as follows:

Year ending June 30,	Amount
2025	\$ 4,425,804
2026	2,025,192
2027	30,624
2028	767,632
2029	2,250,000
Thereafter	<u>87,955,289</u>
Total	<u>\$ 97,454,541</u>

**NOTE 15      LINES OF CREDIT**

ACOF maintains a line of credit with a nonprofit financing institution that provides borrowings up to \$1,000,000, at 5% interest rate, and designated for specific purposes described in the agreement. The line of credit, secured by certain assets of ACOF, expired in October 2024.

As of June 30, 2024, there were no outstanding draws from the line of credit.

**NOTE 16      GOVERNMENT/FOUNDATION GRANTS AND CONTRACTS**

Revenues from government grants and contracts without donor restriction consisted of the following:

Program and Funding Agency		
Supportive Housing Program:		
Housing Authority of the City of Los Angeles (HACLA)	\$	44,045,000
U.S. Department of Housing and Urban Development		1,808,919
Los Angeles County Department of Health Services		1,978,725
County of Los Angeles		1,321,425
Others		32,800
Total	\$	49,186,869

In fiscal year 2024, ACOF's three new subsidiaries acquired and rehabilitated real estate properties which were mostly funded through borrowings from the City of Los Angeles and grants from HACLA and the County of Los Angeles. The total value of the real estate properties amounting to \$84,997,687 were recorded as part of real estate and development and the borrowings totaling \$37,881,528 were recognized as notes payable in the consolidated statement of financial position as of June 30, 2024, while the grants received amounting to \$45,366,425 were recorded as government grants and contracts in the consolidated statement of activities for the year ended June 30, 2024.

**NOTE 17      NEIGHBORWORKS AMERICA GRANTS**

Since 2015, ACOF has been receiving project funds in the form of expendable grants and capital grants from NeighborWorks America (NWA). The expendable grants provide support for ACOF's general operations, while the capital grants are designated for loan and real estate development activities. For the year ended June 30, 2024, the expendable grants and capital grants received amounted to \$197,750 and \$170,000, respectively, and they are reported under foundation grants in the consolidated statement of activities.

The capital funds of \$170,000 were spent on predevelopment activities during the year. The schedule of financial position and statement of activities of the capital funds as of and for the year ended June 30, 2024, are presented as supplemental reports on pages 49 and 50 in the consolidated financial statements.

**NOTE 18      NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, 2024, net assets with donor restrictions are available for the following purpose or period:

Professional and development program	\$	207,850
Substance use and recovery program		283,071
Supportive housing projects		55,106
Miscellaneous programs		10,644
Restricted as to time (July 1, 2024 to June 30, 2025)		137,350
Total	\$	<u>694,021</u>

**NOTE 19      COMMITMENTS AND CONTINGENCIES**

**Leases**

The Company is leasing its office space under an operating lease agreement commencing on July 1, 2022, and expiring on June 30, 2032. The operating lease agreement generally does not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. For the year ended June 30, 2024, the rent expense amounted to \$212,074.

The Company used a weighted average discount rate of 2.9% to calculate the present value of future lease payments.

Maturities of the lease liabilities under noncancellable operating lease at June 30, 2024 are as follows:

Year ending June 30	Amount
2025	\$ 197,318
2026	203,221
2027	209,124
2028	215,026
2029	220,928
Thereafter	698,203
Total undiscounted lease payments	1,743,820
Less effects of discounting	(191,829)
Total lease liability	1,551,991
Total current portion of lease liability	154,461
Total lease liability, net of current portion	\$ 1,397,530

**NOTE 19      COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Contingencies**

ACOF is contingently liable for all obligations of the partnerships relating to certain recourse notes payable. In some cases, ACOF, as a general partner or managing general partner/sole member of Supportive Housing, LLC, has guaranteed to pay all operating deficits and in others has guaranteed the limited partners a return on their investments. However, the guarantees are only to the extent that such items are in excess of reserves that have been set aside for that purpose. At June 30, 2024, contingent liability related to operating deficits approximates to \$1,569,621. Management believes the reserves are adequate, and it is unlikely that the Company will be called upon to pay on the guarantees.

At June 30, 2024, ACOF was contingently liable for approximately \$2,292,712 in interest related to various notes payable. Management believes the likelihood ACOF will be required to pay the interest is remote and has not recorded such interest on the consolidated statement of financial position at June 30, 2024.

ACOF also provided construction loan guarantees for various projects under construction. ACOF will be responsible for repaying a loan if, when the loan becomes due, the project does not make payment on the loan. ACOF does not require collateral or other security from its projects related to these guarantees. These construction loan guarantees are estimated to be \$100,020,771 at June 30, 2024. Management believes the likelihood of funding a material amount of any of the guarantees is remote.

