COMMUNITY WORKS WEST, INC.

Financial Statements

June 30, 2023 and 2022

armanino

COMMUNITY WORKS WEST, INC.

Table of Contents

Independent Auditor's Report dated January 19, 2024

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Independent Auditor's Report

To the Board of Directors of Community Works West, Inc.
Oakland, California

Opinion

We have audited the accompanying financial statements of Community Works West, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 Community Works West, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Community Works West, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – New Accounting Pronouncement

As discussed in Note 2 to the financial statements, at the beginning of the current fiscal year, Community Works West, Inc. adopted a new accounting pronouncement, Accounting Standards Codification ("ASC") Topic 842, Leases which supersedes accounting standards that currently exist under generally accepted accounting principles. Under ASC Topic 842, for leases with a lease term over one year, Community Works West, Inc. recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. Community Works West, Inc. has elected the package of practical expedients permitted in ASC Topic 842. Our opinion is not modified with respect to the matter.

Prior Period Financial Statements

The financial statements as of June 30, 2022, were audited by Janover LLC, whose practice became part of Armanino LLP and its affiliate, Armanino CPA LLP, as of November 1, 2023, and whose report dated January 9, 2023 expressed an unqualified opinion.

Responsibilities of Management 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 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 Community Works West, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with 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 Community Works West, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Works West, Inc.'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.

Armanino CPA LLP

Garden City, New York
January 19, 2024

COMMUNITY WORKS WEST, INC.

Statements of Financial Position

June 30,		*2023*		*2022*
Assets				
Current assets:				
Cash and cash equivalents	$	1,914,959	$	1,479,833
Restricted cash		381,405		436,701
Promises to give, net		1,226,507		851,333
Marketable securities		27,100		28,111
Employee advances		7,206		1,500
Prepaid expenses		22,828		17,018
Employee retention tax credit receivable		413,859		1,393,002
Total current assets		3,993,864		4,207,498
Noncurrent assets:				
Property and equipment, net		52,683		45,884
Security deposits		50,200		7,100
Right-of-use asset, net of accumulated amortization of $211,679		855,394		-
Total noncurrent assets		958,277		52,984
Total assets	$	4,952,141	$	4,260,482
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	$	165,308	$	68,790
Accrued expenses		333,687		417,700
Deferred revenue		381,405		436,703
Current portion of operating lease liabilities		219,903		-
Total current liabilities		1,100,303		923,193
Operating lease liabilities, less current portion		693,349		-
Net assets:				
Without donor restrictions		1,931,982		2,485,956
With donor restrictions		1,226,507		851,333
		3,158,489		3,337,289
Total liabilities and net assets	$	4,952,141	$	4,260,482

COMMUNITY WORKS WEST, INC.

Statements of Activities

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and other income :			
Program fees	$ -	$ 4,170,668	$ 4,170,668
Private grants	-	137,514	137,514
Contributions	103,894	-	103,894
Earned income	37,575	-	37,575
Investment income	222	-	222
Other income	129,625	-	129,625
Net assets released from restrictions	3,933,008	(3,933,008)	-
Total revenue, support and other income	4,204,324	375,174	4,579,498
Functional expenses:			
Program services			
Youth services	2,735,245	-	2,735,245
Adult services	1,240,003	-	1,240,003
Arts	808	-	808
Total program services	3,976,056	-	3,976,056
Support services	782,242	-	782,242
Total functional expenses	4,758,298	-	4,758,298
Change in net assets	(553,974)	375,174	(178,800)
Net assets - beginning of the year	2,485,956	851,333	3,337,289
Net assets - end of year	$ 1,931,982	$ 1,226,507	$ 3,158,489

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

COMMUNITY WORKS WEST, INC.

