

**ALLIANCE FOR HOUSING AND HEALING
(DBA THE SERRA PROJECT)
(DBA AID FOR AIDS)**

**FINANCIAL STATEMENTS,
SUPPLEMENTAL SCHEDULE,
and
ADDITIONAL INFORMATION**

JUNE 30, 2015

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Certified Public Accountants, LLP

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Alliance for Housing and Healing
(dba The Serra Project)
(dba Aid for AIDS)

Report on the Financial Statements

We have audited the accompanying financial statements of Alliance for Housing and Healing a The Serra Project (dba Aid for AIDS) (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2015, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Alliance for Housing and Healing's (dba The Serra Project) (dba Aid for AIDS) preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance for Housing and Healing (dba The Serra Project) (dba Aid for AIDS) as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITORS' REPORT

continued

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Alliance for Housing and Healing (dba The Serra Project) (dba Aid for AIDS) as a whole. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 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 financial statements as a whole.

Summarized Comparative Information

We have previously audited Alliance for Housing and Healing's (dba The Serra Project) (dba Aid for AIDS) June 30, 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 11, 2014. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2015 on our consideration of Alliance for Housing and Healing's (dba The Serra Project) (dba Aid for AIDS) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alliance for Housing and Healing's (dba The Serra Project) (dba Aid for AIDS) internal control over financial reporting and compliance.

Harrington Group

Pasadena, California
September 21, 2015

**ALLIANCE FOR HOUSING AND HEALING
(DBA THE SERRA PROJECT)
(DBA AID FOR AIDS)**

STATEMENT OF FINANCIAL POSITION

June 30, 2015

With comparative totals at June 30, 2014

	Unrestricted	Temporarily Restricted	2015	2014
Assets				
Cash	\$ 491,151	\$ 30,356	\$ 521,507	\$ 527,997
Accounts receivable	1,238,863		1,238,863	1,157,046
Trust receivable			-	23,310
Prepaid expenses	51,946		51,946	70,689
Deposits	161,971		161,971	166,477
Property and equipment (Note 3)	17,198		17,198	8,571
Total assets	\$ 1,961,129	\$ 30,356	\$ 1,991,485	\$ 1,954,090
Liabilities and net assets				
Liabilities				
Accounts payable	\$ 32,195	\$ -	\$ 32,195	\$ 25,614
Accrued expenses (Note 4)	381,089		381,089	435,513
Line of credit (Note 5)			-	-
Total liabilities	413,284	-	413,284	461,127
Net assets				
Unrestricted	1,547,845		1,547,845	1,491,353
Temporarily restricted (Note 7)		30,356	30,356	1,610
Total net assets	1,547,845	30,356	1,578,201	1,492,963
Total liabilities and net assets	\$ 1,961,129	\$ 30,356	\$ 1,991,485	\$ 1,954,090

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

**ALLIANCE FOR HOUSING AND HEALING
(DBA THE SERRA PROJECT)
(DBA AID FOR AIDS)**

STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

With comparative totals for the year ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>	<u>2014</u>
Revenue and support				
Government contracts and grants (Note 8)	\$ 6,699,720	\$ -	\$ 6,699,720	\$ 6,455,552
Contributions	488,764	35,000	523,764	670,631
Special events, net of expenses of \$132,118	457,133		457,133	312,045
Service fees	181,097		181,097	164,466
Other income	187		187	543
Net assets released from purpose restrictions	6,254	(6,254)	-	-
Total revenue and support	<u>7,833,155</u>	<u>28,746</u>	<u>7,861,901</u>	<u>7,603,237</u>
Expenses				
Program services	7,324,276		7,324,276	7,052,895
Support services	452,387		452,387	428,527
Total expenses	<u>7,776,663</u>	<u>-</u>	<u>7,776,663</u>	<u>7,481,422</u>
Change in net assets	56,492	28,746	85,238	121,815
Net assets, beginning of year	<u>1,491,353</u>	<u>1,610</u>	<u>1,492,963</u>	<u>1,371,148</u>
Net assets, end of year	<u>\$ 1,547,845</u>	<u>\$ 30,356</u>	<u>\$ 1,578,201</u>	<u>\$ 1,492,963</u>

