

LA CASA DE LAS MADRES

FINANCIAL STATEMENTS

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of La Casa de Las Madres

Opinion

We have audited the accompanying financial statements of La Casa de Las Madres (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2022, and the related Statements of Activities, Functional Expenses and Cash Flows 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 La Casa de Las Madres as of June 30, 2022, 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.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of La Casa de Las Madres 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 La Casa de Las Madres' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

INDEPENDENT AUDITORS' REPORT

continued

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 La Casa de Las Madres' 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 La Casa de Las Madres' 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.

Other Matter

Report on Summarized Comparative Information

We have previously audited La Casa de Las Madres' June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 November 23, 2022, on our consideration of La Casa de Las Madres' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of La Casa de Las Madres' 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 La Casa de Las Madres' internal control over financial reporting and compliance.

Harrington Group

Oakland, California
November 23, 2022

LA CASA DE LAS MADRES

STATEMENT OF FINANCIAL POSITION

June 30, 2022

With comparative totals at June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
ASSETS				
Cash and cash equivalents (Note 2)	\$ 5,756,016	\$ 190,000	\$ 5,946,016	\$ 4,856,198
Cash - unemployment trust (Note 8)	69,189		69,189	46,263
Total cash	5,825,205	190,000	6,015,205	4,902,461
Accounts receivable	591,548		591,548	477,895
Pledges receivable (Note 4)	360,563		360,563	11,805
Prepaid expenses	74,689		74,689	53,489
Property and equipment (Note 6)	6,942,448	1,000,000	7,942,448	7,954,797
TOTAL ASSETS	\$ 13,794,453	\$ 1,190,000	\$ 14,984,453	\$ 13,400,447
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 110,922	\$ -	\$ 110,922	\$ 93,838
Accrued liabilities (Note 7)	228,789		228,789	207,328
Accrued unemployment liability (Note 8)	24,710		24,710	22,779
Note payable (Note 9)	3,520,338		3,520,338	3,609,749
Deferred Revenue	52,071		52,071	-
Line of credit (Note 10)			-	-
TOTAL LIABILITIES	3,936,830	-	3,936,830	3,933,694
NET ASSETS				
Without donor restrictions	9,857,623		9,857,623	8,349,253
With donor restrictions (Note 12)		1,190,000	1,190,000	1,117,500
TOTAL NET ASSETS	9,857,623	1,190,000	11,047,623	9,466,753
TOTAL LIABILITIES AND NET ASSETS	\$ 13,794,453	\$ 1,190,000	\$ 14,984,453	\$ 13,400,447

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

LA CASA DE LAS MADRES

STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022</u>	<u>2021</u>
REVENUE AND SUPPORT				
Government contracts and grants (Note 13)	\$ -	\$ 2,854,204	\$ 2,854,204	\$ 2,734,783
Contributions	2,331,895	227,500	2,559,395	1,698,188
Special event - net of expenses \$8,473	142,597		142,597	99,696
In-kind donations (Note 2)	18,502		18,502	32,240
Other	7,479		7,479	178
Interest income	3,440		3,440	22,937
Net assets released from restrictions (Note 12)	3,009,204	(3,009,204)	-	-
TOTAL REVENUE AND SUPPORT	<u>5,513,117</u>	<u>72,500</u>	<u>5,585,617</u>	<u>4,588,022</u>
EXPENSES				
Program services	3,557,437		3,557,437	3,209,316
Support services	447,310		447,310	436,471
TOTAL EXPENSES	<u>4,004,747</u>	<u>-</u>	<u>4,004,747</u>	<u>3,645,787</u>
CHANGE IN NET ASSETS	1,508,370	72,500	1,580,870	942,235
NET ASSETS, BEGINNING OF YEAR	<u>8,349,253</u>	<u>1,117,500</u>	<u>9,466,753</u>	<u>8,524,518</u>
NET ASSETS, END OF YEAR	<u>\$ 9,857,623</u>	<u>\$ 1,190,000</u>	<u>\$ 11,047,623</u>	<u>\$ 9,466,753</u>

