

**SAINT JOHN'S PROGRAM
FOR REAL CHANGE AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
DECEMBER 31, 2022 AND 2021**

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Saint John's Program for Real Change
Sacramento, California**

Opinion

We have audited the accompanying consolidated financial statements of Saint John's Program for Real Change and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saint John's Program for Real Change and Affiliate as of December 31, 2022 and 2021, 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 Saint John's Program for Real Change and Affiliate 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Saint John's Program for Real Change and Affiliate's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 Saint John's Program for Real Change and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Saint John's Program for Real Change and Affiliate'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.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

June 27, 2023

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,421,670	\$ 2,724,732
Investments	299,432	332,889
Inventory	5,942	4,040
Accounts and grants receivable, net	929,648	628,049
Pledges receivable, current	16,000	50,000
Prepaid expenses and deposits	<u>106,093</u>	<u>127,750</u>
Total current assets	3,778,785	3,867,460
 PLEDGES RECEIVABLE	 32,000	 29,000
 PROPERTY AND EQUIPMENT, Net	 <u>8,667,065</u>	 <u>8,663,424</u>
 TOTAL ASSETS	 <u>\$ 12,477,850</u>	 <u>\$ 12,559,884</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 179,760	\$ 150,238
Accrued expenses	409,657	325,087
Deferred revenue	25,555	3,220
Economic Injury Disaster Loan, current	3,875	3,744
Notes payable, current	<u>162,345</u>	<u>178,757</u>
Total current liabilities	781,192	661,046
 ECONOMIC INJURY DISASTER LOAN, Net	 136,696	 141,529
 NOTES PAYABLE, Net	 <u>3,966,381</u>	 <u>4,202,873</u>
 TOTAL LIABILITIES	 <u>4,884,269</u>	 <u>5,005,448</u>
 NET ASSETS:		
Without donor restrictions	7,099,514	6,813,093
With donor restrictions	<u>494,067</u>	<u>741,343</u>
Total net assets	<u>7,593,581</u>	<u>7,554,436</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 12,477,850</u>	 <u>\$ 12,559,884</u>

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

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2022 AND 2021

NET ASSETS WITHOUT DONOR RESTRICTIONS:	<u>2022</u>	<u>2021</u>
REVENUES:		
Government grants and contracts	\$ 3,954,668	\$ 3,364,818
Contributions	1,755,597	2,776,378
Program revenues	204,213	661,356
In-kind	152,794	208,119
Rent revenue	127,464	
Special events, net of direct benefit to donors of \$208,871 and \$165,949, respectively	719,852	892,749
Other income (losses)	(41,319)	644
Net assets released from restrictions	<u>372,276</u>	<u>251,123</u>
Total revenues	<u>7,245,545</u>	<u>8,155,187</u>
EXPENSES:		
Program services:		
Housing and Continuum of Care	4,903,333	3,995,389
Plates	605,076	673,999
First Steps	<u>372,927</u>	<u>372,927</u>
Total program services	<u>5,508,409</u>	<u>5,042,315</u>
Supporting services:		
General and administrative	1,017,488	870,708
Fundraising	<u>433,227</u>	<u>559,327</u>
Total supporting services	<u>1,450,715</u>	<u>1,430,035</u>
Total expenses	<u>6,959,124</u>	<u>6,472,350</u>
 INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 <u>286,421</u>	 <u>1,682,837</u>
 NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	125,000	329,563
Pledges deemed uncollectible		(2,200)
Net assets released from restrictions	<u>(372,276)</u>	<u>(251,123)</u>
 INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	 <u>(247,276)</u>	 <u>76,240</u>
 INCREASE IN NET ASSETS	 39,145	 1,759,077
 NET ASSETS, Beginning of year	 <u>7,554,436</u>	 <u>5,795,359</u>
 NET ASSETS, End of year	 <u>\$ 7,593,581</u>	 <u>\$ 7,554,436</u>