Statements of Activities *(continued)*

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and other income :			
Program fees	$ -	$ 3,503,425	$ 3,503,425
Private grants	-	208,680	208,680
Contributions	98,972	-	98,972
Earned income	36,594	-	36,594
Investment income	7,910	-	7,910
Other income	1,020,854	-	1,020,854
Net assets released from restrictions	3,612,862	(3,612,862)	-
Total revenue, support and other income	4,777,192	99,243	4,876,435
Functional expenses:			
Program services			
Youth services	2,016,580	-	2,016,580
Adult services	1,216,946	-	1,216,946
Arts	5,400	-	5,400
Total program services	3,238,926	-	3,238,926
Support services	1,026,903	-	1,026,903
Total functional expenses	4,265,829	-	4,265,829
Change in net assets	511,363	99,243	610,606
Net assets - beginning of year, as restated	1,974,593	752,090	2,726,683
Net assets - end of year, as restated	$ 2,485,956	$ 851,333	$ 3,337,289

COMMUNITY WORKS WEST, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2023

	Program Services				Total
	Youth Services	Adult Services	Arts	Support Services	Functional Expenses
Compensation and related expenses:					
Salaries	$ 1,721,508	$ 929,706	$ 774	$ 275,918	$ 2,927,906
Employee benefits	172,556	113,255	-	19,679	305,490
Payroll taxes	145,547	79,503	34	26,078	251,162
	2,039,611	1,122,464	808	321,675	3,484,558
Other functional expenses:					
Professional fees	192,016	4,448	-	252,769	449,233
Insurance	9,419	2,400	-	16,729	28,548
Lease expense	260,708	10,400	-	12,826	283,934
Program expense	110,293	71,327	-	23,574	205,194
Donations	-	-	-	100	100
Dues and subscriptions	451	191	-	14,178	14,820
Office expense	17,698	4,468	-	29,875	52,041
Computer expense	16,458	11,793	-	10,885	39,136
Travel and transportation	18,324	3,093	-	5,283	26,700
Telephone and internet	7,218	3,180	-	7,118	17,516
Printing and copying	14,904	1,197	-	905	17,006
Postage and delivery	94	-	-	906	1,000
Utilities	22,321	1,663	-	22,414	46,398
Staff training and events	24,649	3,379	-	20,041	48,069
Special events	1,081	-	-	3,142	4,223
Payroll processing fees	-	-	-	20,521	20,521
Depreciation	-	-	-	18,200	18,200
Filing fees and other taxes	-	-	-	1,101	1,101
	695,634	117,539	-	460,567	1,273,740
	$ 2,735,245	$ 1,240,003	$ 808	$ 782,242	$ 4,758,298

COMMUNITY WORKS WEST, INC.

Statement of Functional Expenses *(continued)*

For the Year Ended June 30, 2022

	Program Services				Total
	Youth Services	Adult Services	Arts	Support Services	Functional Expenses
Compensation and related expenses:					
Salaries	$ 1,394,647	$ 930,947	$ -	$ 412,560	$ 2,738,154
Employee benefits	126,732	108,151	-	30,451	265,334
Payroll taxes	113,414	79,154	-	30,034	222,602
	1,634,793	1,118,252	-	473,045	3,226,090
Other functional expenses:					
Professional fees	94,566	5,104	5,200	321,100	425,970
Insurance	4,319	-	-	26,597	30,916
Lease expense	115,975	-	-	7,389	123,364
Program expense	83,322	75,987	200	14,433	173,942
Dues and subscriptions	4,588	239	-	6,285	11,112
Office expense	25,959	2,529	-	23,585	52,073
Computer expense	15,419	6,172	-	28,277	49,868
Travel and transportation	14,907	676	-	3,712	19,295
Conferences and meetings	1,750	-	-	406	2,156
Telephone and internet	5,787	4,033	-	8,467	18,287
Printing and copying	2,042	807	-	849	3,698
Postage and delivery	46	12	-	1,539	1,597
Utilities	3,626	-	-	21,921	25,547
Staff training and events	9,481	3,135	-	30,244	42,860
Payroll processing fees	-	-	-	17,586	17,586
Depreciation	-	-	-	41,054	41,054
Filing fees and other taxes	-	-	-	414	414
	381,787	98,694	5,400	553,858	1,039,739
	$ 2,016,580	$ 1,216,946	$ 5,400	$ 1,026,903	$ 4,265,829

COMMUNITY WORKS WEST, INC.