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

LA CASA DE LAS MADRES

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	Program Services			Total Program Services	Support Services		Total Support Services	Total Expenses	
	Residential Services	Non-Residential Services	Community Education		Management and General	Fundraising		2022	2021
Salaries	\$ 644,134	\$ 1,263,019	\$ 100,117	\$ 2,007,270	\$ 53,423	\$ 142,664	\$ 196,087	\$ 2,203,357	\$ 2,101,059
Payroll taxes and fringe benefits	145,703	251,854	21,027	418,584	13,625	30,424	44,049	462,633	438,388
Total personnel costs	789,837	1,514,873	121,144	2,425,854	67,048	173,088	240,136	2,665,990	2,539,447
Professional fees and services	144,970	324,924	6,081	475,975	18,276	10,285	28,561	504,536	424,336
Other operating expenses	65,394	124,507	16,112	206,013	12,224	35,714	47,938	253,951	146,621
Supplies	36,067	78,100	37,177	151,344	4,911	8,417	13,328	164,672	115,639
Interest expense	31,891	67,261	5,108	104,260	16,332	7,661	23,993	128,253	137,419
Depreciation	42,289			42,289	77,143		77,143	119,432	117,192
Rent and other occupancy	63,303	13,878	1,054	78,235	3,247	1,581	4,828	83,063	76,430
Repair and maintenance	31,070	17,563	1,334	49,967	4,109	2,000	6,109	56,076	60,283
Insurance	7,188	15,161	1,151	23,500	3,547	1,727	5,274	28,774	28,420
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 1,212,009	\$ 2,156,267	\$ 189,161	\$ 3,557,437	\$ 206,837	\$ 240,473	\$ 447,310	\$ 4,004,747	
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 1,278,357	\$ 1,760,034	\$ 170,925	\$ 3,209,316	\$ 194,641	\$ 241,830	\$ 436,471		\$ 3,645,787

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

LA CASA DE LAS MADRES

STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,580,870	\$ 942,235
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	119,432	117,192
(Increase) decrease in operating assets:		
Accounts receivable	(113,653)	(26,068)
Pledges receivable	(348,758)	66,997
Prepaid expenses	(21,200)	32,793
Increase (decrease) in operating liabilities:		
Accounts payable	17,084	(18,464)
Accrued liabilities	21,461	27,571
Unemployment liability	1,931	846
Deferred revenue	52,071	-
	1,309,238	1,143,102
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(107,082)	(138,417)
	(107,082)	(138,417)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(89,412)	(82,232)
	(89,412)	(82,232)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,112,744	922,453
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,902,461	3,980,008
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,015,205	\$ 4,902,461
SUPPLEMENTAL DISCLOSURE:		
Operating activities reflect interest paid of:	\$ 164,672	\$ 137,419

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

LA CASA DE LAS MADRES

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

La Casa de Las Madres (“La Casa”) is a California not-for-profit corporation established in 1976. The mission of La Casa is to respond to calls for help from domestic violence victims, of all ages, 24 hours a day, 365 days a year. We give survivors the tools to transform their lives. We seek to prevent future violence by educating the community and by redefining public perceptions about domestic violence.

La Casa accomplishes its mission by engaging women, teens, men, older adults, and children through a continuum of expert intervention and prevention services. In this fiscal year, we engaged 13,000 community members despite continuing disruptions in access points and partner operations resulting from the COVID-19 pandemic. Envisioning a community where domestic violence is not tolerated and equal access to asset building opportunities is freely available, La Casa utilizes trauma-informed, strength-based empowerment models to resource victims, survivors, and those at-risk of abuse to affect change and break the cycles of violence in their lives.

Guided by the three overarching pieces of our mission, we work to lead our community to a healthier future where safety is a guaranteed right for all women, children, and families.