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

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2022

	Program Services			Supporting Services			
	Housing & Continuum of Care	Plates	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Personnel	\$ 3,113,873	\$ 173,284	\$ 3,287,157	\$ 542,749	\$ 281,557	\$ 824,306	\$ 4,111,463
Supplies and maintenance	690,751	117,611	808,362	41,765	35,777	77,542	885,904
Operations	421,179	98,119	519,298	187,876	73,336	261,212	780,510
Depreciation	312,466	2,242	314,708	16,522	109	16,631	331,339
Facilities	165,062	138,088	303,150	1,459	610	2,069	305,219
Professional services	166,627		166,627	65,936	38,786	104,722	271,349
Special events					208,871	208,871	208,871
Business insurance	10,606		10,606	88,776		88,776	99,382
Cost of goods sold		75,020	75,020				75,020
Bad debt				30,178		30,178	30,178
Interest and other expenses	22,769	712	23,481	42,227	3,052	45,279	68,760
Total functional expenses	4,903,333	605,076	5,508,409	1,017,488	642,098	1,659,586	7,167,995
Less direct expenses of special events					(208,871)	(208,871)	(208,871)
Total expenses reported on statement of activities	<u>\$ 4,903,333</u>	<u>\$ 605,076</u>	<u>\$ 5,508,409</u>	<u>\$ 1,017,488</u>	<u>\$ 433,227</u>	<u>\$ 1,450,715</u>	<u>\$ 6,959,124</u>

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

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services			
	Housing & Continuum of Care	Plates	First Steps	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Personnel	\$ 2,552,981	\$ 249,972	\$ 280,098	\$ 3,083,051	\$ 548,901	\$ 369,015	\$ 917,916	\$ 4,000,967
Supplies and maintenance	508,685	58,607	20,354	587,646	7,918	17,324	25,242	612,888
Operations	393,796	87,306	21,905	503,007	82,738	92,273	175,011	678,018
Depreciation	218,774	24,952	7,579	251,305	39,642	14,067	53,709	305,014
Facilities	192,112	134,505	38,146	364,763	30,323	50	30,373	395,136
Professional services	61,947	1,225	1,225	64,397	39,561	33,346	72,907	137,304
Special events						165,949	165,949	165,949
Business insurance	25,110	3,257	3,257	31,624	49,067		49,067	80,691
Cost of goods sold		102,828		102,828				102,828
Bad debt					27,892		27,892	27,892
Interest and other expenses	41,984	11,347	363	53,694	44,666	33,252	77,918	131,612
Total functional expenses	3,995,389	673,999	372,927	5,042,315	870,708	725,276	1,595,984	6,638,299
Less direct expenses of special events	_____	_____	_____	_____	_____	(165,949)	(165,949)	(165,949)
Total expenses reported on statement of activities	\$ 3,995,389	\$ 673,999	\$ 372,927	\$ 5,042,315	\$ 870,708	\$ 559,327	\$ 1,430,035	\$ 6,472,350

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

SAINT JOHN'S PROGRAM FOR REAL CHANGE

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 39,145	\$ 1,759,077
Reconciliation to net cash provided by operating activities:		
Net (gain) loss on investments	64,114	(6,426)
Donated investments	(38,177)	(10,284)
Loss on disposal of property and equipment	2,500	1,714
Depreciation	331,339	305,014
Forgiveness of debt	(79,152)	(717,000)
Accrual of interest on notes payable	30,000	30,000
Changes in:		
Inventory	(1,902)	9,057
Accounts and grants receivable	(301,599)	(37,974)
Pledges receivable	31,000	5,700
Prepaid expenses and deposits	21,657	(34,357)
Accounts payable	29,522	(220,249)
Accrued expenses	84,570	(49,292)
Deferred revenue	22,335	(33,150)
Refundable grant advances		(268,678)
Net cash provided by operating activities	<u>235,352</u>	<u>733,152</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(337,480)	(306,733)
Purchases of investments	(151,343)	(326,011)
Proceeds from sale of investments	158,863	26,145
Net cash used by investing activities	<u>(329,960)</u>	<u>(606,599)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	<u>(208,454)</u>	<u>(306,276)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(303,062)	(179,723)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>2,724,732</u>	<u>2,904,455</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,421,670</u>	<u>\$ 2,724,732</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 25,407</u>	<u>\$ 46,744</u>

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

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Saint John's Program for Real Change (Saint John's) is a charitable nonprofit organization with a mission to unleash the potential of women and children in crisis to support them to permanently exit the cycle of poverty, abuse and homelessness. Since 1985, Saint John's model has served more than 30,000 women and children.