**NOTE 20      RELATED PARTY TRANSACTIONS**

ACOF receives fees for certain services performed by ACOF on behalf of the partnerships. The partnership, property management and developer fees are paid to ACOF from positive cash flow, while the administrative fees are charged by ACOF from federal grants. For the year ended June 30, 2024, the following fees were earned by ACOF:

Partnership and property management fees	\$ 1,196,647
Developer fees	1,348,694
Administrative fees	67,881
Total fees earned from partnerships	\$ 2,613,222

In October 2009, ACOF entered into a Memorandum of Understanding – Subcontract for Property Management Services (MOU) with Barker Management, Inc. (BMI). In accordance with the MOU and subsequent amendments thereto, ACOF and BMI collaborate to provide management services to the following supportive housing developments: Amistad Apartments, Camino de Las Flores Apartments, Las Palomas Hotel, Fedora Apartments, Fox Normandie Apartments, Vista Nueva Apartments, Willow Apartments, Figueroa Court Apartments, 39 West Apartments, Santos Plaza Apartments and Vendome Palms Apartments.

**NOTE 20      RELATED PARTY TRANSACTIONS (CONTINUED)**

An amended MOU revised the compensation of BMI to a flat rate of \$25 per unit per month with ACOF receiving the balance of the management fees earned beginning January 1, 2011. The amendment also provided for the automatic renewal of the MOU for each successive one-year term, unless terminated as provided in the original MOU.

Beginning October 26, 2023, ACOF took over as the management company of record for the 11 supportive housing developments.

For the year ended June 30, 2024, ACOF earned property management fees under this agreement in the amount of \$175,968.

**NOTE 21      EMPLOYEE RETIREMENT PLAN**

ACOF has a profit sharing plan for all eligible employees. Contributions to the plan are discretionary with the rates determined by the Board of Directors. For the year ended June 30, 2024, ACOF's contributions to the plan amounted to \$284,956.

**NOTE 22      SUBSEQUENT EVENTS**

The Company has evaluated events or transactions that occurred subsequent to June 30, 2024 through November 27, 2024, the date the accompanying consolidated financial statements were available to be issued, for potential recognition or disclosure in the consolidated financial statements and determined that, other than the information disclosed in Notes 14 and 15, no subsequent events required disclosure or adjustment to the accompanying consolidated financial statements.