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

**ALLIANCE FOR HOUSING AND HEALING
(DBA THE SERRA PROJECT)
(DBA AID FOR AIDS)**

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2015
With comparative totals for the year ended June 30, 2014

	Program Services	Support Services		Total Support Services	Total Expenses	
		Management and General	Fund Development		2015	2014
Salaries	\$ 2,499,020	\$ 96,782	\$ 214,305	\$ 311,087	\$ 2,810,107	\$ 2,747,128
Payroll taxes and benefits	665,118	18,302	54,389	72,691	737,809	711,491
Total personnel costs	3,164,138	115,084	268,694	383,778	3,547,916	3,458,619
Direct client assistance						
Rent/move-in assistance	1,047,897			-	1,047,897	810,176
Nutritional supplements	52,758			-	52,758	150,401
Utilities assistance	42,925			-	42,925	43,010
Other assistance	6,824			-	6,824	8,731
Total direct client assistance	1,150,404	-	-	-	1,150,404	1,012,318
Occupancy - rental and property tax expense	2,113,482	7,429	16,104	23,533	2,137,015	2,174,423
Food	141,009	542	141	683	141,692	148,701
Repairs, maintenance, and cleaning	135,521	594	266	860	136,381	91,475
Professional services	66,316	5,645	204	5,849	72,165	74,684
Utilities	65,233			-	65,233	72,420
Medical supplies and waste	90,071			-	90,071	69,836
Household supplies and furniture	111,598			-	111,598	65,905
Telephone	66,929	1,580	1,699	3,279	70,208	64,514
Transportation, mileage, and auto costs	55,927	3,517		3,517	59,444	50,240
Insurance and license fees	37,529	253	220	473	38,002	39,237
Office expense and supplies	46,005	2,699	7,422	10,121	56,126	38,745
Client activities and necessities	26,937			-	26,937	29,793
Printing, copying, and duplicating	13,396	2,520	4,811	7,331	20,727	23,082
Interest expense and bank charges	15,104	5,102	379	5,481	20,585	20,140
Fundraising, promotion, and decoration					-	14,321
Staff development and appreciation	5,079	3,096	149	3,245	8,324	12,066
Moving and storage expense	14,769	539	268	807	15,576	11,547
Postage and mailing	2,213	2,918	512	3,430	5,643	6,074
Travel expenses	1,362			-	1,362	-
Miscellaneous	470			-	470	3,170
Depreciation	784			-	784	112
Total 2015 functional expenses	\$ 7,324,276	\$ 151,518	\$ 300,869	\$ 452,387	\$ 7,776,663	
Total 2014 functional expenses	\$ 7,052,895	\$ 135,322	\$ 293,205	\$ 428,527		\$ 7,481,422

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

**ALLIANCE FOR HOUSING AND HEALING
(DBA THE SERRA PROJECT)
(DBA AID FOR AIDS)**

STATEMENT OF CASH FLOWS

For the year ended June 30, 2015

With comparative totals for the year ended June 30, 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 85,238	\$ 121,815
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	784	112
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(81,817)	(17,768)
Decrease in trust receivable	23,310	86,690
Decrease in other receivable	-	7,422
Decrease in prepaid expenses	18,743	3,583
Decrease (increase) in deposits	4,506	(4,896)
Increase in accounts payable	6,581	11,483
(Decrease) in accrued expenses	(54,424)	(174,373)
	2,921	34,068
Cash flows from investing activities:		
Purchase of property and equipment	(9,411)	-
	(9,411)	-
Net (decrease) increase in cash	(6,490)	34,068
Cash, beginning of year	527,997	493,929
Cash, end of year	\$ 521,507	\$ 527,997

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

**ALLIANCE FOR HOUSING AND HEALING
(DBA THE SERRA PROJECT)
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NOTES TO FINANCIAL STATEMENTS

1. Organization

Alliance for Housing and Healing (“Alliance”) is a public benefit nonprofit corporation that serves low-income persons living with HIV/AIDS. HIV (Human Immunodeficiency Virus) is a virus that weakens the body’s immune system and ultimately causes this system to fail; AIDS (Acquired Immune Deficiency Syndrome) is the life-threatening stage of HIV disease. Alliance was formed in 2009 by the merger of two longstanding AIDS service providers, The Serra Project (Serra) and Aid For AIDS (“AFA”). In 1983, volunteers from the gay community of Hollywood founded AFA to provide financial assistance for necessities of life—food, rent, utilities—to people struck down by the disease. In 1987, the Catholic Archdiocese and seven of its hospitals launched Serra, opening the first AIDS-specific group home in Los Angeles. In 1998, as new medications began to extend lives, Serra introduced its signature program of master-leased, permanent supportive housing. In 2006, AFA and Serra decided to merge their programs and boards of directors. In 2009, Serra absorbed AFA, retired the AFA tax number and Alliance emerged with a single mission to “provide essential housing and supportive services to people living in poverty with HIV/AIDS or other challenging health conditions.”

