

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2025
(with summarized comparative totals for June 30, 2024)

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Alameda Point Collaborative, Inc. and Subsidiary
Oakland, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Alameda Point Collaborative, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 U.S. 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 consolidated financial statements.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2026 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BPM LLP

San Jose, California
February 13, 2026

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2025

(with summarized comparative information as of June 30, 2024)

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,254,810	\$ 2,217,800
Accounts receivable	3,206,174	2,764,693
Inventory	64,993	43,423
Prepaid expenses and other assets	48,187	78,061
Total current assets	9,574,164	5,103,977
Other assets:		
Restricted cash	7,555,307	14,518,968
Property and equipment, net	37,333,902	14,821,832
Right-of-use assets, net	100,662	100,662
Total other assets	44,989,871	29,441,462
Total assets	<u>\$ 54,564,035</u>	<u>\$ 34,545,439</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 898,872	\$ 3,422,193
Accrued liabilities	168,908	200,513
Accrued retainage	2,683,755	776,717
Security deposits	114,736	96,735
Accrued interest and other liabilities	330,365	357,392
Refundable advance	998,979	565,854
Current maturities of long-term debt	40,368	26,467
Current maturities of operating lease liability	18,557	18,557
Total current liabilities	5,254,540	5,464,428
Long-term liabilities:		
Long-term debt, net of current maturities	5,926,188	5,818,613
Long-term operating lease liability, net of current maturities	74,584	74,584
Total long-term liabilities	6,000,772	5,893,197
Total liabilities	11,255,312	11,357,625
Commitment and contingencies (Note 5)		
Net assets:		
Without donor restrictions - deficit	(4,156,258)	(3,196,494)
With donor restrictions	47,464,981	26,384,308
Total net assets	43,308,723	23,187,814
Total liabilities and net assets	<u>\$ 54,564,035</u>	<u>\$ 34,545,439</u>

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2025

(with summarized comparative information for the year ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenue and other support:				
Government grants	\$ 1,560,207	\$ -	\$ 1,560,207	\$ 1,552,933
Property management revenue	54,020	-	54,020	53,760
Tenant assistance program	1,387,798	-	1,387,798	1,386,777
Rental revenue	791,946	-	791,946	752,785
Contract revenue	38,000	-	38,000	28,000
Retail sales, net of discounts	111,348	-	111,348	124,316
Contributions	260,111	21,090,807	21,350,918	6,722,851
In-kind lease contribution	3,782,271	-	3,782,271	4,151,607
Interest income	394,701	-	394,701	642,772
Other income	134,651	-	134,651	312,233
Net assets released from restrictions	10,134	(10,134)	-	-
Total revenue and support	8,525,187	21,080,673	29,605,860	15,728,034
Expenses:				
Program services:				
Housing services	2,047,663	-	2,047,663	2,132,044
Support services	2,081,482	-	2,081,482	1,803,236
Children and youth services	419,882	-	419,882	445,668
Property management	612,228	-	612,228	822,660
McKay avenue	214,218	-	214,218	473,008
Subtotal program services	5,375,473	-	5,375,473	5,676,616
Supportive services:				
Management and general	21,696	-	21,696	38,377
Fund development	4,087,782	-	4,087,782	4,435,347
Subtotal supportive services	4,109,478	-	4,109,478	4,473,724
Total expenses	9,484,951	-	9,484,951	10,150,340
Change in net assets	(959,764)	21,080,673	20,120,909	5,577,694
Net assets, beginning of year	(3,196,494)	26,384,308	23,187,814	17,610,120
Net assets, end of year	\$ (4,156,258)	\$ 47,464,981	\$ 43,308,723	\$ 23,187,814

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2025
(with summarized comparative information for the year ended June 30, 2024)

	Program Services					Supporting Services				Total	2024 Total	
	Housing Services	Support Services	Children and Youth Services	Property Management	McKay Avenue	Total Program Services	Management and General	Fund Development	Total Supporting Services			
Salaries and related expenses:												
Salaries and wages	\$ 597,646	\$ 1,201,186	\$ 270,230	\$ 116,092	\$ 36,349	\$ 2,221,503	\$ -	\$ 215,194	\$ 215,194	\$ 2,436,697	\$ 2,085,922	
Employee benefits	47,984	98,669	21,907	8,819	2,898	180,277	-	17,641	17,641	197,918	173,233	
Payroll taxes	92,844	139,517	18,188	10,527	-	261,076	-	22,649	22,649	283,725	247,379	
Workers' compensation insurance	12,931	18,257	2,822	684	90	34,784	-	601	601	35,385	37,473	
Total salaries and related expenses	751,405	1,457,629	313,147	136,122	39,337	2,697,640	-	256,085	256,085	2,953,725	2,544,008	
Accounting and audit fees	12,236	22,658	4,565	6,018	-	45,477	-	3,136	3,136	48,613	291,955	
Property and liability insurance	180,600	33,412	11,183	34,000	2,736	261,931	-	3,967	3,967	265,898	385,200	
Supplies and office expenses	15,431	96,150	32,780	85,396	1,043	230,800	10,366	5,167	15,533	246,333	264,847	
Professional fees	48,816	228,986	8,274	13,021	57,977	357,074	-	5,687	5,687	362,761	250,489	
Telephone/fax	23,503	55,935	8,117	10,332	-	97,887	-	3,372	3,372	101,259	130,702	
Interest expense	-	-	-	-	-	-	11,330	-	11,330	11,330	22,338	
Office equipment maintenance and repair	17,971	-	593	1,200	-	19,764	-	-	-	19,764	12,226	
Utilities	134,632	9,897	-	18,762	39,649	202,940	-	-	-	202,940	223,290	
Refusal removal	170,092	224	-	62,011	-	232,327	-	-	-	232,327	244,194	
Printing and copying	10,283	4,077	789	5,164	-	20,313	-	552	552	20,865	20,942	
Maintenance contracts	44,955	16,307	12,850	40,705	-	114,817	-	-	-	114,817	73,597	
Ground maintenance	172,302	23,275	209	92,255	748	288,789	-	22	22	288,811	431,937	
Rental expense	106	-	-	114	71,505	71,725	-	6,184	6,184	77,909	95,524	
Fire and security protection	79,201	10,325	7,609	44,778	-	141,913	-	103	103	142,016	187,391	
Special events	5,215	15,051	2,933	2,633	-	25,832	-	15,910	15,910	41,742	31,315	
Vehicle expenses	19,186	47,242	2,380	8,508	1,223	78,539	-	1,060	1,060	79,599	116,360	
In-kind lease expense	-	-	-	-	-	-	-	3,782,271	3,782,271	3,782,271	4,313,584	
Others	6,275	33,673	11,118	3,151	-	54,217	-	1,945	1,945	56,162	105,080	
Depreciation expense	355,454	26,641	3,335	48,058	-	433,488	-	2,321	2,321	435,809	405,362	
Total expenses	\$ 2,047,663	\$ 2,081,482	\$ 419,882	\$ 612,228	\$ 214,218	\$ 5,375,473	\$ 21,696	\$ 4,087,782	\$ 4,109,478	\$ 9,484,951	\$ 10,150,340	