Program engagement is 12 to 18 months and is the largest residential employment-training program for formerly homeless women and children located in the greater Sacramento region. Utilizing an evidence-based approach women and children residents receive an average of 675 hours of comprehensive services and this includes mental health therapy, alcohol and drug counseling, parenting education, high school diploma preparation and attainment, budgeting classes, healthy relationship and life skills education and hands-on employment training to support real and permanent change in their lives. Ninety-six percent of the women who complete the employment-training program secure non-subsidized employment at an average-beginning wage of \$18/hour. While mothers attend classes, children are engaged in academic, social, physical and emotional supports.

To ensure the organization's long-term place in the community, funding has been intentionally and significantly diversified. Today, government contracts comprise 40 percent of funding as compared to 70 percent 10 years ago. Robust community outreach and engagement managed by a professional fundraising department support the organization's growth through volunteer hours and individual, corporate and foundation contributions.

The newest addition to the program is transitional housing located on the Saint John's campus. Built in November 2020 to house 55 formerly homeless women and children, SJP Modular Homes, LLC is a wholly owned for-profit subsidiary of Saint John's Program for Real Change. This entity was incorporated to serve client households at or below 30 percent of Area Median Income, for a 55-year term, who are homeless or at-risk of homelessness. At present, all of the modular homes are occupied.

Principles of consolidation – The accompanying financial statements reflect the consolidation of Saint John's Program for Real Change and SJP Modular Homes, LLC (collectively, Saint John's). Material intercompany transactions and balances between these organizations have been eliminated.

Basis of presentation – The consolidated financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. Saint John's reports information regarding its financial position and activities according to the following net asset classifications: net assets without donor restrictions and net assets with donor restrictions.

Revenue recognition – Contributions and grants from private foundations or individuals are recognized in full when received or unconditionally promised, in accordance with professional standards. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire, or the contributions are used for the donor-restricted purpose.

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Government grants are received from various agencies. These grants are conditioned upon certain performance requirements or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Saint John's has met the performance requirements or incurred expenditures in compliance with specific grant provisions. Amounts received prior to meeting the performance requirements or incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no refundable advances as of December 30, 2022 or December 31, 2021.

Donor-restricted contributions that were initially classified as conditional, and for which the donor-imposed conditions and restrictions are met simultaneously, are recognized as net assets without donor restrictions in the statements of activities.

Special events revenue is recognized when the related event occurs.

Saint John's revenue from contracts with customers consists of childcare, restaurant sales, catering fees, and education services fees, which are all included in program revenue in the statements of activities. Saint John's childcare and restaurant services were discontinued at the end of 2021. Refer to Note 9 for accounting policies and additional details regarding revenue from contracts with customers.

Contributed goods and services – Contributions of in-kind (noncash) goods and services used in Saint John's operations are recorded at their estimated fair value as both support and expense in the period received, which approximates the time when such goods or services are used or placed into service. Contributions of in-kind services that create or enhance nonfinancial 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 their estimated fair value in the period received. Refer to Note 12 for additional disclosures related to in-kind contributions.

In addition, there are a considerable number of volunteers who donate significant amounts of time to Saint John's. The value of such services, which is substantial, is not included in the accompanying financial statements as it does not meet the criteria for revenue recognition.

Cash and cash equivalents – For financial statement purposes, investments with an initial maturity at purchase of three months or less are considered to be cash equivalents. Saint John's minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. Saint John's deposits held with financial institutions in excess of federal depository insurance limits totaled \$1,783,387 and \$1,878,966 as of December 31, 2022 and 2021, respectively. Saint John's has not experienced any losses in such accounts and management believes they are not exposed to any significant credit risk related to cash.