To address the first part of our mission, La Casa offers 24-hour crisis response through two, statewide domestic-violence hotlines (Teen and Adult) and a Text Line. In the last fiscal year, 6,839 callers received live support on our two telephone hotlines and La Casa responded to 1,218 texts on our on our Text Support Line. Our confidentially-located Emergency Shelter offered safe refuge and comprehensive support services for 271 child and adult survivors fleeing abusive homes. La Casa also reached out to 2,299 survivors across San Francisco following a police response to their abuse.

To fulfill the second part of our mission, we provide survivors with the tools for emotional healing and resource building. Last year, 1,192 women, teens, and children accessed our residential and community-based programming that includes therapy, support groups, case management, and peer counseling. Additionally, 1,143 minors indirectly benefited from this programming through our family focused support services designed to strengthen the non-abusive family unit.

La Casa often frames its service spectrum as a “hub and spoke” model. Our Drop-In Counseling Center is the main hub for intervention and prevention services. Each year, thousands of women, teens, and children access its specialized resources including counseling, support groups, and case management. These services are designed to address the particular needs of mothers, teenagers, survivors over 50, and formerly homeless survivors living in subsidized housing.

The spokes represent co-located advocates at various community touchpoints throughout the city including the San Francisco Housing Authority, Mary Elizabeth Inn, San Francisco Police Department's Special Victims Unit, the Human Services Agency, and select SF Unified School District High School Wellness Centers. La Casa offers a Housing First program to assist survivors in finding and securing permanent housing. La Casa launched a new collaboration with Family and Children's Services within the child welfare system when domestic violence is affecting the family system. At each location, our advocates respond to the unique needs of survivors in their respective neighborhoods or locus of service. From finding affordable housing to safety planning, our case managers are on-site to provide immediate help and advocacy for each survivor. As we bring our work and message to new communities, our goal is to create a space for hope where survivors can build abuse-free lives.

continued

LA CASA DE LAS MADRES

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

For the last piece of our mission, La Casa strives to prevent future violence through an active Community Education & Outreach Program. This program teaches healthy relationship norms by educating thousands of teens, adults, and professionals each year about domestic-violence dynamics and warning signs. Activities give voice to silenced victims and motivate social and systemic change through public awareness, issue advocacy, and education. Last year, we reached 1,658 individuals through 81 tailored education workshops. We also connected with 1,338 individuals at 38 outreach events including street fairs and school assemblies.

La Casa receives its funding from private contributions and from county and state government agencies, with certain portions of its funding originating from the federal government.

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.

Net Assets

Net assets, revenues, 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:

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

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

Cash and Cash Equivalents

La Casa has defined cash and cash equivalents as cash in banks and certificates of deposits with an original maturity of six months or less.

Accounts Receivable

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

continued

LA CASA DE LAS MADRES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their 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. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments

La Casa values its investments at fair value. Unrealized gains and losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain or loss on investments. Short-term highly liquid money market deposits or certificates of deposit that are not used for operations are treated as investments.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

La Casa is required to measure pledged contributions and non-cash contributions at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

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 one thousand dollars and the useful life is greater than one year.

Satisfaction of Restrictions on Long-lived Assets

Contributions received for the acquisition of long-lived assets where the donor imposes continuing restriction requirements are recognized as with donor restrictions. When the donor does not impose continuing restriction requirements on the use of long-lived assets, contributions are without donor restrictions upon expenditure to acquire the assets.

LA CASA DE LAS MADRES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Concentration of Credit Risks

La Casa 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. La Casa has not incurred losses related to these investments or cash equivalents and transfers funds to other institutions on a regular basis to manage this risk.

The primary receivable balance outstanding at June 30, 2022 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 La Casa's receivables consist of earned fees from contract programs granted by governmental agencies.

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.