Statements of Cash Flows

For the Years Ended June 30,		*2023*		*2022*
Cash flows from operating expenses:				
Changes in net assets	$	(178,800)	$	610,606
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:				
Depreciation		18,200		41,054
Unrealized loss (gain) on investment		1,011		(3,766)
Forgiveness of note payable - Payroll Protection Program		-		(639,699)
Non-cash operating lease expense		196,679		-
Changes in operating assets and liabilities:				
Promises to give, net		(375,174)		(99,243)
Employee advance		(5,706)		2,750
Prepaid expenses		(5,810)		4,145
Employee retention tax credit receivable		979,143		(317,506)
Security deposits		(43,100)		1,078
Accounts payable		96,519		19,936
Accrued expenses		(84,013)		(27,411)
Deferred revenue		(55,298)		228,234
Due to sponsored organizations		-		(507,612)
Operating lease liabilities		(138,821)		-
Net cash provided by (used in) operating activities		404,830		(687,434)
Cash flows used in investing activities:				
Purchase of property and equipment		(25,000)		(65,254)
Net increase (decrease) in cash, cash equivalents and restricted cash		379,830		(752,688)
Cash, cash equivalents and restricted cash - beginning of year		1,916,534		2,669,222
Cash, cash equivalents and restricted cash - end of year	$	2,296,364	$	1,916,534
Supplemental disclosure of non-cash information:				
Initial value of right-of-use asset and operating lease liability	$	1,052,073	$	-

1. Business Organization

Community Works West, Inc. (the "Organization") is a nonprofit organization dedicated to providing the disenfranchised populations in the San Francisco Bay Area with opportunities to build community and give voice to their experiences. The Organization engages youths and adults in arts, education and restorative justice programs that interrupt and heal the far-reaching impact of incarceration and violence by empowering individuals, families and communities. This is accomplished through the use of programs, exhibits and publications.

2. Summary of Significant Accounting Policies

Basis of presentation – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Tax status – The Organization is a not-for-profit organization that was formed on January 24, 2006. For activities connected to its exempt purpose, Section 501(c)(3) of the United States Internal Revenue Code (the "Code") exempts the Organization from income taxes. Accordingly, the accompanying financial statements make no provision for income taxes.

Cash and cash equivalents and restricted cash– The Organization considers cash and cash equivalents to include all cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three (3) months or less and are stated at cost, which approximates fair value. Restricted cash represents deferred revenue for funds received from funders, but not yet expensed.

Net assets – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

Net Assets With Donor Restrictions – Net assets subject to donor and grantor-imposed restrictions. Some donor and grantor-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.

2. Summary of Significant Accounting Policies *(continued)*

Contributions and grants received – Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by the donor or subject to legal restrictions. The Organization records contributions as donor restriction class of net assets if they are received with donor stipulations that limit their use through either purpose or time restrictions or both. When donor restrictions expire – that is, when the purpose restriction is fulfilled, or the time restriction expires – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. It is the Organization's policy to record donor-restricted contributions received and expended in the same accounting period as contributions with donor restrictions and as net assets released from restrictions.

The Organization applies ASU 2018-08 Clarifying the Scope and the Accounting Guidance for Contribution to determine if donation should be classified as a contribution or an exchange transaction.

Promises to give, net – The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

As of June 30, 2023, the Organization's promises to give consisted of unconditional promises to give in the amount of $1,226,507, all of which are expected to be collected within one year. The Organization's promises to give as of June 30, 2022, in the amount of $851,333 was collected as of June 30, 2023. The Organization's promises to give as of June 30, 2021 in the amount of $752,090 was collected as of June 30, 2022.

Allowance for doubtful accounts – Bad debts are provided for under the allowance method based upon analyses of open accounts and their expected collectability. Management provides an allowance for doubtful accounts based on the Organization's historical losses, specific grantor or donor circumstances, and general economic conditions and review of subsequent collections. As a result of this policy, no allowance for doubtful accounts is deemed necessary as of June 30, 2023 and 2022.