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2025

(with summarized comparative information for the year ended June 30, 2024)

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 20,120,909	\$ 5,577,694
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	435,809	405,362
Non-cash additions of construction property paid directly by funder	(6,432,010)	-
Forgiveness of long-term debt	(26,467)	(26,467)
Change in operating assets and liabilities:		
Accounts receivable	(441,481)	(460,777)
Inventory	(21,570)	(16,651)
Prepaid expenses and other assets	29,874	28,599
Accounts payable	(2,523,321)	3,162,489
Accrued liabilities	(31,605)	(2,287,663)
Security deposits	18,001	4,305
Accrued interest and other liabilities	(27,027)	93,339
Refundable advance	433,125	565,854
Net cash provided by operating activities	11,534,237	7,046,084
Cash flows from investing activities:		
Purchases of equipment	(14,608,831)	(8,480,866)
Net cash used in investing activities	(14,608,831)	(8,480,866)
Financing activities:		
Proceeds from issuance of debt	147,943	-
Net cash provided by financing activities	147,943	-
Net change in cash, restricted cash and cash equivalents	(2,926,651)	(1,434,782)
Cash, restricted cash, and cash equivalents, beginning of year	16,736,768	18,171,550
Cash, restricted cash, and cash equivalents, end of year	\$ 13,810,117	\$ 16,736,768
Supplemental disclosure of noncash operating activities:		
Non-cash additions of construction property paid directly by funder	\$ 6,432,010	\$ -
Property and equipment included in accrued liabilities	\$ 2,683,755	\$ 3,098,598
The following table provides a reconciliation of cash, restricted cash, and cash equivalents reported on the consolidated statement of financial position that sum to the total of such amounts shown above:		
Cash and cash equivalents	\$ 6,254,810	\$ 2,217,800
Restricted cash	7,555,307	14,518,968
	\$ 13,810,117	\$ 16,736,768

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

1. Summary of Significant Accounting Policies

Alameda Point Collaborative, Inc. and Subsidiary (the "Organization") is a resourceful supportive housing provider that offers permanent and transitional housing for adults and families. The Organization provides services and employment opportunities to help its residents break the cycle of homelessness and learn valuable skills.

Nature of Operations

The Organization operates on the former site of the U.S. Naval Air Base in Alameda through a sublease from the Alameda Reuse and Redevelopment Authority.

The Organization is working to end homelessness by providing housing and services to create communities where formerly homeless families and individuals can flourish. The following programs and supporting services are included in the accompanying consolidated financial statements:

Housing Services

The Organization leases and manages 172 Units of Navy housing that have been completely rehabilitated to provide comfortable living environments. The housing is a mix of apartment buildings and small cottages featuring individual yards and common play areas. Approximately 30% of the housing is provided on a transitional basis for up to two years and the remainder is for permanent residency.

Support Services

Each household works with a Support Specialist who serves as an advocate, guiding residents through their transition from homelessness. Support Specialists advocate for residents when needed and are a link to government agencies, doctors, schools, and other resources.

Children and Youth Services

Like the adults in their families, the Organization resident children and youth are rebuilding their lives after a period of homelessness and trauma. Some have recently reunited with their families after a period of foster care separation; all have been impacted by poverty, domestic violence, disabilities or mental illness in their families.

The Organization's Children and Youth Services provide focused activities that support physical and emotional safety, encourage positive life skills, promote creativity and learning, and nature self-esteem of resident children and youth. While adults receive support services, their children participate in parallel activities in a nearby youth room.

Property Management Services

The Organization manages commercial and residential property. It provides management services to certain nonprofit organizations as well as services to families on site for 172 units of housing.

Mckay Avenue

The McKay Avenue Project encompasses the planning, development, and future operation of a new facility that will provide both residential units and integrated support services. These services include supportive housing facilities for the homeless and a medical respite center.

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

1. Summary of Significant Accounting Policies, continued

Nature of Operations, continued

Fund Development

These expenses relate to revenue-generating activities designed to support housing and supportive services for formerly homeless individuals and families. These activities include securing government contracts, foundation grants, rental income, retail operations, and individual contributions. The funds raised are used to sustain programmatic and operational needs such as housing services, youth and family programs, property management, and capital initiatives

Management and General

These expenses are related to general managerial and administrative functions for the Organization, including parts, or all of the staff time and expenses associated with general management, financial operations and reporting, administrative activities, and organizational planning.

Basis of Accounting

The accompanying consolidated financial statements are prepared on a modified accrual basis for accounting. The Organization recognizes rental revenue when cash is received from tenants due to the uncertain timing of those receipts and the Organization's inability to accurately estimate the amount collectable. All other activity is accounted for under generally accepted accounting principles of the United States of America ("U.S GAAP"). The modified accrual basis of accounting is a basis of accounting other than U.S GAAP.

Basis of Consolidation

The Organization is affiliated with a limited liability company ("LLC") which has been formed as supportive to the Organization to further their organizational objectives. The entity is included in the consolidated financial statements in accordance with U.S. GAAP. The Organization is the sole member of McKay Avenue, LLC ("McKay Avenue"). All significant transactions between entities included in these consolidated financial statements are eliminated.