Alliance target population is persons with HIV/AIDS who are living in poverty, disconnected from care, homeless, and at risk for homelessness. Many of our clients are multi-diagnosed with an array of serious co-morbidities that generate other life-threatening illnesses. To mitigate these conditions, Alliance offers a variety of programs that include:

Transitional Housing: For homeless persons with HIV/AIDS who are 70 or below on the medical Karnofsky scale (“unable to carry on normal activity or to do active work”), Alliance operates four group homes—two each in Los Angeles and Long Beach—that provide 24-hour assisted living, nursing, hospice care, and HIV-specific meals. Each home is a California-state-licensed residential care facility for the chronically ill (“RCFCI”).

Permanent Housing: Since 1998, over 700 unduplicated persons have been served by this program, which targets previously homeless, multi-diagnosed (most commonly with mental illness, chemical dependency, and/or other physical disabilities) persons with HIV/AIDS and their families. Through regular, in-home visits with Alliance staff, clients are linked to a range of services that facilitate entry into care, access to treatment, care retention, medication adherence, and treatment success. In addition, clients are helped to build life skills for household management, financial literacy, nutrition, parenting, and interpersonal development.

Housing Support: A core function of all programs, housing support encompasses psycho-social assessments, case management, housing location, and placement, linkage to specialized resources, budgetary counseling, monitoring of client goals toward improving health, discharge planning and short-term financial assistance for food, housing, utilities, and non-prescription wellness items. (Disbursements go not to clients but to third-party providers, such as landlords, utility companies, grocery stores, and pharmacies.)

**ALLIANCE FOR HOUSING AND HEALING
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NOTES TO FINANCIAL STATEMENTS

1. Organization, continued

HOPWA CCA: In 2001, AFA was named Central Coordinating Agency (“CCA”) for the Housing Opportunities for Person with AIDS (“HOPWA”) program, a role Alliance continues today. In this capacity, Alliance administers federal funding for short-term rent mortgage and utility assistance (“STRMU”) and permanent housing placement (“PHP”) to other Los Angeles AIDS service providers. For Tenant-Based Rental Assistance (“TBRA”), the CCA coordinated with the Coordinated Entry System (“CES”), through which the most vulnerable homeless residents of Los Angeles County are matched with available and appropriate housing resources.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of Alliance are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted. These generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily Restricted. Alliance reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions.

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit Alliance to expend all of the income (or other economic benefits) derived from the donated assets. Alliance has no permanently restricted net assets at June 30, 2015.

**ALLIANCE FOR HOUSING AND HEALING
(DBA THE SERRA PROJECT)
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NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Accounts Receivable

Accounts receivable are receivables from governmental agencies. Therefore, no allowance for doubtful accounts has been provided.

Unrecorded Deposits

Alliance had functioned as the Los Angeles Area Central Coordinating Agency for the HOPWA grant since August 2001 and had expended funds for move-in grant security deposits. The landlords, who receive the funds, have agreed to return the portions of the deposits remaining after any damages or non-payment of rent. Any amount refunded is payable to the HOPWA granting agency. As the deposits are ultimately payable to the HOPWA granting agency, they have not been recorded as an asset of Alliance.

Revenue Recognition

Alliance receives client service revenue under various governmental grants which pay Alliance based on units of service provided or reimbursable costs as defined by the grants. Reimbursable costs expended in excess of reimbursements are recorded as contract receivable from government agency. Any differences between expense incurred and the total funds received (not to exceed the grant or contract maximum) is recorded as a receivable or an advance whichever is applicable. Also, advances received prior to providing services or expending reimbursable costs are recorded as refundable advances from the government agency. Reimbursements recorded under these grants are subject to audit. Management believes that material adjustments will not result from subsequent audits, if any, of costs reflected in the accompanying financial statements. Revenue from contributions is recorded upon notification of the donation.