Marketable securities – Investments in marketable securities with readily determinable fair values and all investments in trading securities are reported at their fair value in the statements of financial position. Investment income and losses are reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Organization reported unrealized losses of $1,011 and unrealized gains $3,766 for the years ended June 30, 2023 and 2022, respectively.

2. Summary of Significant Accounting Policies *(continued)*

Property and equipment – The Organization records property and equipment at cost except for donated assets which are recorded at fair market value at the date of donation. Property and equipment are depreciated on a straight-line basis over the estimate useful lives of the underlying assets ranging from five-to-fifteen years.

Contributed services – Donated services are recognized in circumstances where the service creates or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind. During the years ended June 30, 2023 and 2022, there were no contributed services meeting the requirement for recognition in the financial statements.

Revenue recognition – The Organization applies Financial Accounting Standards Board ("FASB") update Accounting Standards Codification ("ASC") 606: *Revenue from Contracts with Customers* ("ASC 606"), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with sponsored organizations and supersedes most current revenue recognition guidance, including industry specific guidance. ASC 606 outlines a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards, and also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with sponsored organizations. Major provisions include determining which goods and services are distinct and represent separate performance obligations, how variable consideration is recognized, and whether revenue should be recognized at a point in time or over time.

To achieve this core principle, the Organization applies the following five-step revenue recognition model in accordance with ASC 606:

1. Identify the contract with sponsored organizations
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue as performance obligations are satisfied

This revenue standard requires the Organization to determine, at contract inception, whether it will transfer control of a promised good or service over time or at a point in time – regardless of the length of contract or other factors. Some of the Organization's revenue is derived from fiscal fees for services. In accordance with ASC 606, the Organization applies recognition of this revenue over time.

Functional allocation of expenses – The costs of providing the programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated proportionately among the programs and supporting services benefited.

2. Summary of Significant Accounting Policies *(continued)*

Fair value of financial instruments – The carrying value of cash, restricted cash, promises to give, deferred revenue, accounts payable, and accrued expenses approximate their fair value because of their short-term nature.

Sponsored organizations – The Organization acts as fiscal sponsor to other organizations that engage in activities that are consistent with the Organization's mission. The Organization accepts tax-deductible donations on behalf of fiscally sponsored groups and administers the expenditures of those funds for designated tax-exempt charitable purposes. Fiscal sponsorship support is offered on a case by case basis, in situations in which there is no appropriate community-based 501(c)(3) organization that could otherwise act as a fiscal sponsor. The Organization receives fees from the administration of the fiscal sponsored organization, which is reported as earned income on the statement of activities. For the years ended June 30, 2023 and 2022, the earned income was $37,575 and $36,594, respectively.

Uncertain tax positions – The Organization evaluates uncertain income tax positions taken or expected to be taken in a tax return for recognition in its financial statements. The Organization was not required to recognize any amounts from uncertain tax positions for the years ended June 30, 2023 and 2022. The Organization's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof, as well as other factors. Generally, federal and state authorities may examine the Organization's tax returns for three years from the date of filing.

Recent account pronouncement – In 2022, the Organization adopted FASB Accounting Standards Update 2016-02, ASC Topic 842, Leases, which requires leases with a term of greater than one year to recognize a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Organization adopted this guidance as of July 1, 2022. Adoption did not have an impact on the Organization's net assets as of July 1, 2022.

Effective July 1, 2022, the Organization adopted the new lease accounting guidance in ASC Topic 842. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of July 1, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 (the beginning of the earliest period presented) (a) a lease liability of $1,052,073, which represents the present value of the remaining lease payments of $1,164,147, discounted using the Organization's incremental borrowing rate of 1.688% and (b) a right-of-use asset of $1,052,073.