**SUPPLEMENTARY INFORMATION**

**A Community of Friends and Subsidiaries**  
**Consolidating Schedule of Financial Position**  
**June 30, 2024**

	Supportive Housing, LLC									
	A Community of Friends	Highland PSH, LLC	Vanowen CP PSH, LLC	14510 Garvey LLC	39 West Apartments, L.P.	836 Fedora, L.P.	Brandon Apartments, L.P.	California Hotel 1140, L.P.	Figueroa Court Apartments, L.P.	Fox Normandie Apartments, L.P.
<b>ASSETS</b>										
<b>Current assets</b>										
Cash and cash equivalents	\$ 3,113,884	\$ 197,139	\$ 43,300	\$ 472,304	\$ 71,356	\$ 5,077	\$ 2,285	\$ 962	\$ 32,527	\$ 500
Certificates of deposit and other short-term investments	2,245,039	-	-	-	-	-	-	-	-	-
Rental properties reserves	692,294	-	-	-	722,377	284,557	124,491	699,738	315,143	54,855
Project receivables - current portion	4,478,098	-	-	-	-	-	-	-	-	-
Partnership receivables - current portion	4,241,940	-	-	-	-	-	-	-	-	-
Developer fees receivable - current portion, net	2,426,588	-	-	-	-	-	-	-	-	-
Contracts receivable	811,079	-	-	-	-	-	-	-	-	-
Other receivables	92,129	-	-	-	8,233	46,271	174,970	53,172	11,009	255,982
Prepaid expenses and deposits	133,370	-	-	-	9,192	3,864	-	-	3,597	5,536
<b>Total current assets</b>	<b>18,234,421</b>	<b>197,139</b>	<b>43,300</b>	<b>472,304</b>	<b>811,158</b>	<b>339,769</b>	<b>301,746</b>	<b>753,872</b>	<b>362,276</b>	<b>316,873</b>
Long-term project receivables	1,465,036	-	-	-	-	-	-	-	-	-
Long-term partnership receivables	6,853,363	-	-	-	-	-	-	-	-	-
Long-term developer fees receivables, net	4,773,488	-	-	-	-	-	-	-	-	-
Notes, advances, and interest receivable, net	21,396,911	-	-	-	-	-	-	-	-	-
Investment in limited partnerships	9,300,665	-	-	-	-	-	-	-	-	-
Real estate in development	1,096,629	26,112,858	57,563,404	1,321,425	-	-	-	-	-	-
Property and equipment, net	2,313,949	-	-	-	1,011,282	354,178	1,451,341	553,548	1,508,374	919,583
Right-of-use asset, net	1,504,770	-	-	-	-	-	-	-	-	-
Other long-term assets	-	-	-	-	-	-	4,423	1,418	-	21,874
<b>Total assets</b>	<b>\$ 66,939,232</b>	<b>\$ 26,309,997</b>	<b>\$ 57,606,704</b>	<b>\$ 1,793,729</b>	<b>\$ 1,822,440</b>	<b>\$ 693,947</b>	<b>\$ 1,757,510</b>	<b>\$ 1,308,838</b>	<b>\$ 1,870,650</b>	<b>\$ 1,258,330</b>
<b>LIABILITIES AND NET ASSETS</b>										
<b>Current liabilities</b>										
Accounts payable and accrued expenses	\$ 1,624,771	\$ 294,394	\$ 57,873	\$ 22,529	\$ 47,284	\$ 215,363	\$ 590,997	\$ 194,783	\$ 374,505	\$ 132,183
Current portion of lease liability	154,461	-	-	-	-	-	-	-	-	-
Current portion of notes and interest payable	4,238,061	-	-	-	-	-	-	-	-	-
Other liabilities	69,095	-	-	82,107	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>6,086,388</b>	<b>294,394</b>	<b>57,873</b>	<b>104,636</b>	<b>47,284</b>	<b>215,363</b>	<b>590,997</b>	<b>194,783</b>	<b>374,505</b>	<b>132,183</b>
Deficiency in partnership investments	31,657,657	-	-	-	-	-	-	-	-	-
Lease liability, net of current portion	1,397,530	-	-	-	-	-	-	-	-	-
Notes and interest payable, net of current portion	27,575,833	8,445,603	31,073,831	367,668	2,196,706	1,592,781	3,220,006	3,243,935	3,912,921	263,744
<b>Total liabilities</b>	<b>66,717,408</b>	<b>8,739,997</b>	<b>31,131,704</b>	<b>472,304</b>	<b>2,243,990</b>	<b>1,808,144</b>	<b>3,811,003</b>	<b>3,438,718</b>	<b>4,287,426</b>	<b>395,927</b>
<b>Net assets (deficit)</b>										
Without donor restrictions	(472,197)	17,570,000	26,475,000	1,321,425	(421,550)	(1,114,197)	(2,053,493)	(2,129,880)	(2,416,776)	862,403
With donor restrictions	694,021	-	-	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>221,824</b>	<b>17,570,000</b>	<b>26,475,000</b>	<b>1,321,425</b>	<b>(421,550)</b>	<b>(1,114,197)</b>	<b>(2,053,493)</b>	<b>(2,129,880)</b>	<b>(2,416,776)</b>	<b>862,403</b>
<b>Total liabilities and net assets</b>	<b>\$ 66,939,232</b>	<b>\$ 26,309,997</b>	<b>\$ 57,606,704</b>	<b>\$ 1,793,729</b>	<b>\$ 1,822,440</b>	<b>\$ 693,947</b>	<b>\$ 1,757,510</b>	<b>\$ 1,308,838</b>	<b>\$ 1,870,650</b>	<b>\$ 1,258,330</b>

See independent auditor's report.

**A Community of Friends and Subsidiaries**  
**Consolidating Schedule of Financial Position (Continued)**  
**June 30, 2024**