Investments are stated at fair value. Changes in market value are recorded as investment income or loss in the consolidated statements of activities.

Accounts and grants receivable – Accounts receivable and grants receivable include amounts due from grantor agencies under reimbursement grant agreements. It also includes amounts due for program services. Management has assessed the collectability of accounts receivable, and accounts receivable is presented net of an allowance for doubtful accounts of \$13,480 and \$27,080 at December 31, 2022 and 2021, respectively.

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Inventory consists of food for the Plates program and is stated at cost.

Property and equipment – Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of the donation, and depreciated using the straight-line method over estimated useful lives of 5 to 39 years. Saint John's policy is to capitalize purchases of \$2,000 or more.

Assets acquired through funding from grant resources are considered to be owned by Saint John's while such assets are in use under the funded program, or while they are being used for a similar program; however, certain funding sources have a reversionary interest in such assets. Any disposition of these assets or any funds derived therefrom are subject to grant regulations. As of December 31, 2022 and 2021, assets acquired through funding from grant resources totaled \$3,332,738 and \$3,295,456, respectively.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

- | | |
|----------------|---|
| Level 1 Inputs | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. |
| Level 2 Inputs | Inputs other than quoted prices in active markets that are observable either directly or indirectly. |
| Level 3 Inputs | Unobservable inputs for the assets or liabilities. |

Income taxes – Saint John's Program for Real Change is publicly supported and exempt from income taxes under Internal Revenue Code Section 501(c)(3). SJP Modular Homes, LLC is considered a disregarded-entity as defined by the IRS, and therefore treated as a division of Saint John's Program for Real Change for federal tax purposes. Saint John's has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the consolidated financial statements.

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Functional allocation of expenses – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated 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, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries which are allocated based on time and effort; employee benefits and payroll taxes, which are allocated based on salaries; all other expense are allocated based on salaries, head count, or specific identification of expenses, whichever best approximates usage of resources.

Recent accounting pronouncements – Effective for the year ended December 31, 2022, and applied retrospectively, Saint John’s implemented Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements with the exception of increased disclosures.

Subsequent events have been reviewed through June 27, 2023, the date the consolidated financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2022, that require recognition or disclosure in the financial statements.

Reclassification – Certain 2021 amounts have been reclassified to conform to the 2022 financial statement presentation.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Saint John’s financial assets available for general expenditure within one year of the statement of financial position date are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,421,670	\$ 2,724,732
Investments	299,432	332,889
Accounts and grants receivable	929,648	628,049
Pledges receivable	48,000	79,000
Total financial assets	<u>3,698,750</u>	<u>3,764,670</u>
Less amounts unavailable for general expenditures within one year:		
Net assets restricted by donors for purpose or time	<u>(483,067)</u>	<u>(691,343)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 3,215,683</u>	<u>\$ 3,073,327</u>

As part of Saint John’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

3. INVESTMENTS

Investments consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Corporate Stocks:		
Technology	\$ 34,670	\$ 54,941
Industrials	17,915	22,109
Healthcare	37,619	25,498
Consumer cyclical	21,406	27,982
Consumer defensive	14,004	10,875
Utilities	6,254	4,668
Financial services	29,012	26,150
Basic materials		5,635
Communication services	7,941	16,390
Energy	11,469	8,095
Real estate	2,818	9,382
Estimated Accrued Interest	1,053	
Corporate Bonds:		
AA rating	7,677	
A rating	54,437	64,209
BBB rating	53,157	56,955
	<u>\$ 299,432</u>	<u>\$ 332,889</u>

Investments in corporate stocks are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets for identical assets.

Investments in corporate bonds are classified within Level 2 of the fair value hierarchy because they are valued using alternative pricing methods using observable information inputs, such as current maturity date and interest rates.