Consolidated Financial Statement Presentation

The Organization follows the recommendations of the Financial Accounting Standards Board ("FASB"). The FASB establishes standards for financial reporting by nonprofit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally imposed restrictions. A description of the two net asset categories is as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

1. Summary of Significant Accounting Policies, continued

Consolidated Financial Statement Presentation, continued

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Expenses are reported as decreases in net assets. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as revenue of the net asset without restrictions class.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash, Cash Equivalents, and Restricted Cash

The Organization defines cash and cash equivalents as highly liquid financial instruments purchased with a maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Restricted cash are funds restricted as to their use, regardless of liquidity, such as cash restricted for the use of Mcay Avenue construction project and tenant security deposits. The Organization maintains all cash balances in financial institutions that may exceed the federally insured limits provided by the Federal Deposit Insurance Corporation, which currently insures up to \$250,000 per depositor, per institution. The Organization has not experienced any losses in such accounts.

Accounts Receivable

Accounts receivable consists primarily of noninterest-bearing amounts due for program services provided and are carried at the original billing amount less an estimate for uncollectible receivables determined by management based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. As of June 30, 2025, management has determined that no allowance for uncollectible receivables is necessary. All amounts are due within one year.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method. The Organization evaluates inventory for obsolete or slow-moving items and records write-downs based on forecasted demand and market conditions. Inventory consist of finished goods and totals \$64,993 as of June 30, 2025, respectively.

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

1. Summary of Significant Accounting Policies, continued

Property and Equipment

Additions to property and equipment over \$1,500 are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or, in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included on the consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. The estimated useful lives used for calculating depreciation for property and equipment are as follows:

Office equipment	3 to 5 years
Maintenance equipment	5 years
Furnishings	5 years
Vehicles	5 to 10 years
Leasehold improvements	3 to 40 years

Management reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. During the year ended June 30, 2025, there were no indicators of asset impairment. As such, no impairment losses were recognized for the year ended June 30, 2025.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets – operating and lease liability – operating on the consolidated statement of financial position. There are no finance leases.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the consolidated statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. The capitalization threshold for the Organization to record a ROU asset and lease liability is \$1,500.

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

1. Summary of Significant Accounting Policies, continued

Revenue and Revenue Recognition

Revenue under cost-reimbursable grants is recognized in the same period that the associated costs are recognized. Payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related expenditures are incurred. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Lease proceeds are recorded as rental income at the beginning of each month.

The Organization received cost-reimbursement grants of \$23,577,411 that have not been recognized as of June 30, 2025, respectively, because qualifying expenditures have not yet been incurred. The amounts received in advance were \$998,979 as of June 30, 2025.

Refundable advances, beginning of year	\$	565,854
Add: increase in refundable advances due to cash received during the year		498,979
Less: refundable advances recognized during the year		<u>(65,854)</u>
Refundable advances, end of year	\$	<u>998,979</u>

In-Kind Contribution

The Organization records in-kind rent as contributions at their estimated fair value and are reported as support without donor restrictions unless explicit donor stipulations specify how donated rent must be used. The fair value of this contributed space was determined using prevailing market rental rates for comparable properties in the local area.

Functional Allocation of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis on the consolidated statement of activities and changes in net assets. The consolidated statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Some categories of expense are attributable to more than one function and are allocated on a consistent basis. Depreciation, utilities, and rent are allocated based on square footage and estimated function. Salaries, benefits, and program expense allocations are based on a percentage associated with an employee's function and imputed time.

Income Taxes

Under applicable laws and regulations, the Organization has been determined to be exempt from federal and California income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the related California Revenue and Taxation Code. Accordingly, no tax expense was incurred during the year and no provision for income taxes has been recorded in these consolidated financial statements.

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

1. Summary of Significant Accounting Policies, continued

Income taxes, continued

Accounting guidance issued by the FASB prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization has evaluated its tax positions for all open tax years. In management's judgement, the Organization did not have uncertain tax positions that are material to the consolidated financial statements as of June 30, 2025.

Concentrations

Receivable

For the year ended June 30, 2025, 85% of the receivable was from a contractor for double payment of invoices and 13% was from one funder.

Revenue

For the year ended June 30, 2025, approximately 91% of the Organization's revenue were from two grantors.

Prior Year Summarized Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2024, from which the summarized information was derived.

2. Restricted Cash

The Organization's restricted cash comprises of the following two types of restrictions:

McKay Avenue Savings Account

Several donors have provided contributions to the Organization for the design, development, and research for the McKay Avenue Wellness Center. The Organization records all cash contributions specific to the construction and development of the McKay Avenue within this account.

Tenant Security Deposits

The Department of Housing and Urban Development ("HUD") requires all security deposits to be held in a separate bank account. These funds must remain in that account until they are either returned to the resident or otherwise utilized in accordance with HUD regulations. As such, this account is designated for resident security deposits and subject to HUD restrictions.

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

3. Liquidity and Availability

The Organization's financial assets available for general expenditures within one year of the consolidated statement of financial position date were as follows as of June 30, 2025:

Cash and cash equivalents	\$	6,254,810
Accounts receivable		<u>3,206,174</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>9,460,984</u>

The Organization has a deficit of net assets without donor restrictions of \$4,156,258 as of June 30, 2025. The Organization has evaluated its ability to continue as a going concern and will be obtaining unrestricted funding to support its operational needs through contributions and grants.

4. Property and Equipment, Net

Property and equipment, net consisted of the following as of June 30, 2025:

Leasehold improvements	\$	12,067,378
Office furniture, furnishings, and equipment		452,473
Vehicles		<u>335,958</u>
Total depreciable property and equipment		12,855,809
Less: accumulated depreciation		(10,327,918)
Construction in process		<u>34,806,011</u>
Total property and equipment, net	\$	<u>37,333,902</u>

Depreciation expense totaled \$435,809 for the year ended June 30, 2025.

