Joint Board Chair & CEO Message

We are honored to present A Community of Friends’ (ACOF) Annual Report for FY 2015-2016. For nearly 30 years, ACOF has been dedicated to ending homelessness for people with mental illness. Through our expanding portfolio and our rich services programming for tenants, including more than 600 children, we are continuing to fulfill our mission today and the years ahead.

For the completed fiscal year, our housing production was as busy as ever with the following results: we completed Cedar Springs, a supportive housing development in partnership with David and Margaret Youth & Family Services, primarily for young adults transitioning from foster care. This amazing project achieved the highest level of sustainability with a LEED Platinum rating, due in large part to many innovative features including the county’s first greywater system that supplies reclaimed water for irrigation and lavatory purposes. Additionally, we started construction on three projects in the City of Los Angeles – Silver Star Apartments, Arlington Square, and Beverly Terrace, the latter in partnership with St. Anne’s Maternity Home. These three buildings will serve some of the most vulnerable people in our community when completed - formerly homeless adults, veterans, young families, people with HIV/AIDS and transitional age youth. We also purchased two new sites for future projects – one in Huntington Park and the other in Redlands.

On our services side we continue to make remarkable progress due to our productive partnerships - both continuing and new. New partners this year include Imagine LA, USC School of Social Work, and The Way Forward. Together, we are now helping nearly 2,500 tenants.

ACOF also began its new FY16—FY18 Strategic Plan, and along with the Board and management we are implementing four strategic priorities that will strengthen the organization in the years to come. They include increasing and sustaining the supply of permanent supportive housing in a responsible manner; expanding and deepening ACOF’s quality services to tenants; ensuring the organization’s long-term sustainability by raising funds from both traditional and non-traditional means; and increasing and broadening ACOF’s visibility. These strategies will ensure ACOF remains an industry leader.

We thank you for your enduring support and we look forward to working with you in 2017.

Highlights for FY2016

A Community of Friends enduring commitment to project development, asset and property management, and residential services enhances the lives of our tenants in our effort to end homelessness for people with mental illness.

- Adopted a Three-Year Strategic Plan
- Started construction on three projects (Beverly Terrace, Arlington Square, and Silver Star Apartments), totaling 137 units
- Completed Cedar Springs Apartments (pictured on cover), achieved LEED Platinum rating, highest sustainability rating
- Acquired two new sites for development - Huntington Park (Huntington Square) and Redlands (Liberty Lane)
- Awarded new funding source for the Liberty Lane project (VHHP)
- Entered into new partnership with the USC School of Social Work, Imagine LA, and The Way Forward
- Increased number of Tenant Advisory Council members from 9 to 15
- Welcomed two new Board Members (Thuong Luong and Gary Lee Moore, pictured right)
The start of 2016 was a time for breaking ground for three projects: Arlington Square, Silver Star Apartments and Beverly Terrace. Arlington Square, 48 units, and Silver Star, 49 units, will provide housing to veterans who are homeless. Beverly Terrace, in partnership with St. Anne’s, will provide an early learning center and 40 units for young unwed mothers, who have at least one child under the age of six, and homeless families. Each project will be rich in services that will be provided on site for its tenants. Each project is designed with highly sustainable design components and is targeting LEED for Homes Platinum Certification.

Construction on Cedar Springs, which is a 36-unit residential and commercial retail space in the City of La Verne, has been completed. This is ACOF’s first partnership with David & Margaret Youth and Family Services.

This project design is among the most sustainable projects that ACOF has developed. The project includes the first greywater system in Southern California that supplies water to toilets as well as landscaping. It is the first affordable housing project in Southern California that is carbon neutral for operational energy. Cedar Springs is an all-electric site (no natural gas, no fossil fuels), offset by nearly 100% renewable energy.

Cedar Springs Apartments is the first project that establishes ACOF’s presence in Pomona Valley. Since its development, sites have been acquired in Riverside and Redlands which will provide housing for seniors and veterans who are homeless in addition to low income families.
Asset and Property Management

FY 2016 was a busy one for ADA compliance and security upgrades for Asset and Property Management.

With a renewed focus by ACOF’s staff and its lenders, the Asset and Property Management team completed several ADA compliance projects at some of its properties during FY 2016. This included the installation of a wheelchair ramp at Figueroa Court for easy tenant entrance/exit accessibility. Another project was at Vista Nueva Apartments where several unit upgrades included new configuration spaces for kitchens and bathrooms. These renovation projects were advised by CASp (Certified Access Specialist Program) inspectors who worked with the Asset and Property Management team to ensure these initiatives were in ADA compliance. The engagement with CASp inspectors included reviewing select properties and providing recommendations.