2. Summary of Significant Accounting Policies *(continued)*

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Government grants and assistance – The Organization has received government assistance for an employee retention credit as a result of the COVID-19 pandemic. The Company generally accounts for such government assistance by analogy to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, Not-For-Profit Entities Revenue Recognition, and recognizes the assistance once it is confirmed that all conditions have been met (i.e. any related barriers have been overcome and a right of release/right of return no longer exists). The government assistance is recognized in other income.

Reclassifications – Certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform to the presentation in the current period financial statements.

Presentation of financial statements – The Organization applies the FASB ASC Topic 958, Not-for-Profit Entities – Presentation of Financial Statements of Not-for-Profit Entities. The ASC changed the presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users.

These include qualitative and quantitative requirements in the following areas:

- Net Asset Classes;
- Investment Return;
- Expenses;
- Liquidity and Availability of Resources; and
- Presentation of Operating Cash Flows.

The Organization applies FASB ASC Topic 958-230 – Restricted Cash, which requires the statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts described as restricted cash or restricted cash equivalents.

2. Summary of Significant Accounting Policies *(continued)*

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows as of June 30,:

	2023	2022
Cash and cash equivalents	$ 1,914,959	$ 1,479,831
Restricted cash	381,405	436,703
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 2,296,364	$ 1,916,534

Amounts in restricted cash include payment of claim settlement and deferred revenue for funds received from funders, but not yet expensed.

3. Liquidity and Availability

Financial assets available for general expenditure without donor restriction limiting their use, within one year of the statement of financial position date are as following:

Cash and cash equivalents	$ 1,914,959
Marketable securities	27,100
Employee retention tax credit receivable	413,859
	$ 2,355,918

As part of the Organization's liquidity management plan, the financial assets are available for general expenditures, liabilities, and other obligations as they come due. The Organization maintains cash in excess of daily requirements in checking bank accounts, money market saving account, short-term certificate of deposit as well as investment in common stock.

4. Property and Equipment

Property and equipment consist of the following as of June 30,:

	2023	2022	Estimated Useful Lives
Furniture and equipment	$ 101,742	$ 101,742	5 years
Transportation equipment	25,662	25,662	5 years
Software	90,253	65,254	3 years
	217,657	192,658	
Less: Accumulated depreciation	164,974	146,774	
	$ 52,683	$ 45,884	

4. Property and Equipment *(continued)*

Software includes $25,000 for a new software program in development, which has not been placed in service as of June 30, 2023 and as such has not been yet been amortized. Depreciation expense on property and equipment for the years ended June 30, 2023 and 2022 was $18,200 and $41,054, respectively and is included in the corresponding statements of functional expenses.

5. Fair Value Measurements

The FASB Accounting Standards Codification No. 820 ("ASC 820") "Fair Value Measurements and Disclosures" establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2023 and June 30, 2022.

Common stock securities: Valued at the closing price reported on the active market on which the individual securities are traded.

5. Fair Value Measurements *(continued)*

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Financial assets measured at fair value on a recurring basis are summarized below:

Quoted Prices in Active Market for Identical Assets (Level l)	**2023**	**2022**
Common stock	$ 27,100	$ 28,111

There are no level 2 or 3 levels of input as of June 30, 2023 and 2022, respectively.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for a specified purpose for the years ended June 30,:

	2023	**2022**
Youth services	$ 678,467	$ 448,495
Adult services	548,040	402,838
Total program services	$ 1,226,507	$ 851,333

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30,:

	2023	**2022**
Satisfaction of purpose restrictions		
Youth services	$ 2,175,624	$ 1,878,688
Adult services	1,757,384	1,734,174
Total program services	$ 3,933,008	$ 3,612,862

7. Concentration of Credit Risks

Concentration of cash – The Organization maintains cash balances with various financial institutions, which, at times, may exceed the limits of the Federal Deposit Insurance Corporation of $250,000, per depositor, per financial institution. Uninsured cash as of June 30, 2023, was approximately $1,960,000 held in multiple checking accounts. The Organization has not experienced any losses to date as a result of this policy.

Concentration of funding – Three funders were responsible for 33% and 68% of revenue and support donations funding for the fiscal years ended June 30, 2023 and 2022, respectively.