For donated food, La Casa follows this guideline: National Average Minimum Value of Donated Foods for the period July 1, 2021, through June 30, 2022. Notice is hereby given that the national average minimum value of donated foods, or cash in lieu thereof, per lunch under the NSLP (7 CFR part 210) and per lunch and supper under the CACFP (7 CFR part 226) shall be \$.26 for the period July 1, 2021, through June 30, 2022 (see Note 5).

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. Contributed nonfinancial assets did not have donor-imposed restrictions.

For legal services, the value of services is based on Folger and Levine's hourly rate and the total amount is disclosed to La Casa on the legal confirmation letter (see Note 5).

Income Taxes

La Casa 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 La Casa in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. La Casa's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

Costs of providing La Casa'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. La Casa uses full-time employee equivalents to allocate indirect costs.

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.

Recently Adopted Accounting Pronouncement

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items, to increase transparency and comparability surrounding contributed nonfinancial assets through enhancements to presentation and disclosure. The ASU requires to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, include in disclosures a disaggregation of the amount of contributed nonfinancial assets by category, for each category, additional qualitative disclosures. The update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The ASU is effective for fiscal years beginning after June 15, 2021. La Casa's financial statements for the year ended June 30, 2022 are presented in accordance with ASU 2020-07.

Revenue and Revenue Recognition

La Casa recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give - 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 met. Consequently, at June 30, 2022, La Casa does not have any conditional contributions to disclose in the accompanying financial statements.

A portion of La Casa's revenue is derived from cost-reimbursable federal, state, city and county contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when La Casa has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Consequently, at June 30, 2022, La Casa does not have any refundable advances to disclose.

LA CASA DE LAS MADRES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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 La Casa's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through November 23, 2022, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

3. Liquidity and Availability of Resources

La Casa regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. La Casa has various sources of liquidity at its disposal, including cash and cash equivalents, and various receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, La Casa considers all expenditures related to its ongoing activities of providing program related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

La Casa strives to maintain liquid financial assets sufficient to cover 180 days at a minimum of general expenditures. The following table reflects La Casa's financial assets as of June 30, 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Cash and cash equivalents	\$5,946,016
Accounts receivable	591,548
Pledge receivable	<u>360,563</u>
Financial assets available	6,898,127
Less: donor restricted assets	<u>(190,000)</u>
Assets available to meet expenditures in next 12 months	<u>\$6,708,127</u>

4. Pledges Receivable

Pledges receivable are recorded as support when pledged unless designated otherwise. All pledges are valued at the estimated fair present value at June 30, 2022 and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been recorded as of June 30, 2022. Total amount of pledges receivable at June 30, 2022, of \$360,563, is expected to be collected within one year.

continued

LA CASA DE LAS MADRES

NOTES TO FINANCIAL STATEMENTS

5. Fair Market Value Measurement

The table below presents transactions measured at fair value on a non-recurring basis during the year ended June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pledged contribution - new	\$ -	\$ -	\$360,563	\$360,563
Contributed legal services		12,097		12,097
Contributed materials		<u>6,405</u>		<u>6,405</u>
	<u>\$ -</u>	<u>\$18,502</u>	<u>\$360,563</u>	<u>\$379,065</u>

The fair value of contributed legal services and materials has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of pledged contribution-new is measured on a non-recurring basis by estimating future cash flows, based on pledge commitments and previous experience and discounting the carrying amount to present value (Level 3 inputs).

6. Property and Equipment

Property and equipment at June 30, 2022 consist of the following:

Land	\$5,036,846
Building	2,763,528
Building improvements	767,979
Furniture and equipment	263,651
Construction in progress	<u>78,169</u>
	8,910,173
Less: accumulated depreciation	<u>(967,725)</u>
	<u>\$7,942,448</u>

For the year ended June 30, 2022 depreciation expense was \$119,432.