5. Commitments and Contingencies

Operating Leases

The Organization leases printers for various terms under long-term, non-cancelable lease agreements. The leases expire in 2028 and provide for renewal options for five years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

5. Commitments and Contingencies, continued

Operating Leases, continued

The following table provides quantitative information concerning the Organization's leases for the year ended June 30, 2025:

Lease cost:		
Operating lease cost	\$	<u>21,795</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	<u>21,795</u>
Weighted-average remaining lease term - operating leases		2.6 years
Weighted-average discount rate - operating leases		3.94%

A maturity analysis of annual undiscounted cash flows for lease liabilities is as follows as of June 30, 2025:

Year ending June 30:		
2026	\$	21,795
2027		21,795
2028		<u>52,382</u>
Undiscounted cash flows		95,972
Less: imputed interest		<u>2,831</u>
Less: current portion		
Total lease liabilities	\$	<u>93,141</u>
Short-term lease liabilities	\$	18,557
Long-term liabilities		<u>74,584</u>
	\$	<u>93,141</u>

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

6. Notes Payable

Notes payable consisted of the following as of June 30, 2025:

Creditor	Notes Detail	Outstanding Balance
County of Alameda Office of Housing and Community Development (HCD)	Note originated August 1, 2005. The note bears interest at a rate of zero percent (0%) per annum through the note's term, maturing January 21, 2058 and secured by a deed of trust. Principal is forgiven at the end of the term if APC complies with the terms of the note.	\$ 1,235,986
County of Alameda Office of Housing and Community Development (HCD)	Note originated April 1, 2001. The note bears interest at a rate of zero percent (0%) per annum through the note's term, maturing September 30, 2060 and secured by a deed of trust. At the end of the term of this note, the County may, at its sole discretion, forgive the balance of the note, if APC has complied with all the terms of the note.	500,000
County of Alameda Office of Housing and Community Development (HCD)	Note originated June 1, 2005. The note bears interest at a rate of zero percent (0%) per annum through the note's term, maturing January 21, 2057 and secured by a deed of trust. Principal is forgiven at the end of the term if APC complies with the terms of the note.	934,360
County of Alameda Office of Housing and Community Development (HCD)	Note originated September 1, 2005. The note bears interest at a rate of zero percent(0%) per annum through the note's term, maturing October 31, 2057 and secured by a deed of trust. Principal is forgiven at the end of the term if APC complies with the terms of the note.	620,000
City of Alameda	Note originated March 31, 2006. The note bears interest at a rate of zero percent (0%) per annum through the note's term, ending April 2021. Principal is forgiven at the end of the term if APC complies with the terms of the note. A portion of the loan has been forgiven, the remaining is expected to be forgiven in future periods.	16,320
City of Alameda	The note bears interest at a rate of zero percent (0%) per annum through the note's term, ending ending upon future sale of the property, which is not planned or determined at this time and, therefore, deemed long term.	28,200

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

6. Notes Payable, continued

Creditor	Notes Detail	Outstanding Balance
City of Alameda	Note originated March 4, 2011. The note bears interest at a rate of zero percent (0%) per annum over 15 years. Principal are forgivable in 15 equal annual installments of \$13,800.	18,934
City of Alameda	Note originated January 13, 2012. The note bears interest at a rate of three percent (3%) per annum through the note's term, ending January 2059. Principal and interest shall be deferred until January 2059.	379,000
City of Alameda	Note originated May 27, 2025. The note bears interest at a rate of zero percent (0%) per annum through the note's term, ending May 2040. Payments shall be deferred and forgivable until May 27, 2040.	147,943
County of Alameda Office of Housing and Community Development (HCD)	Note originated May 1, 2013. The note bears interest rate of (0%) per annum through the note's term, ending July 31, 2072. The note is secured by Deed of Trust. Principal is forgiven at the end of the term if APC complies with the terms of the note.	365,607
County of Alameda Office of Housing and Community Development (HCD)	Note originated January 13, 2012. The note bears interest at a rate of zero percent (0%) per annum through the note's term, ending January 2071. Principal and deferred interest payable at maturity, secured by Deed of Trust. At the end of the term, if the Organization has complied with all the requirements of the regulatory agreement and Deed of Trust, the County may, at its sole discretion, forgive any unpaid balance of the loan.	1,605,599
City of Alameda, A Municipal Corporation	Note originated December 1, 2017. The note bears interest at a rate of zero percent (0%) per annum through the note's term, ending December 2032. Principal is forgiven at the end of the term if APC complies with the terms of the note.	114,607
		<hr/>
Total		5,966,556
Less: current portion		40,368
		<hr/>
Long-term portion		<u>\$ 5,926,188</u>

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

6. Notes Payable, continued

Following are maturities of long-term debt for each of the next five years and thereafter:

Year ending June 30:		
2026	\$	40,368
2027		31,702
2028		26,568
2029		26,568
2030		26,568
Thereafter		<u>5,814,782</u>
Total notes payable	\$	<u><u>5,966,556</u></u>

7. Acquisition of Leasehold Interest

During 2003, the Organization acquired the rights to a long-term lease (59 years) and the related leasehold improvements relating to the renovation of 12 residential housing units (dba Unity Village).

During 2005, the Organization assumed leasehold improvements, debt and management of four additional multi-family housing units (Miramar, Mariposa, Spirit of Hope I&II). The Organization also manages one other multi-unit which is owned by separate unaffiliated corporation.

In December 2010, the Organization entered into a Legal Binding Agreement with the City of Alameda and the Alameda County Housing and Community Development Department (HCD) to take over the lease of Dignity Housing West, Inc. ("DHW") at Alameda Point. The terms of the agreement is to support and fund housing costs for formerly homeless families and individuals living in DHW. The Organization was reimbursed for costs associated with establishing a legal parcel, transferring the property from DHW to the Organization, the development of new loan documents and the recordation of those loan documents.

The Organization incurred in-kind lease contribution revenue and expenses totaling \$3,782,271 for the year ended June 30, 2025.