ACOF also upgraded new security cameras at several properties to supplement security measures for the tenants.

Residential Services

More than 2,000 tenants and their families are served by our Residential Services Staff, who are dedicated to their ongoing success.

The following are some of the highlights of our Services Department for 2016:

• Began our new partnership with USC/MSW internship program that launched with two interns.
• Completed our second year of a three-year collaborative partnership SAMHSA grant with the CLARE Foundation, “Bridges to Recovery Hope, & Home.” By the end of 2016 we enrolled 42 individuals in the program to work on mental health and substance abuse issues utilizing evidence based practices such as Critical Time Intervention (CTI), Motivational Interviewing (MI), and Stages of Change. Out of the 42 enrolled, 40 are still housed in their ACOF unit and participating in services.
• Transferred all Service Coordinators to Case Managers after a 10-month training program.
• Increased our Substance Abuse Recovery staff from two to three employees.
• Provided an end-of-the-year holiday party for each building that consisted of a full dinner. For our family buildings, each child received a holiday present.
Financial Summary

A Community of Friends had a positive change in net assets in the amount of $1,401,464 for the fiscal year ended June 30, 2016, which represents a decrease of 3% from the prior fiscal year. However, the prior fiscal year income included the sale of a rental property to an affiliated Limited Partnership for the purposes of rehabilitation, which did not occur in the current fiscal year.

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<tr>
<th>STATEMENT OF ACTIVITIES</th>
<th>2016</th>
<th>2015</th>
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<tr>
<td>Total Revenue</td>
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<td>Total Expense</td>
<td>8,237,455</td>
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<td>Change in net assets</td>
<td>$1,401,464</td>
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<th>STATEMENT OF FINANCIAL POSITION</th>
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<tr>
<td>Current assets</td>
<td>$8,136,174</td>
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<td>Land, building and equipment net of depreciation</td>
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<tr>
<td>Other long term assets</td>
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<tr>
<td>Total assets</td>
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<td>Current liabilities</td>
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<td>Total liabilities</td>
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<td>Unrestricted net assets</td>
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<td>Temporarily restricted net assets</td>
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<td>Permanently restricted assets</td>
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<td>Total net assets</td>
<td>$12,480,583</td>
<td>$11,079,119</td>
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TOTAL LIABILITIES AND NET ASSETS  
$38,977,300  | $36,644,312

Note: Financial data based on ACOF’s audited financial statements.
Services Partners FY15–16

American Heart Association
Anahiem Supportive Housing
Catholic Charities
CLARE Foundation
David & Margaret Youth and Family Services
Gateways Hospital & Mental Health Center
Help Portrait
Heritage Clinic
Homeless Health Care Los Angeles
HOMES, Inc.
Housing Works
Imagine LA
Jovenes
Kedren Community Mental Health
Los Angeles Christian Health Centers
Mental Health Advocacy Services
MJ Housing & Services
New Directions for Veterans
OPCC/LAMP
Orange County Regional Center
Pacific Clinics/Portals
PATH Ventures
Penny Lane Centers
Project Independence
San Fernando Valley Community Mental Health Center
Shelter Partnership
South Central Health and Rehabilitation Program (SCHARP)
Special Service for Groups
St. Anne’s Maternity Home
Step Up on Second
Telecare
Tri-City Mental Health
U.S. VETS
United in Harmony/Camp Harmony
University of California of Los Angeles – Community Service Commission
University of Southern California,
School of Social Work

Government Entities

Los Angeles County Department of Mental Health (LACMHA)
Orange County Healthcare Agency

Thank you to all of the Foundations, Corporations and Individuals who supported ACOF’s work in FY2016.

<table>
<thead>
<tr>
<th>Donation Range</th>
<th>Donors</th>
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<td>$100,000 and Above</td>
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<td>$50,000 to $99,999</td>
<td>Enterprise Community Partners</td>
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<tr>
<td>$25,000 to $49,999</td>
<td>Arthur Thomeen Foundation, Chase Foundation, Wells Fargo Foundation</td>
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<tr>
<td>$10,000 to $24,999</td>
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<td>$5,000 to $9,999</td>
<td>AMS Construction Management Bank of America Merril Lynch, Banker Management, Inc., California Community Foundation, Edgar Simon architecture, Ekin Khat, Verissant Rehoud Barrick LLP, EPIC</td>
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