7. Accrued Liabilities

Accrued liabilities at June 30, 2022 consist of the following:

Accrued vacation	\$147,017
Accrued wages	<u>81,772</u>
	<u>\$228,789</u>

continued

LA CASA DE LAS MADRES

NOTES TO FINANCIAL STATEMENTS

8. Accrued Unemployment Liability

La Casa has elected to be self-insured for the purposes of California State Unemployment Insurance. Accrued unemployment liability at June 30, 2022, of \$24,710, represents estimated future claims arising from payroll paid to June 30, 2022. Unemployment expense for the year ended June 30, 2022 was \$5,984. La Casa utilizes the services of an unemployment trust to handle its claims. The cash amount of \$69,189, held by the trust as a reserve for future claims, is reflected as a separate cash line item in the Statement of Financial Position. Quarterly cash contributions to the trust, in the subsequent period, were increased to replenish the funds that are to be available for future claims.

9. Note Payable

Note payable to a bank, secured by a deed of trust and assignment of all rents on real property in San Francisco County, California, currently interest at 4.00%, monthly payments of \$19,514, due November, 2028.

\$3,520,338

Maturities for note payable are as follows:

Year ending June 30,

2023	\$ 95,256
2024	100,778
2025	105,494
2026	109,028
2027	112,682
Thereafter	<u>2,997,100</u>
	<u>\$3,520,338</u>

10. Line of Credit

La Casa has an unsecured line of credit in the amount of \$150,000 from a bank, at a variable interest rate of 2.00%, due December 26, 2022. No amount was outstanding at June 30, 2022.

LA CASA DE LAS MADRES

NOTES TO FINANCIAL STATEMENTS

11. Commitments and Contingencies

Contracts

La Casa's 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. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, La Casa has no provisions for the possible disallowance of program costs on its financial statements.

Restrictions on Use of Property

La Casa received grant funding amounting to \$1,000,000 for the year ended June 30, 2022 from the Northern California Community Loan Fund for the purchase of a building. The terms of the agreements have place certain restrictions on the use and disposition of the property for a period of thirty years. The entire grant plus interest at 10% may have to be repaid should there be any violations in the restrictions.

12. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 consist of the following:

Restrictions on use of property	\$1,000,000
COVID-19 response	170,000
Domestic violence	<u>20,000</u>
	<u>\$1,190,000</u>

For the year ended June 30, 2022, net assets with donor restrictions released from purpose restrictions were \$3,009,204.

13. Government Contract Revenues

Government contract revenues for the year ended June 30, 2022 consist of the following:

City and County of San Francisco:	
Department on the Status of Women	\$ 883,324
Department of Homelessness and Supportive Housing	626,318
Department of Human Services	318,631
Emergency Shelter Grant Program	165,000
State of California:	
Office of Emergency Services ("Cal OES") – DV Assistance Program	530,040
Office of Emergency Services ("Cal OES") – DV Housing First	295,075
Child and Adult Care Food Program	23,316
Department of Homeland Security:	
Emergency Food and Shelter Program	<u>12,500</u>
	<u>\$2,854,204</u>

continued

LA CASA DE LAS MADRES

NOTES TO FINANCIAL STATEMENTS

14. Pension Plan

La Casa participates in a qualified defined contribution 403(b) tax-sheltered annuity retirement plan that covered all eligible employees. La Casa makes matching contributions equal to 100% of participant's contributions of 1% to 4% of the participant's annual wages. La Casa will not make contributions beyond dollar limits set by law. Employer contributions under this plan for the year ended June 30, 2022 were \$24,982.

15. Domestic Violence Shelter Program – CalOES

Costs incurred for the Domestic Violence Shelter Program relating to the CalOES funding are included in program services on the Statement of Functional Expenses. These costs for the year ended June 30, 2022 consist of the following:

	Grant# <u>DV20331262</u>
Category:	
Salaries	\$435,597
Operating expenses	<u>122,498</u>
Total	<u>\$558,095</u>
Matching	<u>\$0</u>
	Grant# <u>XD20031262</u>
Category:	
Salaries	\$ 98,973
Operating expenses	<u>242,104</u>
Total	<u>\$341,077</u>
Matching	<u>\$0</u>