	Supportive Housing, LLC										Eliminations	Consolidated
	Gower Street Apartments, L.P.	Las Palomas Hotel, L.P.	Maryland Apartments, L.P.	Parker Hotel, L.P.	Sonya Gardens, L.P.	V. Nueva, L.P.	Calvert Street Apartments, L.P.	Amistad Apartments, LP	Santos Plaza, LP			
<b>ASSETS</b>												
<b>Current assets</b>												
Cash and cash equivalents	\$ 5,976	\$ 47,817	\$ 4,224	\$ 2,650	\$ 900,734	\$ 21,260	\$ 7,013	\$ 76,113	\$ 19,738	\$ -	\$ -	\$ 5,024,859
Certificates of deposit and other short-term investments	-	-	-	-	-	-	-	-	-	-	-	2,245,039
Rental properties reserves	488,258	185,197	80,609	191,591	503,052	893,363	64,457	334,375	85,252	-	-	5,719,609
Project receivables - current portion	-	-	-	-	-	-	-	-	-	(1,012,549)	-	3,465,549
Partnership receivables - current portion	-	-	-	-	-	-	-	-	-	(1,249,181)	-	2,992,759
Developer fees receivable - current portion, net	-	-	-	-	-	-	-	-	-	(265,000)	-	2,161,588
Contracts receivable	-	-	-	-	-	-	-	-	-	-	-	811,079
Other receivables	165,996	180,968	32,518	176,576	18,250	86,169	4,510	11,228	53,053	-	-	1,371,034
Prepaid expenses and deposits	-	6,754	-	-	-	7,680	-	9,298	4,038	-	-	183,329
<b>Total current assets</b>	<b>660,230</b>	<b>420,736</b>	<b>117,351</b>	<b>370,817</b>	<b>1,422,036</b>	<b>1,008,472</b>	<b>75,980</b>	<b>431,014</b>	<b>162,081</b>	<b>(2,526,730)</b>	<b>-</b>	<b>23,974,845</b>
Long-term project receivables	-	-	-	-	-	-	-	-	-	(558,496)	-	906,540
Long-term partnership receivables	-	-	-	-	-	-	-	-	-	(3,530,187)	-	3,323,176
Long-term developer fees receivables, net	-	-	-	-	-	-	-	-	-	(2)	-	4,773,486
Notes, advances, and interest receivable, net	-	-	-	-	-	-	-	-	-	(16,268,172)	-	5,128,739
Investment in limited partnerships	-	-	-	-	-	-	-	-	-	(3,323,234)	-	5,977,431
Real estate in development	-	-	-	-	-	-	-	-	-	(890,000)	-	85,204,316
Property and equipment, net	480,297	446,784	749,632	394,758	1,653,105	1,272,460	2,376,003	2,404,585	2,348,827	(908,069)	-	19,330,637
Right-of-use asset, net	-	960	500	823	3,065	14,959	-	50,262	-	-	-	1,504,770
Other long-term assets	-	-	-	-	-	-	-	-	-	-	-	98,284
<b>Total assets</b>	<b>\$ 1,140,527</b>	<b>\$ 868,480</b>	<b>\$ 867,483</b>	<b>\$ 766,398</b>	<b>\$ 3,078,206</b>	<b>\$ 2,295,891</b>	<b>\$ 2,451,983</b>	<b>\$ 2,885,861</b>	<b>\$ 2,510,908</b>	<b>\$ (28,004,890)</b>	<b>\$ -</b>	<b>\$ 150,222,224</b>
<b>LIABILITIES AND NET ASSETS</b>												
<b>Current liabilities</b>												
Accounts payable and accrued expenses	\$ 1,067,804	\$ 1,585,001	\$ 462,762	\$ 515,378	\$ 70,104	\$ 324,004	\$ 782,030	\$ 541,157	\$ 1,358,771	\$ (5,602,866)	\$ -	\$ 4,658,827
Current portion of lease liability	-	-	-	-	-	-	-	-	-	-	-	154,461
Current portion of notes and interest payable	-	-	-	-	22,743	165,000	-	-	-	-	-	4,425,804
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	151,202
<b>Total current liabilities</b>	<b>1,067,804</b>	<b>1,585,001</b>	<b>462,762</b>	<b>515,378</b>	<b>92,847</b>	<b>489,004</b>	<b>782,030</b>	<b>541,157</b>	<b>1,358,771</b>	<b>(5,602,866)</b>	<b>-</b>	<b>9,390,294</b>
Deficiency in partnership investments	-	-	-	-	-	-	-	-	-	(31,234,783)	-	422,874
Lease liability, net of current portion	-	-	-	-	-	-	-	-	-	-	-	1,397,530
Notes and interest payable, net of current portion	1,968,068	4,927,595	1,918,138	3,831,702	926,150	3,214,304	4,119,694	4,610,192	4,510,664	(18,890,798)	-	93,028,737
<b>Total liabilities</b>	<b>3,035,872</b>	<b>6,512,596</b>	<b>2,380,900</b>	<b>4,347,080</b>	<b>1,018,997</b>	<b>3,703,308</b>	<b>4,901,724</b>	<b>5,151,349</b>	<b>5,869,435</b>	<b>(55,728,447)</b>	<b>-</b>	<b>104,239,435</b>
<b>Net assets (deficit)</b>												
Without donor restrictions	(1,895,345)	(5,644,116)	(1,513,417)	(3,580,682)	2,059,209	(1,407,417)	(2,449,741)	(2,265,488)	(3,358,527)	27,723,557	-	45,288,768
With donor restrictions	-	-	-	-	-	-	-	-	-	-	-	694,021
<b>Total net assets</b>	<b>(1,895,345)</b>	<b>(5,644,116)</b>	<b>(1,513,417)</b>	<b>(3,580,682)</b>	<b>2,059,209</b>	<b>(1,407,417)</b>	<b>(2,449,741)</b>	<b>(2,265,488)</b>	<b>(3,358,527)</b>	<b>27,723,557</b>	<b>-</b>	<b>45,982,789</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,140,527</b>	<b>\$ 868,480</b>	<b>\$ 867,483</b>	<b>\$ 766,398</b>	<b>\$ 3,078,206</b>	<b>\$ 2,295,891</b>	<b>\$ 2,451,983</b>	<b>\$ 2,885,861</b>	<b>\$ 2,510,908</b>	<b>\$ (28,004,890)</b>	<b>\$ -</b>	<b>\$ 150,222,224</b>

