HOMELESS CHILDREN'S NETWORK
(A California Non-Profit Public Benefit Corporation)

FINANCIAL STATEMENTS
And
INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2023

HOMELESS CHILDREN'S NETWORK
Year Ended June 30, 2023

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AICPA
GAQC Member

Michael R. Blanks CPA
Accountancy Corporation

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Homeless Childrens' Network
San Francisco, California

Opinion

We have audited the accompanying financial statements of Homeless Childrens' Network ("**the Network**"), a California nonprofit public-benefit Corporation, which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses, and cashflows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **the Network** as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **the Network** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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505 14th STREET SUITE 900 OAKLAND, CALIFORNIA 94612 *Phone: (510) 868-5340

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 misstatements, misrepresentation, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing the audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **the Network's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about **the Network'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.

Michael R. Blanks CPA Accountancy Corporation
Oakland, CA
December 31, 2023

HOMELESS CHILDREN'S NETWORK
STATEMENT OF FINANCIAL POSITION
June 30, 2023

Assets		
Current assets		
Cash and cash equivalents	$	4,199,096
Grants receivable		1,750,815
Contribution receivable		-
Prepaid expenses		30,022
Total current assets		5,979,933
Other assets		
Right-of-use lease asset-operating lease, net		2,020,696
Deposits		38,163
Property plant and equipment,net		42,853
Total Assets		**8,081,645**
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$	137,510
Charge cards		9,190
Accrued payroll		163,712
Accrued Vacation		227,052
Deferred revenues		41,584
Current portion of lease liability-operating lease		428,073
Other accrued expenses		-
Total current liabilities		1,007,121
Long-term portion-operating lease		1,720,235
Total Liabilities		2,727,356
Net assets		
Without donor restrictions		4,626,452
With donor restrictions		727,837
Total Liabilities and Net assets	$	**8,081,645**

The accompanying notes are an integral part of these financial statements

HOMELESS CHILDREN'S NETWORK
STATEMENT OF ACTIVITIES
June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Support from the public			
Corporate and foundation support	$	$ 305,533	$ 305,533
Fundraising events	-	-	-
Government grants and contracts	9,620,055	-	9,620,055
Workplace giving	105,189	-	105,189
Other support	116,038	-	116,038
Net assets released from restrictions			-
Satisfaction of program restrictions	959,523	(959,523)	-
Total support from the public	10,800,805	(653,990)	10,146,815
Revenues			
Interest income	2,145	-	2,145
Fiscal administration	10,000	-	10,000
Total revenues, gains, and other support	10,812,950	(653,990)	10,158,960
Expenses			
Program services:			
Mental health	2,182,857	-	2,182,857
Ma'at	3,401,810	-	3,401,810
Case Management	260,201		
Africentric	2,567,271	-	2,567,271
Total program services	8,412,139	-	8,151,938
Support services:			
General and administrative	441,209		441,209
Fundraising and Pre-award	417,864	-	417,864
	859,073		859,073
Total Expenses	9,271,212	-	9,271,212
Change in net assets	1,541,738	(653,990)	887,748
Net assets at beginning of year	3,084,714	1,381,827	4,466,541
Net assets at end of year	$ 4,626,452	$ 727,837	$ 5,354,289