4. PLEDGES RECEIVABLE

Pledges receivable as of December 31, are as follows:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 16,000	\$ 50,000
One to five years	<u>32,000</u>	<u>29,000</u>
Total pledges receivable	<u>\$ 48,000</u>	<u>\$ 79,000</u>

5. CONDITIONAL CONTRIBUTIONS

Saint John's receives grant funds that are considered conditional contributions and are not recorded or recognized until the applicable condition has been met, generally expenditure on costs allowable under the grant agreement, or satisfaction of performance obligations. As of December 31, 2022 and 2021 Saint John's had \$10,822,523 and \$13,014,056, respectively, of conditional contributions

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

available to be recognized in revenue in future periods under such grants. The terms of the related contracts expire through 2026. In some cases, Saint John's may not be able to access the full amount available under the agreement based on its activities and level of expenditures.

In addition, Saint John's has certain conditional contributions in the form of forgivable loans as further discussed in Note 7. Conditional contributions representing forgivable loans totaled \$3,618,500 and \$3,628,500 at December 30, 2022 and 2021, respectively.

6. PROPERTY AND EQUIPMENT

Saint John's property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 1,863,681	\$ 1,863,681
Building and improvements	7,633,854	7,585,032
Furniture and equipment	1,149,210	986,968
Vehicles	294,488	170,572
Total	<u>10,941,233</u>	<u>10,606,253</u>
Less accumulated depreciation	<u>(2,274,168)</u>	<u>(1,942,829)</u>
Property and equipment, net	<u>\$ 8,667,065</u>	<u>\$ 8,663,424</u>

7. NOTES PAYABLE AND LINE OF CREDIT

Saint John's notes payable consists of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Note payable to California Department of Housing and Community Development. The loan term is 10 years and matures May 19, 2024. Date of occupancy was received on March 7, 2014 and the promissory note is secured by a deed of trust against the 8401-11 Jackson Road property. Interest on the note accrues at a simple rate of 3% annually. Repayment of the loan shall be deferred as long as the property is used as an emergency shelter or safe haven. Upon completion of the initial loan term of 10 years, the principal on the loan and all accrued interest shall be forgiven.	\$ 1,278,500	\$ 1,248,500
Note payable to Buzz Oates Enterprises II. The loan term is 15 years and matures March 1, 2026. The promissory note is secured by a deed of trust against the 8401-11 Jackson Road property. Interest on the note accrues at a simple rate of 4% annually and is required to be paid during the first five years of the loan; although Saint John's has received waivers of interest payments and accrual from January 1, 2018 through December 31, 2020. Repayment of the loan shall be deferred through 2020. Beginning February 1, 2021, the principal and interest is paid in equal monthly installments.	510,226	650,059

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	<u>2022</u>	<u>2021</u>
<p>Note payable to Wells Fargo Financial National Bank. The loan term is 15 years and matures December 1, 2029. The promissory note is secured by a second deed of trust against the 8401-11 Jackson Road property. Interest does not accrue on the note and repayment shall be deferred as long as the property is used as an emergency shelter or a safe haven. Upon completion of the initial loan term of 15 years, the principal on the loan shall be forgiven.</p>	1,000,000	1,000,000
<p>Note payable to Wells Fargo Financial National Bank. The loan term is 15 years and matures August 14, 2031. The promissory note is secured by a deed of trust against the 8395 Jackson Road property. Interest does not accrue on the note and repayment shall be deferred as long as the property is used as an emergency shelter or safe haven. Upon completion of the initial loan term of 15 years, the principal on the loan shall be forgiven.</p>	900,000	900,000
<p>Note payable to the City of Sacramento. The loan term is 15 years and matures January 1, 2034. The promissory note is secured by the Deed of Trust against the 8395 Jackson Road property. Interest does not accrue on the note. Annual repayments of \$40,000 are scheduled for January 1 of each year beginning January 1, 2019 which shall be forgiven annually as long as the property is used as an emergency shelter or safe haven in accordance with the terms of the loan. Saint John's has been determined to be in compliance and received notification that the first three annual payments were forgiven. Saint John's has reduced the loan balance accordingly and recognized a \$40,000 contribution in each of the years ending January 1, 2019 through 2022.</p>	440,000	480,000
<p>On May 24, 2019 Saint John's obtained a \$500,000 revolving line of credit, which matured June 1, 2020 and accrued interest at 7%. On June 1, 2020, the line of credit was converted to a \$200,000 term loan. The loan carried a 4% interest rate and was repaid in full during 2022.</p>	<hr style="width: 100%;"/>	103,071
Subtotal	4,128,726	4,381,630
Current portion	<hr style="width: 100%;"/> (162,345)	<hr style="width: 100%;"/> (178,757)
Notes payable, net of current portion	<hr style="width: 100%;"/> \$ 3,966,381	<hr style="width: 100%;"/> \$ 4,202,873