See independent auditor's report.

**A Community of Friends and Subsidiaries  
Consolidating Schedule of Activities  
Year ended June 30, 2024**

	Supportive Housing, LLC									
	A Community of Friends	Highland PSH, LLC	Vanowen CP PSH, LLC	14510 Garvey LLC	39 West Apartments, L.P.	836 Fedora, L.P.	Brandon Apartments, L.P.	California Hotel 1140, L.P.	Figueroa Court Apartments, L.P.	Fox Normandie Apartments, L.P.
<b>Revenue and support</b>										
Government grants and contracts	\$ 3,820,444	\$ 17,570,000	\$ 26,475,000	\$ 1,321,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Foundation grants	4,182,750	-	-	-	-	-	-	-	-	-
Developer fees	2,238,694	-	-	-	-	-	-	-	-	-
Partnership and property management fees	1,589,903	-	-	-	-	-	-	-	-	-
Rental income	627,060	-	-	-	439,582	219,935	513,507	371,899	444,220	166,381
Administrative fees	117,378	-	-	-	-	-	-	-	-	-
Interest income from loans	464,284	-	-	-	-	-	-	-	-	-
Gain on forgiveness of debt	-	-	-	-	182,794	-	913	-	-	-
Other interest income	134,871	-	-	-	26,067	10,161	3,674	21,525	10,490	1,166
General donations	260,562	-	-	-	-	-	-	-	-	-
In-kind donations	24,927	-	-	-	-	-	-	-	-	-
Miscellaneous	221,426	-	-	-	-	-	-	-	-	-
<b>Total revenue and support</b>	<u>13,682,299</u>	<u>17,570,000</u>	<u>26,475,000</u>	<u>1,321,425</u>	<u>648,443</u>	<u>230,096</u>	<u>518,094</u>	<u>393,424</u>	<u>454,710</u>	<u>167,547</u>
<b>Functional expenses</b>										
Program services	9,036,280	-	-	-	603,262	475,925	1,009,929	621,816	688,248	362,353
Fund development	406,143	-	-	-	-	-	-	-	-	-
General and administration	2,838,722	-	-	-	-	-	-	-	-	-
<b>Total functional expenses</b>	<u>12,281,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>603,262</u>	<u>475,925</u>	<u>1,009,929</u>	<u>621,816</u>	<u>688,248</u>	<u>362,353</u>
<b>Change in net assets before (loss) income from investment in partnerships</b>	1,401,154	17,570,000	26,475,000	1,321,425	45,181	(245,829)	(491,835)	(228,392)	(233,538)	(194,806)
<b>(Loss) income from investment in partnerships</b>	<u>(4,209,553)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	(2,808,399)	17,570,000	26,475,000	1,321,425	45,181	(245,829)	(491,835)	(228,392)	(233,538)	(194,806)
Net assets (deficit), beginning of year	3,030,223	-	-	-	(466,731)	(868,368)	(1,561,658)	(1,901,488)	(2,183,238)	1,057,209
Net assets (deficit), end of year	<u>\$ 221,824</u>	<u>\$ 17,570,000</u>	<u>\$ 26,475,000</u>	<u>\$ 1,321,425</u>	<u>(421,550)</u>	<u>(1,114,197)</u>	<u>(2,053,493)</u>	<u>(2,129,880)</u>	<u>(2,416,776)</u>	<u>\$ 862,403</u>

See independent auditor's report.