The accompanying notes are an integral part of these financial statements

HOMELESS CHILDREN'S NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program Services					Supporting Services		
	Mental Health Services	Ma'at	Case Management	Africentric Programs	Program Total	Management and General	Fundraising and Development	Total
Employee compensation								
Salaries and wages	$ 1,377,876	2,156,029	164,800	797,979	$ 4,496,684	$ 169,756	$ 250,298	$ 4,916,738
Payroll taxes	110,832	173,424	13,256	64,187	361,699	13,655	20,133	395,487
Fringe benefits	175,185	274,119	20,952	101,456	571,712	21,583	31,822	625,117
Workers' compensation	6,743	10,552	807	3,905	22,007	831	1,225	24,063
Total personnel	1,670,636	2,614,124	199,815	967,527	5,452,102	205,825	303,478	5,961,405
Other expenses								
Minigrants				982,850	982,850			982,850
Accounting & legal					-	127,066		127,066
Bank & payroll processing fees	141	221	17	82	461	27,630	26	28,117
Client Incentives					-			-
Copying and printing	4,008	6,272	479	2,321	13,080	494	728	14,302
Consultants	121,578	190,239	14,541	70,405	396,763	13,421	50,900	461,084
Depreciation					-	34,119		34,119
Dues and subscriptions					-			-
Computer equipment and software	7,171	11,220	858	4,153	23,402	882	1,303	25,587
Fund raising event					-		14,580	14,580
Information Technology					-			-
Insurance	1,974	3,090	236	1,143	6,443	243	360	7,046
Interest expense					-			-
Intern expense	8,554				8,554			8,554
Licenses & fees	9,466	14,812	1,132	5,482	30,892	1,166	1,720	33,778
Meetings and conference	20,895	32,898	2,281	12,342	68,416			68,416
Other office expenses					-			-
Occupancy	224,949	351,360	27,268	130,336	733,913	911	1,343	736,167
Office supplies	8,348	13,062	998	4,835	27,243	23,088	34,043	84,374
Other program related expenses	19,495	30,505	2,332	264,930	317,262			317,262
Postage and mailing	714	1,117	85	413	2,329	88	132	2,549
Program Supplies	13,959	21,840	1,669	8,084	45,552			45,552
Repairs & Maintenance	7,017	10,980	839	4,063	22,899			22,899
Staff training and recruitment	44,705	69,951	5,347	25,890	145,893	5,508	8,120	159,521
Stipends				71,264	71,264			71,264
Telephone and internet	6,220	9,735	746	3,607	20,308	768	1,131	22,207
Travel and transportation	13,027	20,384	1,558	7,544	42,513			42,513
					-			-
Total Operating Expenses	$ 2,182,857	$ 3,401,810	$ 260,201	$ 2,567,271	$ 8,412,139	$ 441,209	$ 417,864	$ 9,271,212

The accompanying Notes are an integral part of these financial statements

HOMELESS CHILDREN'S NETWORK
STATEMENT OF CASH FLOWS
June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	887,748
Adjustments to reconcile change in net assets to net cash provided by operating actvities:		
Depreciation		34,119
Amortization		346,519
Changes in operating assets and liabilities:		
Decrease (Increase) in receivables		2,239,037
Decrease (Increase) in prepaids		43,962
Increase (decrease) in accounts payable and accrued expenses		109,309
Increase (decrease) in lease liability-operating		(218,907)
Increase (decrease) in advances		(51,360)
Net cash provided/(used) by operating activities		3,390,427
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets		(14,111)
Net cash used by investing activities		(14,111)
Change in cash		3,376,316
Cash at beginning of year		822,780
Cash at end of year	$	**4,199,096**
Supplemental disclosure of cash flow information:		
Cash paid for interest		118,361
Cash paid for taxes	$	-

The accompanying notes are an integral part of these financial statements

Note 1: PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Homeless Childrens' Network ("**the Network**") is presented to assist users of these financial statements in assessing the financial position, changes in net assets, and cashflows reported in the accompanying financial statements. These accounting principles conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Reporting Entity

We are a California based nonprofit public benefit corporation which is organized to provide direct mental health services, psychotheraby, and counseling to homeless families in San Francisco, CA and in particular to children of such families, provide referral services for such families and their children to other social service agencies, coordinate the provision of such services through and with partners in San Francisco. We accomplish our mission through the following four major programs:

Mental Health Services

- The Amani Mental Health Training program provides new education and employment opportunities for at least 25 Black/African American city residents each year.
- Brighter Futures program ensure mental health services for the Black/African American community are accessible regardless of insurance ability to pay, or familiarity with a mental health system that often alienate and pathologizes them.

Ma'at Youth Leadership

- The Ma'at Youth Leadership program provides an empowering peer group for Black/African American youth from various high schools across San Francisco by focusing on mental health and leadership. Youth receive mentorships and learn valuable skills in community building, communication teamwork, advocacy storytelling, self-care and planning for the future they deserve.