8. McKay Avenue and Property

In April of 2017, the federal government declared property on McKay Avenue surplus and suitable for homeless accommodations. The Organization applied for and successfully secured the rights to acquire the property at no cost. The Organization plans on renovating and developing the property into a multi-purpose campus for homeless services, providing 90 units of permanent supportive housing for homeless seniors, a 50 bed medical respite center for homeless being discharged from hospital treatment and needing after care, medical services for those two groups, and a local resource center for Alamedans at risk of or newly homeless. The project is currently under construction with \$21,090,807 of contributions received during 2025, restricted for the construction of the property (see Note 10). In addition, the project has accrued retainage fees related to the construction project that will be paid upon the successful completion of the project.

Several donors have provided contributions to the Organization for the design, development, and research into best practices for the McKay Avenue Wellness Center. There are no requirements to repay the funds. See Note 10 for details of net assets with donor restrictions.

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

9. Joint Venture Development

On December 4, 2015, the Organization entered into a memorandum of understanding with MidPen Housing Corporation to pursue the development of homeless housing in Alameda, California. The Organization will obtain ownership rights once the housing units are complete and residents have moved in.

The Organization has been actively engaged in negotiations with the City of Alameda (the "City") to acquire various parcels located in the Main Street Neighborhood on the former Naval Air Station (the "Site"). To facilitate the development, the Organization formed a LLC which will serve as the general partner in a syndicated tax credit partnership. The formation process commenced in January 2016. The Organization holds full ownership of the LLC and, accordingly, the LLC is consolidated in the Organization's consolidated financial statements. The development activities are contingent upon the Organization's ability to satisfactorily complete feasibility analyses and property due diligence, negotiate the disposition of the property with the City, refinance existing property obligations, obtain public entitlements for development, and secure and syndicate tax credits for the project.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the construction of the McKay Avenue. Net assets with donor restrictions amounted to the following as of June 30, 2025:

	Beginning Restricted Net Assets	Additions	Releases	2025
McKay Avenue Project	\$ 26,374,174	\$ 21,090,807	\$ -	\$ 47,464,981
Farm Electrical Update	10,134	-	(10,134)	-
Total	<u>\$ 26,384,308</u>	<u>\$ 21,090,807</u>	<u>\$ (10,134)</u>	<u>\$ 47,464,981</u>

11. Subsequent Events

Subsequent to June 30, 2025, the California Strategic Growth Council awarded a grant to MidPen Housing Corporation related to Stardust Gardens, a partnership between MidPen Housing Corporation and the Organization. The grant is intended to support the development of Stardust Gardens, which represents the first phase of the Rebuilding Existing Supportive Housing at Alameda Point (RESHAP) initiative and includes the planned construction of 80 affordable family housing units on surplus public land, including units for households that have experienced homelessness.

The Organization evaluated subsequent events for recognition and disclosure through February 13, 2026, the date which these consolidated financial statements were issued. Management concluded that, other than above, no other material events have occurred since June 30, 2025 that require recognition or disclosure in these consolidated financial statements.

SUPPLEMENTARY INFORMATION



10 Almaden Boulevard, Suite 1000, San Jose, CA 95113
Phone 408-961-6300 | Fax 408-961-6324 | bpm@bpm.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Alameda Point Collaborative, Inc. and Subsidiary
Alameda, California

We have audited the consolidated financial statements of Alameda Point Collaborative, Inc. and Subsidiary as of and for the year ended June 30, 2025, and have issued our report thereon dated February 13, 2026, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The statements of activities and changes in net assets by property are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BPM LLP

San Jose, California
February 13, 2026

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY
For the year ended June 30, 2025

	<u>New Life Gardens Property</u>
Revenue and support:	
Government contracts	\$ 36,307
Tenant assistance program	78,709
Rental revenue	32,434
Other income	1,848
	<u>149,298</u>
Expenses:	
Salaries and wages	34,471
Payroll taxes	2,812
Employee benefits	4,770
Workers compensation insurance	758
Accounting and audit fees	603
Property and liability insurance	11,579
Supplies and office expenses	326
Professional fees	1,288
Telephone and fax	1,351
Interest expense	(1)
Office equipment maintenance and repair	106
Utilities	8,748
Refusal removal	11,855
Printing and copying	600
Maintenance contracts	3,751
Ground maintenance	8,542
Program expenses	10,041
Vehicle expenses	295
Depreciation expense	43,196
	<u>145,091</u>
Total expenses	<u>145,091</u>
Change in net assets	<u><u>\$ 4,207</u></u>

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY, Continued
For the year ended June 30, 2025

	New Life Gardens <u>Transitional</u>
Revenue and support:	
Tenant assistance program	\$ 211,675
Rental revenue	211,339
Other income	<u>261</u>
Total revenue and support	<u>423,275</u>
Expenses:	
Salaries and wages	93,014
Payroll taxes	7,588
Employee benefits	24,354
Workers compensation insurance	2,046
Accounting and audit fees	1,627
Property and liability insurance	28,370
Supplies and office expenses	878
Professional fees	3,474
Telephone and fax	3,897
Interest expense	(2)
Office equipment maintenance and repair	286
Utilities	24,544
Refusal removal	26,575
Printing and copying	1,621
Maintenance contracts	2,659
Ground maintenance	12,745
Program expenses	36,734
Vehicle expenses	795
Depreciation expense	<u>145,478</u>
Total expenses	<u>416,683</u>
Change in net assets	<u>\$ 6,592</u>

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY, Continued
For the year ended June 30, 2025

	Mariposa
Revenue and support:	
Government contracts	\$ 96,819
Tenant assistance program	282,927
Rental revenue	94,556
Other income	5,279
	479,581
Expenses:	
Salaries and wages	82,893
Payroll taxes	6,766
Employee benefits	11,505
Workers compensation insurance	1,821
Accounting and audit fees	3,489
Property and liability insurance	24,700
Supplies and office expenses	784
Professional fees	3,530
Telephone and fax	3,244
Interest expense	(1)
Office equipment maintenance and repair	254
Utilities	21,072
Refusal removal	24,136
Printing and copying	1,441
Maintenance contracts	12,997
Ground maintenance	16,982
Program expenses	31,043
Vehicle expenses	708
Depreciation expense	45,110
	292,474
Total expenses	292,474
Change in net assets	\$ 187,107

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY, Continued
For the year ended June 30, 2025