Concentration of Credit Risks

Alliance places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Alliance has not incurred losses related to these investments.

The primary receivable balance outstanding at June 30, 2015 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of Alliance's receivables consist of earned fees from contract programs granted by governmental agencies.

For the fiscal year ended June 30, 2015, approximately 85% of Alliance's revenues and support was received from governmental agencies.

continued

**ALLIANCE FOR HOUSING AND HEALING
(DBA THE SERRA PROJECT)
(DBA AID FOR AIDS)**

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred.

Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended June 30, 2015, Alliance did not receive donation of materials or services that satisfy the criteria for recognition.

Income Taxes

Alliance is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Alliance in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Alliance's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing Alliance's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Alliance uses total direct costs to allocate indirect costs.

Management and general expenses reflected in the Statement of Functional Expenses reflects management and general expenses after allocation of those expenses to program activities. Total management and general, prior to allocation, were as follows:

Salaries and benefits	\$503,362
Non-personnel expenses	<u>74,535</u>
Total administrative expenses	<u>\$577,897</u>

continued

**ALLIANCE FOR HOUSING AND HEALING
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NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Alliance's financial statements for the year ended June 30, 2014 from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through September 21, 2015, the date which the financial statements were available.

3. Property and Equipment

Property and equipment at June 30, 2015 consist of the following:

Building and improvements	\$ 166,231
Furniture and equipment	104,083
Computer equipment	95,112
Automotive equipment	<u>51,891</u>
	417,317
Less: accumulated depreciation	<u>(400,119)</u>
	<u>\$ 17,198</u>

4. Accrued Expenses

Accrued expenses at June 30, 2015 consist of the following:

Accrued vacation	\$152,315
Other accrued expenses	115,423
Accrued salaries	82,229
Contract advances	<u>31,122</u>
	<u>\$381,089</u>

continued

**ALLIANCE FOR HOUSING AND HEALING
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NOTES TO FINANCIAL STATEMENTS

5. Line of Credit

Alliance has a revolving line of credit, with a bank, in the amount of \$200,000, bearing interest at 4.94%. There was no outstanding balance on the line of credit at June 30, 2015.

6. Commitments and Contingencies

Obligation Under Operating Leases

ALLIANCE leases offices under operating leases expiring through 2020. Future minimum payments, by year and in the aggregate, under these leases with remaining terms of one year or more, are as follows:

<u>Year ended June 30,</u>	
2016	\$142,402
2017	146,995
2018	151,589
2019	156,182
2020	<u>133,342</u>
	<u>\$730,510</u>

Rent expense under operating leases, including month-to-month and long-term leases, were \$1,956,579 for the year ended June 30, 2015.

Contracts

Alliance grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. Liabilities, if any, which may result from any other governmental audits cannot be reasonably estimated and, accordingly, Alliance has no provisions for the possible disallowance of any other program costs on its financial statements.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2015 consist of \$30,356 restricted for program purposes.

**ALLIANCE FOR HOUSING AND HEALING
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NOTES TO FINANCIAL STATEMENTS

8. Government Contracts and Grants

Government contracts and grants at June 30, 2015, consist of the following:

CHOISS program	\$2,971,921
RCFCI program	1,766,352
Supportive Housing Program	1,745,414
Collaborative for Housing Integrated with Support Service (CHISS) program	109,798
West Hollywood contract	96,110
Other	<u>10,125</u>
	<u>\$6,699,720</u>