Case Management

- Through our case management program, families and individuals receive services to help them navigate challenges with housing, public benefits, education, employment, transportation, and other issues. Case managers provide referrals and linkages while remaining connected to clients, regardless of their insurance coverage in order to ensure they receive needed services and follow through.

Africentric Programs

- Afro-cultural Preservation Mini-Grants – Grantees receive an average of $10,000 per award to support and fund events centering marginalized communities, especially the Black/African American LGBTQ+ community, in order to promote and preserve the history and legacy of historically Black neighborhoods in San Francisco.
- Kuamka Community Healing Arts program trains and supports Black artists and therapists in awakening a new healing, both within themselves and the San Francisco community.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles promulgated in the United States of America (U.S. GAAP), which requires us to report information regarding our financial position and activities according to the following net asset classifications:

- ***Net Assets without donor restrictions.*** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of our organization. These net assets may be used at the discretion of our management and board of directors.
- ***Net Assets with donor restrictions.*** Net assets subject to stipulations imposed by our donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be satisfied by our actions or by the passage of time in accordance with the award document. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that those resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction s 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, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Accounting Standards Implemented and Under Consideration

Adopted

On July 1, 2022, we implemented the provisions of FASB Accounting Standards Update ("ASU") No. 2016-02 (ASC *Topic 842), Leases,* using the modified retrospective transition method under which existing leases were measured and capitalized as of the date of adoption, July 1, 2022. ASC 842 affects all entities that enter into lease arrangements, with certain exclusions under available practical expedients. This new lease guidance requires the recognition of a right-of-use asset and a lease liability on our balance sheet for all leases with a lease term of more than 12 months. Short-term rentals under year-to-year leases ore remaining lease terms of 12 months or less are exempt from being capitalized. The most significant change from previous guidance (Topic 840,"ASC 840") is the requirement to recognize the right-of-use ("ROU") assets and lease liabilities on the Statement of Financial Position for leases classified as operating leases. The standard also requires disclosures to meet the objective of enabling users of our financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Additionally, as part of the implementation, we elected to use a package of optional practical expedients, which permit us to avoid reassessing previous lease identifications within existing contracts, the existence of initial direct costs, and the lease classification of any expired and existing leases. Moreover, in accordance with the expedients, all leases classified as operating leases under previous U.S. GAAP are automatically classified as operating leases under the new standard, and all leases classified as capital leases are recorded as finance leases.

Under the modified retrospective approach, the adoption of ASC 842 resulted in the recognition of a ROU asset and lease obligation of $2,367,695 and $2,367,695, respecitvely as of July 1, 2022.

Pending Implementation

FASB ASU 2016-13 *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* as amended, introduces a new impairment model, current expected credit loss (CECL) model (loss recognized when expected based on historical experience, current conditions, and reasonable and supportable expected credit losses.

The model applies to financial assets measured at amortized cost and requires those assets to be presented at the net amount expected to be collected. The ASU replaces the current GAAP incurred loss model (loss recognized when probable based on historical experience and current conditions). Entities with assets within the scope of the ASU are required to assess credit losses at each reporting date. The ASU requires enhanced disclosures that enable a financial statement user to understand how management monitors the credit quality of its financial assets, assess the quantitative and qualitative risks arising from the credit quality of its financial assets; disclosure of allowances for credit losses, and past-due status. The ASU, as amended is effective for fiscal years beginning after December 15, 2022. We are currently evaluating the impact of adopting this standard on our financial statements.

Revenue and Revenue Recognition

We recognize contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional contributions received – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been substantially met or explicitly waived by the donor. We record assets received with donor-imposed conditions as refundable advances.

Contributions received from special event activities are recognized upon the occurrence of the event (point in time). We record revenue (contract revenue) equal to the fair value of direct benefits to donors' net of direct expenses, and contribution revenue for any difference.