	Miramar
Revenue and support:	
Tenant assistance program	\$ 158,813
Rental revenue	57,779
Total revenue and support	216,592
Expenses:	
Salaries and wages	79,409
Payroll taxes	6,478
Employee benefits	10,989
Workers compensation insurance	1,747
Accounting and audit fees	1,390
Property and liability insurance	13,378
Supplies and office expenses	750
Professional fees	2,967
Telephone and fax	3,112
Office equipment maintenance and repair	244
Utilities	8,570
Refusal removal	25,175
Printing and copying	1,383
Maintenance contracts	1,437
Ground maintenance	14,807
Program expenses	24,223
Vehicle expenses	679
Depreciation expense	16,739
Total expenses	213,477
Change in net assets	\$ 3,115

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY, Continued
For the year ended June 30, 2025

	Spirit of Hope 1
Revenue and support:	
Government contracts	\$ 72,614
Tenant assistance program	309,362
Rental revenue	105,546
Other income	4,023
	491,545
 Expenses:	
Salaries and wages	132,846
Payroll taxes	10,827
Employee benefits	18,302
Workers compensation insurance	2,915
Accounting and audit fees	5,317
Property and liability insurance	28,131
Supplies and office expenses	1,239
Professional fees	4,914
Telephone and fax	5,155
Interest expense	(2)
Office equipment maintenance and repair	403
Utilities	23,014
Refusal removal	34,991
Printing and copying	2,353
Maintenance contracts	11,115
Ground maintenance	20,744
Program expenses	49,255
Vehicle expenses	1,133
Depreciation expense	34,264
	386,916
 Total expenses	386,916
 Change in net assets	\$ 104,629

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY, Continued
For the year ended June 30, 2025

	<u>Spirit of Hope 2</u>
Revenue and support:	
Government contracts	\$ 92,785
Tenant assistance program	225,346
Rental revenue	92,957
Other income	<u>4,725</u>
Total revenue and support	<u>415,813</u>
Expenses:	
Salaries and wages	103,480
Payroll taxes	8,442
Employee benefits	14,320
Workers compensation insurance	2,276
Accounting and audit fees	2,074
Property and liability insurance	27,747
Supplies and office expenses	977
Professional fees	4,769
Telephone and fax	4,057
Interest expense	(2)
Office equipment maintenance and repair	318
Utilities	25,983
Refusal removal	30,289
Printing and copying	1,803
Maintenance contracts	8,676
Ground maintenance	16,127
Program expenses	36,962
Vehicle expenses	885
Depreciation expense	<u>50,018</u>
Total expenses	<u>339,201</u>
Change in net assets	<u>\$ 76,612</u>

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY, Continued
For the year ended June 30, 2025

	Unity Village
Revenue and support:	
Government contracts	\$ 105,333
Tenant assistance program	120,967
Rental revenue	85,771
Other income	39,352
	351,423
Expenses:	
Salaries and wages	62,173
Payroll taxes	5,072
Employee benefits	8,604
Workers compensation insurance	1,367
Accounting and audit fees	14,655
Property and liability insurance	16,445
Supplies and office expenses	587
Professional fees	2,323
Telephone and fax	2,687
Interest expense	(1)
Office equipment maintenance and repair	191
Utilities	22,701
Refusal removal	17,071
Printing and copying	1,083
Maintenance contracts	4,321
Ground maintenance	9,803
Program expenses	54,592
Vehicle expenses	531
Depreciation expense	20,648
	244,853
Total expenses	244,853
Change in net assets	\$ 106,570

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY, Continued
For the year ended June 30, 2025

	Common Facilities
Revenue and support:	
Rental revenue	\$ 741
Total revenue and support	741
Expenses:	
Salaries and wages	20,367
Payroll taxes	1,668
Employee benefits	2,865
Workers compensation insurance	458
Accounting and audit fees	387
Property and liability insurance	544
Supplies and office expenses	207
Professional fees	815
Telephone and fax	858
Interest expense	-
Office equipment maintenance and repair	68
Utilities	100
Refusal removal	5,143
Printing and copying	320
Maintenance contracts	379
Ground maintenance	2,231
Program expenses	6,031
Vehicle expenses	178
Depreciation expense	2,772
Total expenses	45,391
Change in net assets	\$ (44,650)

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY, Continued
For the year ended June 30, 2025

	650
	<u>West Ranger</u>
Revenue and support:	
Rental revenue	\$ 33,878
Total revenue and support	<u>33,878</u>
Expenses:	
Program expenses	1,750
Utilities	16,989
Property and liability insurance	26,648
Ground maintenance	9,731
Maintenance contracts	800
Depreciation expense	<u>1,099</u>
Total expenses	<u>57,017</u>
Change in net assets	<u>\$ (23,139)</u>

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY, Continued
For the year ended June 30, 2025

	677
	<u>West Ranger</u>
Revenue and support:	
Rental revenue	\$ 660
Total revenue and support	<u>660</u>
Expenses:	
Telephone and fax	37
Utilities	990
Refusal removal	1,436
Maintenance contracts	1,000
Ground maintenance	100
Program expenses	2,746
Depreciation expense	<u>16,296</u>
Total expenses	<u>22,605</u>
Change in net assets	<u>\$ (21,945)</u>

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY, Continued
For the year ended June 30, 2025

	<u>629 Building</u>
Revenue and support:	
Rental revenue	\$ 4,116
Total revenue and support	<u>4,116</u>
Expenses:	
Supplies and office expenses	3,194
Telephone and fax	165
Utilities	422
Refusal removal	3,527
Printing and copying	503
Maintenance contracts	37,515
Ground maintenance	37,397
Program expenses	96,605
Depreciation expense	<u>9,653</u>
Total expenses	<u>188,981</u>
Change in net assets	<u>\$ (184,865)</u>

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY, Continued
For the year ended June 30, 2025