**A Community of Friends and Subsidiaries**  
**Consolidating Schedule of Activities (Continued)**  
**Year ended June 30, 2024**

Supportive Housing, LLC											
	Gower Street Apartments, L.P.	Las Palomas Hotel, L.P.	Maryland Apartments, L.P.	Parker Hotel, L.P.	Sonya Gardens, L.P.	V. Nueva, L.P.	Calvert Street Apartments, L.P.	Amistad Apartments L.P.	Santos Plaza, LP	Eliminations	Consolidated
<b>Revenue and support</b>											
Government grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,186,869
Foundation grants	-	-	-	-	-	-	-	-	-	-	4,182,750
Developer fees	-	-	-	-	-	-	-	-	-	(890,000)	1,348,694
Partnership and property management fees	-	-	-	-	-	-	-	-	-	(393,256)	1,196,647
Rental income	611,638	675,002	265,314	236,655	1,232,184	557,115	290,951	587,621	350,666	-	7,589,730
Administrative fees	-	-	-	-	-	-	-	-	-	(49,497)	67,881
Interest income from loans	-	-	-	-	-	-	-	-	-	(386,975)	77,309
Gain on forgiveness of debt	-	-	-	-	-	-	-	-	-	-	183,707
Other interest income	2,766	7,204	3,440	5,912	6,030	31,768	59	12,408	1,227	-	278,768
General donations	-	-	-	-	-	-	-	-	-	-	260,562
In-kind donations	-	-	-	-	-	-	-	-	-	-	24,927
Miscellaneous	6,722	-	-	-	475	-	12,500	12,516	16,241	-	269,880
<b>Total revenue and support</b>	<u>621,126</u>	<u>682,206</u>	<u>268,754</u>	<u>242,567</u>	<u>1,238,689</u>	<u>588,883</u>	<u>303,510</u>	<u>612,545</u>	<u>368,134</u>	<u>(1,719,728)</u>	<u>64,667,724</u>
<b>Functional expenses</b>											
Program services	1,003,677	1,295,429	489,161	563,717	846,371	974,801	716,144	1,044,504	921,127	(968,029)	19,684,715
Fund development	-	-	-	-	-	-	-	-	-	-	406,143
General and administration	-	-	-	-	-	-	-	-	-	-	2,838,722
<b>Total functional expenses</b>	<u>1,003,677</u>	<u>1,295,429</u>	<u>489,161</u>	<u>563,717</u>	<u>846,371</u>	<u>974,801</u>	<u>716,144</u>	<u>1,044,504</u>	<u>921,127</u>	<u>(968,029)</u>	<u>22,929,580</u>
<b>Change in net assets before (loss) income from investment in partnerships</b>	(382,551)	(613,223)	(220,407)	(321,150)	392,318	(385,918)	(412,634)	(431,959)	(552,993)	(751,699)	41,738,144
<b>(Loss) income from investment in partnerships</b>	-	-	-	-	-	-	-	-	-	4,310,799	101,246
<b>Change in net assets</b>	(382,551)	(613,223)	(220,407)	(321,150)	392,318	(385,918)	(412,634)	(431,959)	(552,993)	3,559,100	41,839,390
Net assets (deficit), beginning of year	(1,512,794)	(5,030,893)	(1,293,010)	(3,259,532)	1,666,891	(1,021,499)	(2,037,107)	(1,833,529)	(2,805,534)	24,164,457	4,143,399
Net assets (deficit), end of year	\$ <u>(1,895,345)</u>	\$ <u>(5,644,116)</u>	\$ <u>(1,513,417)</u>	\$ <u>(3,580,682)</u>	\$ <u>2,059,209</u>	\$ <u>(1,407,417)</u>	\$ <u>(2,449,741)</u>	\$ <u>(2,265,488)</u>	\$ <u>(3,358,527)</u>	\$ <u>27,723,557</u>	\$ <u>45,982,789</u>

See independent auditor's report.

**A Community of Friends and Subsidiaries**  
**A Community of Friends**  
**(Parent Company Only)**  
**Statement of Financial Position**  
**June 30, 2024**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$	3,113,884
Certificates of deposit and other short-term investments		2,245,039
Rental properties reserves		692,294
Project receivables - current portion		4,478,098
Partnership receivables - current portion		4,241,940
Developer fees receivables - current portion, net		2,426,588
Contracts receivable		811,079
Other receivables		92,129
Prepaid expenses and deposits		133,370
<b>Total current assets</b>		<b>18,234,421</b>