Revenues from contracts with customers (seminars, training) are recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by us and are recognized either over time or at a point in time. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred through a point in time in relation to total actual charges incurred. We believe that this method provides a useful depiction of the provision of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

We receive grants and contracts from foundations and government agencies which are conditioned upon certain performance requirements and or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue as qualifying expenditures are incurred or as units of services are provided. Amounts received prior to incurring qualifying expenditures or performance of required units of services are reported as refundable advances in the statement of financial position. There were no cost-reimbursable or performance related grants and contracts received in advance for which qualifying expenses or units of services have not yet been incurred or performed as of June 30, 2023.

Donated Services

We receive donated professional services that would typically be purchased if not provided as an in-kind contribution. These services are primarily provided by post-graduate students with specialized training participating in advanced internships for marriage, family and child counselors and clinical social workers. These volunteers are accumulating hours to qualify for professional licensure and might not be able to command the full market value for comparable services provided by licensed professionals. We report donated services as public support, and as an expense in the period received, based on estimated fair values.

Generally, we do not monetize any contributed nonfinancial assets, and unless otherwise noted, contributed nonfinancial assets are reported as contributions without donor restrictions. The estimated fair value of these in-kind services for fiscal year 2023 is $203,225 based on the average rate of pay for pre-licensed staff employed by us.

Accounts Receivables, and Credit Policies

Accounts receivable consist of noninterest bearing amounts due from contracts with customers. We determine the allowance for doubtful accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible.

Contributions and Grants Receivable

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Grants receivable are primarily unsecured noninterest-bearing amounts due from grantors on cost reimbursement or performance grants. All amounts are due when invoiced and typically are collected within 30 days or less. Amounts due from grantors is stated at the amount expected to be collected from the outstanding balance. We accrue an estimated reserve (deferred revenue) as a contingency for amounts due to the City and County of San Francisco resulting from an annual mental health settlement of accounts. As of June 30, 2023, estimated liability for settlement of accounts was $49,730

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the 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. On an ongoing basis, we evaluate our estimates and assumptions based upon historical experience and various other factors and circumstances.

We believe that our estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Cash & Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for long-term purposes are excluded from this definition.

Fixed Assets

We record property and equipment in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All fixed assets are capitalized. Equipment is capitalized if it has a cost of $5,000 or more and a useful life when acquired of more than 1 year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not significantly increase the useful life of the asset are expensed as incurred.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable form 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 assets. There were no indicators of asset impairment during the year ended June 30, 2023.

Tax Status

We are a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and therefore, are subject to federal and state taxes only on unrelated trade or business income, if any.

We have determined that we are not subject to unrelated business activities that are unrelated to our exempt purpose and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. Our Organization qualifies for the charitable deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Generally, tax returns remain open for federal income tax examinations for three years from the date of filing.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct expenses are allocated to programs and supporting services based on specific identification. Expenses that relate to more than one program or support activity are allocated based on time and effort or on a square footage basis.

Financial Instruments and Concentrations of Credit Risk

The Carrying amounts of cash and cash equivalents, receivables, accounts payables, and accrued liabilities approximate fair value because of the short maturity of these instruments. There were no changes in methods or assumptions during the year ended June 30, 2023.

We manage deposit concentration risk by placing cash with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed FDIC insured limits ($250,000 per bank depository). To date, we have not experienced losses in any of these accounts. The amount of uninsured cash as of June 30, 2023, was approximately $3,987,946

Credit risk associated with receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from, government agencies, and foundations supportive of our mission.

Accumulated Vacation and Sick Leave

We recognize accumulated unpaid employee vacations as liabilities as of the end of the reporting period. Sick leave benefits are accumulated for each employee; however, the employees do not have a vested right to sick leave benefits and accumulated benefits are not recognized as liabilities since payment of such benefits is not determinable. Accordingly, sick leave benefits are recorded as an expense in the period sick leave is taken. Employees' rights to accumulated sick leave benefits are lost when employment terminates.

NOTE 2. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	$	419,906
Grants and contributions receivables		1,750,815
Less amounts not available		(727,837)
Total		1,442,884

We are substantially supported by grants and contributions. Because grantor and donor's restrictions require resources to be used in a particular manner or in a future period, we maintain sufficient resources to meet those responsibilities to our donors and grantors.