SUPPLEMENTAL SCHEDULE

**ALLIANCE FOR HOUSING AND HEALING
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2015

Program Name	Contract Number	Federal CFDA No.	Federal Expenditures
Federal awards			
Department of Housing and Urban Development ("HUD"):			
(Direct)			
Supportive Housing (a)	CA0356B9D001104	14.235	\$ 119,913
Supportive Housing (a)	CA0356B9D001204	14.235	174,228
Supportive Housing (a)	CA0357B9D001104	14.235	160,931
Supportive Housing (a)	CA0357B9D001205	14.235	168,681
Sub-total HUD Direct			623,753
Pass-through, Pasadena Community Development Division:			
Supportive Housing (a)	CA0655L9D071205	14.235	96,738
Supportive Housing (a)	CA0656L9D071205	14.235	111,056
Sub-total pass-through, Pasadena Community Division			207,794
Pass-through, Los Angeles Homeless Services Authority ("LAHSA"):			
Supportive Housing (a)	CA0353B9D001205	14.235	62,168
Supportive Housing (a)	CA0353L9D001306	14.235	31,371
Supportive Housing (a)	CA0861L9D001201	14.235	259,982
Supportive Housing (a)	CA0861L9D001302	14.235	84,552
Supportive Housing (a)	CA0354L9D001205	14.235	182,261
Supportive Housing (a)	CA0354L9D001306	14.235	58,970
Supportive Housing (a)	CA0355B9D001104	14.235	90,985
Supportive Housing (a)	CA0355L9D001205	14.235	89,023
Sub-total pass-through, LAHSA			859,312
Pass-through, City of Long Beach:			
Supportive Services (a)	CA06392L9D061205	14.235	50,900
Sub-total pass-through, City of Long Beach			50,900
Pass-through, City of Los Angeles, Los Angeles Housing Department ("LAHD"):			
Housing Opportunities for Persons with AIDS ("HOPWA")			
Short Term Rent, Mortgage and Utility Assistance	C-120371	14.241	499,735
Permanent Housing Placement Grants	C-120371	14.241	881,912
Support Services in Permanent Housing	C-120371	14.241	170,096
Other Support Services	C-120371	14.241	597,640
Emergency Shelter and Transitional Housing	C-120371	14.241	315,123
Scattered Sites Master Leasing Housing	C-120371	14.241	507,415
Sub-total pass-through, City of Los Angeles, LAHD			2,971,921
Pass-through, County of Los Angeles, Department of Public Health:			
Housing Opportunities for Persons with AIDS ("HOPWA")			
Collaborative for Housing Integrated with Support Services ("CHISS")	PH-002189 Sch. 01	14.241	109,798
Total HUD			4,823,478
Department of Homeland Security ("DOHS")			
Pass-through, United Way, Emergency Food and Shelter Program: Phase 28	N/A	97.024	10,125
Sub-total pass-through, United Way			10,125
Total Federal Awards			\$ 4,833,603

(a) Audited as a major program

Summary of Significant Accounting Policies

1. Basis of Accounting - The Schedule of Expenditures of Federal Awards has been reported on the accrual basis of accounting.
2. Alliance is exempt from income taxation under Internal Revenue Code Section 501 (c)(3) and California Revenue Taxation Code Section 23701d.

See independent auditors' report.

ADDITIONAL INFORMATION



Certified Public Accountants, LLP

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Board of Directors
Alliance for Housing and Healing
(dba The Serra Project)
(dba Aid for AIDS)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alliance for Housing and Healing ("Alliance") (dba The Serra Project) (dba Aid for AIDS), which comprise the Statement of Financial Position as of June 30, 2015, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alliance's 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Alliance's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrington Group

Pasadena, California
September 21, 2015

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Certified Public Accountants, LLP

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of Directors
Alliance for Housing and Healing
(dba The Serra Project)
(dba Aid for AIDS)

Report on Compliance for Each Major Federal Program

We have audited Alliance for Housing and Healing's ("Alliance") (dba The Serra Project) (dba Aid for AIDS) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Alliance's major federal programs for the year ended June 30, 2015. Alliance's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Alliance's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alliance's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Alliance's compliance.

Opinion on Each Major Federal Program

In our opinion, Alliance complied, in all material respects, with the types of 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, 2015.

Report on Internal Control Over Compliance

Management of Alliance is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alliance's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alliance's internal control over compliance.

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**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133**
continued

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 *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Harrington Group

Pasadena, California
September 21, 2015

**ALLIANCE FOR HOUSING AND HEALING
(DBA THE SERRA PROJECT)
(DBA AID FOR AIDS)
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015**

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Identification of Major Programs:

U.S. Department of Housing and Urban Development:	
Supportive Housing	14.235

Section II – Financial Statements Findings

There are no findings required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There are neither findings nor questioned costs for Federal Awards as defined in OMB Circular A-133.

Section IV – Summary Schedule of Prior Year Findings

None.