	<u>BCC Managed Property</u>
Revenue and support:	
Property management revenue	\$ 54,020
Contract revenue	<u>38,000</u>
Total revenue and support	<u>92,020</u>
Expenses:	
Salaries and wages	91,163
Payroll taxes	7,151
Employee benefits	7,661
Workers compensation insurance	226
Accounting and audit fees	4,660
Property and liability insurance	6,807
Supplies and office expenses	2,241
Professional fees	9,092
Telephone and fax	9,272
Interest expense	(3)
Refusal removal	51,906
Printing and copying	4,340
Maintenance contracts	1,011
Ground maintenance	14,843
Program expenses	66,619
Vehicle expenses	1,245
Depreciation expense	<u>3,880</u>
Total expenses	<u>282,114</u>
Change in net assets	<u>\$ (190,094)</u>

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROPERTY, Continued
For the year ended June 30, 2025

	<u>Mckay Avenue</u>
Revenue and support:	
Contributions	<u>\$ 21,090,807</u>
Total revenue and support	<u>21,090,807</u>
Expenses:	
Salaries and wages	36,349
Payroll taxes	2,898
Workers compensation insurance	90
Accounting and audit fees	57,762
Property and liability insurance	2,736
Supplies and office expenses	20
Utilities	39,649
Ground maintenance	748
Program expenses	<u>73,967</u>
Total expenses	<u>214,219</u>
Change in net assets	<u><u>\$ 20,876,588</u></u>



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

To the Board of Directors of
Alameda Point Collaborative, Inc. and Subsidiary
Alameda, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Alameda Point Collaborative, Inc. and Subsidiary (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 13, 2026.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify deficiencies in internal control over financial reporting that we consider to be a material weakness and significant deficiency.

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 consolidated financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and question costs as item 2025-003.

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

BPM LLP

San Jose, California
February 13, 2026



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

To the Board of Directors
Alameda Point Collaborative, Inc. and Subsidiary
Alameda, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alameda Point Collaborative, Inc. and Subsidiary's (the "Organization's") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying schedule of findings and questioned costs as items 2025-003. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore material weaknesses or significant deficiencies may exist that were not identified.

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

To the Board of Directors
Alameda Point Collaborative, Inc. and Subsidiary

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on The Organization's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BPM LLP

San Jose, California
February 13, 2026

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Passed Through: Alameda County Housing and Community Development		
Program: Supportive Housing Program	14.235	\$ 1,387,798
Program: Supportive Housing Program Loan	14.235	400,000
		1,787,798
Program: Continuum of Care	14.267	1,425,448
Program: Continuum of Care	14.267	60,183
		1,485,631
Passed Through: Alameda County Housing and Community Development		
Program: Community Development Block Grant Loan	14.218	2,236,294
Passed Through: City of Alameda		
Program: Community Development Block Grant	14.218	134,759
Program: Community Development Block Grant Loan	14.218	77,254
Program: Community Development Block Grant Loan (NLG)	14.218	127,274
		2,575,581
Passed Through: Alameda County Housing and Community Development		
Program: Home Investment Partnerships Program Loan	14.239	1,683,887
Passed Through: City of Alameda		
Program: Home Investment Partnerships Program Loan	14.239	379,000
		2,062,887
Passed Through: Alameda County Housing and Community Development		
Program: Housing Opportunities for Persons with Aids Loan	14.241	585,228
		585,228
U.S. Department of Housing and Urban Development		8,497,125
Total Expenditures of Federal Awards		\$ 8,497,125

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Alameda Point Collaborative, Inc. and Subsidiary (the "Organization") under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Loans Outstanding

The following program had federally funded loans outstanding as of June 30, 2025:

Program Title	AL #	Amounts Outstanding June 30, 2025
Supportive Housing Program Loan	14.235	\$ 400,000
Home Investment Partnerships Program Loan	14.239	2,062,887
Housing Opportunities for Persons with Aids Loan	14.241	585,228
Community Development Block Grant Loan	14.218	2,562,298
		\$ 5,610,413

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2025

Section I – Summary of Audit Results

Consolidated Financial Statements

- | | |
|---|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting | |
| a. Material weaknesses identified? | 2025-001 |
| b. Significant deficiencies identified? | 2025-002 |
| 3. Noncompliance material to consolidated financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | 2025-003 |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a): | Yes |

7. Identification of major programs:

Federal Assistance

Listing Number

Name of Federal Program or Cluster

14.239

Home Investment Partnerships Program Loan

14.218

CDBG- Entitlement/Special Purpose Grants Cluster

- | | |
|---|-----------|
| 8. Dollar threshold used to distinguish between type A and type B Programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued

For the year ended June 30, 2025

Section II: Consolidated Financial Statement Findings

2025-001 – Untimely submission of grant reimbursement requests

Type of Finding:

Material Weakness in Internal Control Over Financial Reporting

Criteria:

Reimbursement requests should be submitted timely in accordance with the grant agreement and the Organization's established policies and procedures.

Condition and Context:

During the audit, it was noted that the Organization did not submit certain grant reimbursement requests within the timeframe required by the applicable grant agreements, resulting in reimbursement activity not being aligned with the related fiscal reporting periods.

Effect:

Untimely submission of reimbursement requests increases the risk that grant revenue is recognized in an incorrect reporting period, may delay cash receipts, and could result in disputes or denial of reimbursement if contractual timing provisions are enforced by the grantor.

Cause:

The Organization lacked effective controls to monitor and ensure timely preparation, review, and submission of reimbursement requests.

Repeat Finding:

The finding is not a repeat finding.

Recommendation:

We recommend management implement a formal reimbursement tracking and review control to ensure reimbursement requests are submitted timely per each grant agreement and aligned to the correct service period/fiscal year. This should include a centralized submission tracker, documented supervisory review prior to submission, and a periodic reconciliation of reimbursable costs by period to requests submitted to support proper revenue cutoff and reduce compliance risks.

Views of Responsible Official:

Management has identified and implemented processes and procedures that will ensure that month-end grants are reviewed and reimbursement requests are prepared and submitted timely in accordance with grant agreements.

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued

For the year ended June 30, 2025

Section II: Consolidated Financial Statement Findings, continued

2025-002 – Duplicate payment of construction costs

Type of Finding:

Significant Deficiency in Internal Control Over Financial Reporting

Criteria:

Disbursements for construction projects should be reviewed and approved in accordance with established policies and procedures to ensure payments are made only for costs that are properly due, supported, and not contracted to be funded by other sources.