**Noncurrent assets**

Long-term project receivables		1,465,036
Long-term partnership receivables		6,853,363
Long-term developer fees receivables, net		4,773,488
Notes, advances, and interest receivable, net		21,396,911
Investment in limited partnerships		1,867,516
Real estate in development		1,096,629
Property and equipment, net		2,313,949
Right-of-use asset, net		1,504,770
<b>Total assets</b>	<b>\$</b>	<b>59,506,083</b>

**LIABILITIES AND NET ASSETS**

**Current liabilities**

Accounts payable and accrued expenses	\$	1,624,771
Current portion of lease liability		154,461
Current portion of notes and interest payable		4,238,061
Other liabilities		69,095
<b>Total current liabilities</b>		<b>6,086,388</b>

**Noncurrent liabilities**

Lease liability, net of current portion		1,397,530
Notes and interest payable, net of current portion		27,575,833
<b>Total liabilities</b>		<b>35,059,751</b>

**Net assets**

Without donor restrictions		23,752,311
With donor restrictions		694,021
<b>Total net assets</b>		<b>24,446,332</b>
<b>Total liabilities and net assets</b>	<b>\$</b>	<b>59,506,083</b>

*The above statement of financial position is that of A Community of Friends (ACOF) (parent company) only and is not that of the primary reporting entity. ACOF's accumulated share in the net income/loss of the limited partnerships wherein it has controlling and non-controlling interests are not included in the above statement. The consolidated financial statements of ACOF and its Subsidiaries are shown at pages 4 to 6 and should be read in conjunction with the above parent company only financial statements.*

See independent auditor's report.

**A Community of Friends and Subsidiaries**  
**A Community of Friends**  
**(Parent Company Only)**  
**Statement of Activities**  
**Year ended June 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and support</b>			
Government grants and contracts	\$ 3,820,444	\$ -	\$ 3,820,444
Foundation grants	3,867,750	315,000	4,182,750
Developer fees	2,238,694	-	2,238,694
Partnership and property management fees	1,589,903	-	1,589,903
Rental income	627,060	-	627,060
Administrative fees	117,378	-	117,378
Interest income from loans	464,284	-	464,284
Other interest income	134,871	-	134,871
General donations	260,562	-	260,562
In-kind donations	24,927	-	24,927
Miscellaneous	221,426	-	221,426
Net assets released from restriction	304,726	(304,726)	-
<b>Total revenue and support</b>	<b>13,672,025</b>	<b>10,274</b>	<b>13,682,299</b>
<b>Functional expenses</b>			
Program services	9,036,280	-	9,036,280
Fund development	406,143	-	406,143
General and administration	2,838,722	-	2,838,722
<b>Total functional expenses</b>	<b>12,281,145</b>	<b>-</b>	<b>12,281,145</b>
<b>Change in net assets</b>	1,390,880	10,274	1,401,154
<b>Net assets, beginning of year</b>	22,361,431	683,747	23,045,178
<b>Net assets, end of year</b>	\$ 23,752,311	\$ 694,021	\$ 24,446,332

*The above statement of activities is that of A Community of Friends (ACOF) (parent company) only and is not that of the primary reporting entity. ACOF's accumulated share in the net income/loss of the limited partnerships wherein it has controlling and non-controlling interests are not included in the above statement. The consolidated financial statements of ACOF and its Subsidiaries are shown at pages 4 to 6 and should be read in conjunction with the above parent company only financial statements.*

*See independent auditor's report.*

**A Community of Friends and Subsidiaries**  
**A Community of Friends**  
**(Parent Company Only)**  
**Statement of Functional Expenses**  
**Year ended June 30, 2024**