8. Commitments and Contingencies

Leases − The Organization leases office facilities for various terms under long-term, non-cancellable operating lease agreements. The leases expire between April 2024 and October 2027. In the normal course of business, it is expected that the leases will be renewed or replaced by a lease on other properties. The leases provide for increases in future minimum annual rental payments based on defined increases in the agreements.

The statement of financial position information related to the leases as of June 30, 2023 is:

Right-of-use asset, net	$	855,394
Current liability		219,903
Non-current liability		693,349
Total operating lease liability	$	913,252

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2023:

For Years Ending June 30,:		**Amounts**
2024	$	251,522
2025		198,000
2026		210,000
2027		222,000
Thereafter		114,000
Total lease payments		995,522
Less: imputed interest		82,270
	$	913,252

Total lease expense was $283,934 for the year ended June 30, 2023, and is included in the statement of functional expenses.

8. Commitments and Contingencies (*continued)*

Litigation – In the ordinary course of business, the Organization is a defendant in certain lawsuits alleging various claims incurred, certain of which claims are covered by various insurance policies, subject to certain deductible amounts and maximum policy limits. In the opinion of management, the resolution of these claims should not have a material adverse effect, individually or in the aggregate, upon the Organization's financial condition. Management believes that there are no other legal proceedings, pending or threatened, to which the Organization is, or may be, a party, or to which any of its properties are or may be subject to, which, in the opinion of management, will have a material adverse effect on the Organization.

Operating lease commitments – During the years ended June 30, 2023 and 2022, the Organization entered into two separate month-to-month rental spaces for use as program spaces. Lease expense amounted to $12,450 and $40,567 for the years ended June 30, 2023 and 2022, respectively.

9. Government Grants

Employee Retention Tax Credit–
The Employee Retention Tax Credit ("ERC"), a refundable tax credit against certain employment taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and was subsequently amended through additional legislation. The tax credit is equal to 50% of the qualified wages, up to $10,000 per employee, that an employer whose business has been financially impacted by COVID-19 pays to employees after March 12, 2020 and before January 1, 2022.

The Company determined it was eligible to apply for the ERC and calculated a total ERC of $1,393,002 for the wages paid during the period [April 2021 through June 30, 2021]. As the Company has "substantially met" the program's eligibility conditions, the Company has recognized income for the ERC payment received during the year ended June 30, 2022. As of June 30, 2023, the Organization has a remaining receivable balance of $413,859.

The ERC program is subject to inspection and audit by the IRS. The purpose of such audits is to determine whether entities met eligibility requirements under the program and that funds were used in accordance with guidelines and regulations. While management believes the Company met the ERC requirements, it is possible that ERC funds recognized could ultimately be disallowed. The ultimate liability, if any, which may result from a governmental audit cannot be reasonably estimated and, accordingly, no provision for the possible disallowance of ERC funds has been recorded on the Company's financial statements.

9. Government Grants *(continued)*

Paycheck Protection Program –
On May 5, 2020, the Organization entered into a promissory note with an approved lender in the principal amount of $639,699. The note was approved under the provisions of the Coronavirus, Aid, Relief and Economic Security Act (the "CARES Act") and the terms of the Paycheck Protection Program of the U.S. Small Business Administration's 7(a) Loan Program. On November 14, 2021, the Company received formal approval from the SBA that the loan, and accrued interest, had been fully forgiven under the provisions of the Paycheck Protection Program and is recorded as other income on the statement of operations.

10. Retirement Plan

The Organization adopted a 401(k) Plan (the "Plan") on January 1, 2009. There was an employer contribution match up to 3% of $21,337 and $12,603 to the Plan for the years ended June 30, 2023 and 2022, respectively.

11. Functional Expenses

The costs of program and supporting services' activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Payroll and payroll related expenses, professional fees, travel and transportation, rent and office expenses are allocated based on estimates of staff training, time and effort.

12. Subsequent Events

The Organization evaluated subsequent events through January 19, 2024, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.