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Saint John's believes it will continue to conduct its operations in the manner required to meet the criteria for loan forgiveness as described above. It has therefore, calculated the scheduled required annual principal payments on notes payable to exclude those subject to loan forgiveness. The known required principal payments on notes payable are as follows:

Year Ending December 30,

2023	\$ 162,345
2024	168,960
2025	175,843
2026	<u>3,078</u>
Total	<u>\$ 510,226</u>

8. ECONOMIC INJURY DISASTER LOAN

On June 10, 2020, Saint John's received an Economic Injury Disaster Loan (EIDL) under the small Business Act (SBA) totaling \$149,900. The loan is required to be repaid within 30 years at 2.75% interest with payments beginning June 10, 2021.

Future minimum principal payments for this agreement are as follows:

Year Ending December 30,

2023	\$ 3,875
2024	3,983
2025	4,094
2026	4,208
2027	4,325
Thereafter	<u>120,087</u>
Total	<u>\$ 140,571</u>

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

Saint John's revenues from childcare, catering fees, and education services fees, are generally recognized when the service is provided or events occur. Fees collected in advance of such services or events are recorded as deferred revenues until earned. Restaurant sales revenue is recognized at the point of sale.

Deferred revenue, which represents a contract liability, is recorded for the portion of childcare and catering fees received that relate to services to be provided in a subsequent year.

A contract asset is recorded when Saint John's satisfies a performance obligation of a contract but is not yet entitled to payment. When Saint John's becomes entitled to payment, the contract asset is classified as a receivable, whether invoiced or not.

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The balances of receivables and contract liabilities from contracts with customers are as follows as of December 31:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 0	\$ 4,036	\$ 15,353
Contract liabilities:			
Deferred revenue – Childcare and Catering fees	\$ 24,301	\$ 1,966	\$ 14,670

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include unexpended contributions restricted by donors as follows:

	<u>2022</u>	<u>2021</u>
Capital Campaign	\$ 292,665	\$ 405,000
Family Advocacy	100,000	
Time restricted	33,000	79,000
Vehicle and transportation	28,402	152,000
Solar project		77,563
Transitional housing	15,000	
Other programs	25,000	27,780
Total	<u>\$ 494,067</u>	<u>\$ 741,343</u>

11. RETIREMENT PLAN

Saint John's sponsors a 403(b) plan for eligible employees. All employees working over 20 hours per week, excluding seasonal employees, who are at least 21 years of age are eligible to participate. Employer contributions are discretionary and vest immediately. Plan contributions totaled \$34,000 and \$33,789 in 2022 and 2021, respectively.

12. IN-KIND CONTRIBUTIONS

Saint John's received the following In-kind contributions for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Rent	\$ 131,508	\$ 164,508
Professional Services	21,286	17,800
Supplies, materials and marketing		25,811
Total In-kind contributions	<u>\$ 152,794</u>	<u>\$ 208,119</u>

Saint John's receives donated rent, professional services, marketing and supplies. Contributed rent, professional services, and marketing are valued at the amount the provider would normally charge. Contributed supplies are valued at estimated fair value if purchased.

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Saint John's policy related to in-kind contributions is to utilize the assets given to carry out their mission. All in-kind contributions received by Saint John's for the years ended December 31, 2022, and 2021 were considered without donor restrictions and able to be used by Saint John's as determined by the Board and management.