	Program Services				Total	Fund Development	General and Administration	Total
	Supportive Services	Real Estate Activities	Property Management	Rental				
<b>Personnel expenses</b>								
Salaries	\$ 2,659,068	\$ 1,256,748	\$ 678,749	\$ 8,188	\$ 4,602,753	\$ 163,149	\$ 1,708,372	\$ 6,474,274
Payroll taxes	214,731	95,879	56,387	4,479	371,476	8,440	119,622	499,538
Employee benefits	490,163	134,730	128,191	588	753,672	17,956	224,936	996,564
<b>Total personnel expenses</b>	<b>3,363,962</b>	<b>1,487,357</b>	<b>863,327</b>	<b>13,255</b>	<b>5,727,901</b>	<b>189,545</b>	<b>2,052,930</b>	<b>7,970,376</b>
<b>Other expenses</b>								
Advertising	7,428	802	3,649	-	11,879	372	21,622	33,873
Auditing and accounting	7,186	20,087	8,588	-	35,861	2,461	47,781	86,103
Auto expense	14,089	4,882	3,060	-	22,031	219	2,609	24,859
Bad debts	1,174	175,604	-	135,966	312,744	-	-	312,744
Consulting	-	60,074	-	13,500	73,574	57,877	60,170	191,621
Contractual-supportive services	476,792	-	-	-	476,792	-	-	476,792
Donated supplies	24,927	-	-	-	24,927	-	-	24,927
Dues, fees and subscriptions	677	3,458	129	9,464	13,728	17,258	81,301	112,287
Employee engagement	-	2,583	-	-	2,583	10	20,623	23,216
Equipment leases	4,603	3,126	929	-	8,658	335	4,086	13,079
Fundraising	-	-	-	-	-	69,992	-	69,992
Interest	-	531,554	-	121,213	652,767	91	124	652,982
Liability insurance	6,310	1,640	1,972	66,021	75,943	131	85,517	161,591
Marketing	-	-	-	-	-	13,140	500	13,640
Meals	4,756	2,991	2,366	-	10,113	184	20,004	30,301
Miscellaneous	420	3,615	240	1,032	5,307	782	25,968	32,057
Office expenses	108,985	38,246	20,470	19,340	187,041	10,399	102,597	300,037
Postage and printing	70	5,183	302	-	5,555	2,113	3,452	11,120
Property maintenance and repairs	-	-	-	236,656	236,656	-	-	236,656
Rent and parking	11,674	66,610	29,119	-	107,403	19,040	122,275	248,718
Resident programs	408,729	-	-	-	408,729	-	6,478	415,207
Security	-	-	-	38,666	38,666	-	-	38,666
Seminars and training	8,724	7,115	12,805	59	28,703	258	9,762	38,723
Taxes and licenses	201	2,011	603	10,062	12,877	201	2,413	15,491
Telephone	52,444	15,488	9,825	12,565	90,322	1,693	24,582	116,597
Temporary staff	-	-	-	55,670	55,670	13,366	75,362	144,398
Travel	20	1,260	837	-	2,117	686	3,173	5,976
Utilities	-	-	-	103,842	103,842	-	-	103,842
Worker's compensation insurance	41,537	19,336	37,890	739	99,502	2,490	24,587	126,579
<b>Total expenses before depreciation and amortization</b>	<b>4,544,708</b>	<b>2,453,022</b>	<b>996,111</b>	<b>838,050</b>	<b>8,831,891</b>	<b>402,643</b>	<b>2,797,916</b>	<b>12,032,450</b>
Depreciation and amortization	3,500	27,996	24,497	148,396	204,389	3,500	40,806	248,695
<b>Total functional expenses</b>	<b>\$ 4,548,208</b>	<b>\$ 2,481,018</b>	<b>\$ 1,020,608</b>	<b>\$ 986,446</b>	<b>\$ 9,036,280</b>	<b>\$ 406,143</b>	<b>\$ 2,838,722</b>	<b>\$ 12,281,145</b>

*The above statement of functional expenses is that of A Community of Friends (ACOF) (parent company) only and is not that of the primary reporting entity. ACOF's accumulated share in the net income/loss of the limited partnerships wherein it has controlling and non-controlling interests are not included in the above statement. The consolidated financial statements of ACOF and its Subsidiaries are shown at pages 4 to 6 and should be read in conjunction with the above parent company only financial statements.*

See independent auditor's report.

**A Community of Friends and Subsidiaries  
NeighborWorks America Capital Fund  
Schedule of Financial Position  
June 30, 2024**

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**ASSETS**

Real estate in development	\$ <u>          -</u>
Total assets	\$ <u><u>          -</u></u>

**NET ASSETS**

Without donor restriction	\$ <u>          -</u>
Total net assets	\$ <u><u>          -</u></u>

*See independent auditor's report.*

**A Community of Friends and Subsidiaries  
NeighborWorks America Capital Fund  
Schedule of Activities  
Year ended June 30, 2024**

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**Revenue, gains, other support and releases of capital:**

Capital Grant - NeighborWorks America, beginning of year	\$	-
Additions		170,000
Releases		<u>(170,000)</u>
Net assets, end of year	\$	<u>-</u>

*See independent auditor's report.*



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## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

### **Board of Directors A Community of Friends**

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 A Community of Friends and Subsidiaries, which comprise A Community of Friends and Subsidiaries' consolidated statement of financial position as of June 30, 2024, 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, (collectively, the financial statements), and have issued our report thereon dated November 27, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered A Community of Friends and Subsidiaries' 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 A Community of Friends and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of A Community of Friends and Subsidiaries' 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 A Community of Friends and Subsidiaries' 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 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 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.

**Glendale, California  
November 27, 2024**



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