Condition and Context:

The Organization paid BBI Contractors for construction costs that per the grantor's agreement were to be paid directly by the grantor and not the Organization. This resulted in a duplicate payment by both the grantor and APC to BBI Contractors. APC subsequently identified the duplication and requested reimbursement. APC made payment directly to BBI Contractors due to delays in payment by the grantor and the possible stoppage of all construction work on the McKay property unless the invoices were paid. APC determined that the risk for the payment not being refunded by the grantor was a lower risk than the construction not being completed on time and the impact on other funding sources for the project.

Effect:

The duplicate payment of construction costs already or expected to be funded by the grantor could result in overstated cash disbursements and increases the risk of inaccurate cash outflows if not identified and corrected timely. In addition, inadequate controls over payment authorization and verification of funding sources increase the risk of improper or duplicate payments, delayed recovery of funds, and potential noncompliance with grant or funding requirements. If not promptly detected, such issues could adversely impact cash management and the Organization's ability to demonstrate appropriate stewardship over restricted funds.

Cause:

The Organization lacked effective communication techniques between the grantor and construction management team to adequately coordinate and communicate amongst the team regarding project-level cost responsibilities and funding sources prior to authorizing payments.

Repeat Finding:

The finding is not a repeat finding.

Recommendation:

We recommend that management strengthen controls over construction-related disbursements by implementing procedures to verify funding sources and cost responsibilities prior to payment authorization. This should include enhanced communication between the Organization and the grantor, documented supervisory review of disbursement requests, and periodic reconciliation of project expenditures to funding agreements.

Views of Responsible Official:

Management agrees with the duplicate payment but also notes the importance of ensuring that the project was not stopped due to delayed payments. Management will implement a funding-source verification control and formalize documentation when emergency funds and payments are necessary.

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued

For the year ended June 30, 2025

Section III: Federal Findings and Questioned Costs

2025-003: Requirements set forth in the loan agreements

Federal Agency: U.S. Department of Housing and Urban Development Federal Program

Name: Community Development Block Grant

Assistance Listing Number: 14.218 and 14.239

Federal Award Identification Year: 2025

Pass-Through Agency: Alameda County Housing and Community Development and City of Alameda

Award Period: 2021 - 2072

Type of Finding:

Significant Deficiency in Internal Control Over Compliance

Criteria:

The Organization does not comply with the terms of its loan agreements.

Condition and Context:

During the audit engagement, it was identified that the Organization does not perform a reconciliation of excess cash for cash reserves and does not obtain supporting documentation for qualifying low-income housing individuals.

Effect:

Failure to comply with the loan agreement.

Cause:

Failure in the implementation of controls throughout the year.

Repeat Finding:

The finding is a repeat finding.

Recommendation:

We recommend that management implement a reconciliation of excess cash and obtain supporting documentation to validate low-income housing individuals to comply with the requirements set forth in the loan agreements.

Views of Responsible Official:

Management agrees with the comment and is enhancing its compliance approach as it relates to loan obligations and tenant documentation.

ALAMEDA POINT COLLABORATIVE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued

For the year ended June 30, 2025

Section IV: Status of Prior Year Audit Findings

Consolidated Financial Statement Findings

BPM notes the below findings were resolved in the current year:

These findings appear to have been adequately corrected:

1. 2024-001 – McKay Avenue Project
2. 2024-002 – Interest Accrual
3. 2024-003 – Proper Recognition of Revenue
4. 2024-004 – Improper Recognition of Employee Retention Credit (“ERC”)

These findings were not resolved and continue to be a current year finding:

N/A

Federal Findings and Questioned Costs

These findings were not resolved and continue to be a current year finding:

1. 2024-005 – Requirements set forth in the loan agreements– current year finding 2025-003

February 13, 2026

BPM LLP
10 South Almaden Blvd. Suite #1000
San Jose, CA 952113

Re: Corrective Action Plan

Finding Reference Number: 2025-001 – Untimely submission of grant reimbursement requests

Description of Finding: During the audit, it was noted that the entity did not submit a reimbursement request to the grantor within the timeframe required by the grant agreement.

Corrective Action: The Agency will implement a standardized month-end grants review process to ensure all reimbursement requests are prepared and submitted within the timelines required by each grant agreement. Staff responsible for grant billing will receive updated procedures and calendar reminders to prevent future delays. Ongoing monitoring will be performed to confirm continued compliance.

Name of Responsible Person: Brett A. Mlinarich (new Director of Finance as of January 2026)
Anticipated Completion Date: March 31, 2026

Finding Reference Number: 2025-002 – Duplicate payment of construction costs

Description of Finding: The organization paid BBI Contractors for construction costs that had already been funded by the CCE program, resulting in a duplicate payment. APC subsequently identified the duplication and requested reimbursement. The organization paid the amount on behalf of CCE in order to not impact operations on the McKay construction.

Corrective Action: This issue occurred prior to current finance leadership and stemmed from an urgent need to pay the contractor when grantor funds were temporarily unavailable, in order to avoid project stoppage. APC will implement a funding-source verification control and a formal emergency payment protocol to ensure proper authorization and documentation for any exceptional payments going forward.

Name of Responsible Person: Brett A. Mlinarich (new Director of Finance as of January 2026)
Anticipated Completion Date: March 31, 2026

Finding Reference Number: 2025-003 – Requirements set forth in the loan agreements

Description of Finding: During the audit engagement, it was identified that the Organization does not perform a reconciliation of excess cash for cash reserves and does not obtain supporting documentation for qualifying low-income housing individuals. Additionally, the client does not currently perform the required identification of units due for inspection nor conduct inspections at the prescribed frequency.



Corrective Action: APC is enhancing its compliance approach for loan-related obligations, including reserve reviews and tenant documentation. Oversight of required monitoring activities will be reinforced under the direction of Renee Wright, Director of Property Management.

Name of Responsible Person(s): Brett A. Mlinarich and Renee Wright

Anticipated Completion Date: March 31, 2026

Sincerely,

Andrea K. Urton

Andrea K. Urton, LMFT
Executive Director