Thus, financial assets may not be available for general expenditure within one year. As part of our liquidity management, it is our policy to structure our financial assets to be available as our general expenditures, liabilities, and other obligations come due. Our goal is to maintain financial assets at a level equal to 60-90 days of our operating expenses.

NOTE 3. GRANTS AND CONTRIBUTIONS RECEIVABLE

The following grants receivables were due at June 30, 2023:

Funding Source		
Government (CCSF)	$	1,750,815
Not-for-Profit		-
Other		-
Total contributions and grants receivable	$	1,750,815

NOTE 4. LEASES

We maintain two long-term non-cancelable operating leases for office space located at 1426 Fillmore Street and 3450 Third Street. Our Fillmore lease expires on February 28, 2028, and our Fillmore lease expires on June 30, 2024 with an option to extend through June 30, 2027. We include in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Our lease provides for the increases in future minimum annual rental payments. Additionally, the operating lease agreement requires us to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, we estimate an applicable incremental borrowing rate. The incremental borrowing rate is estimated using our applicable borrowing rates and contractual lease term. Weighted average remaining lease term for operating leases is 5 years. The Weighted average discount rate for operating leases is 5%

As of June 30, 2023 right-of-use assets and lease liabilities related to the operating lease were as follows:

Right-of-Use assets	$ 2,367,215
Less: Accumulated amortization	(346,519)
Net Right-of-Use assets	$ 2,020,695

A summary of the future lease payments for our operating lease, reconciled to the lease liability recorded at June 30, 2023 follows:

Year	
2024	$ 535,488
2025	551,560
2026	568,108
2027	585,144
2028	211,712
Total lease payments	2,452,012
Less effects of discounting	(303,705)
Lease liability recorded at June 30, 2023	2,148,307
Less current portion	(428,073)
Long-term lease liability	$ 1,720,234

Lease expense from operating leases was approximately $464,880 for the year ended June 30, 2023.

NOTE 5 Property and Equipment

Property and equipment consist of the following at June 30, 2023:

Furniture & Equipment	$	139,185
Leasehold improvements		88,869
Less: Accumulated depreciation		(185,201)
Net property and equipment		42,853

NOTE 6. GRANT REVENUE CONTINGENCY

Grant revenues are subject to review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, we believe that costs ultimately disallowed, if any, would not materially affect our financial position. **As of June 30, 2023,** we are not aware of any of any such review, the outcome of which may have a material adverse impact upon our ability to sustain our business operations.

NOTE 7. DONOR RESTRICTED NET ASSETS

Contributions received with donor-imposed restrictions were available at June 30, 2023, for the following purposes:

Passage of Time	$	100,000
Specific Purpose		
Ma'at		527,837
General Purpose		100,000
Total	$	727,837

NOTE 8. REVENUE CONCENTRATION

We derive the majority of our revenues from grants and contracts received through the City and County of San Francisco. For the year ended June 30, 2023, approximately 95% of our grants and contracts were received from that income source.

The ability of our major funder to continue giving amounts comparable to prior years may be dependent upon current and future economic conditions. While we believe that economic conditions such as tax deductibility are stable enough for us to continue our program services, our ability to do so and the extent to which it continues may be dependent on the above factors.

NOTE 9. RETIREMENT PLAN

We sponsor a 403(b) retirement plan which covers eligible employees that have attained the age of 21, completed one year of service, and worked at least 1,000 hours of service. Employees may elect to make salary deferral contributions to the plan. We are not required to make employer contributions to the plan.

NOTE 10. FISCAL SPONSORSHIP

For the fiscal year ended June 30, 2023, we served as fiscal sponsor to the Jarmstead Unlimited Corp (subgrantee) for a Dream keeper Initiative-Industries of opportunity (Salon Know-How Education and Training Institute) grant received from the City and County of San Francisco's Office of Economic and Workforce Development agency (OEWD). As fiscal sponsor, we receive a fiscal administration fee of 10% of grant awards sub-granted to the subgrantee.

NOTE 11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 30, 2023, which is the date the financial statements were available to be issued.