

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

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

**YEARS ENDED
DECEMBER 31, 2023 AND 2022**

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**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Saint John's Program for Real Change and Affiliate (the Organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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, 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 2023 audit in accordance with auditing standards generally accepted in the United States of America. We conducted our 2022 audit in accordance with auditing standards generally accepted in the United States of American. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated 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 the Organization'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 Consolidated 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 the Organization'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 the Organization'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**

September 3, 2024

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,138,343	\$ 2,421,670
Investments	339,517	299,432
Inventory	2,315	5,942
Accounts and grants receivable, net	830,931	929,648
Pledges receivable, current	175,844	16,000
Prepaid expenses and deposits	<u>76,072</u>	<u>106,093</u>
Total current assets	4,563,022	3,778,785
PLEDGES RECEIVABLE, Net	40,000	32,000
PROPERTY AND EQUIPMENT, Net	<u>8,525,098</u>	<u>8,667,065</u>
TOTAL ASSETS	<u>\$ 13,128,120</u>	<u>\$ 12,477,850</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 116,584	\$ 179,760
Accrued expenses	437,336	409,657
Deferred revenue	12,632	25,555
Economic Injury Disaster Loan, current	4,022	3,875
Notes payable, current	<u> </u>	<u>162,345</u>
Total current liabilities	570,574	781,192
ECONOMIC INJURY DISASTER LOAN, Net	128,917	136,696
NOTES PAYABLE, Net	<u>3,608,500</u>	<u>3,966,381</u>
TOTAL LIABILITIES	<u>4,307,991</u>	<u>4,884,269</u>
NET ASSETS:		
Without donor restrictions	8,452,336	7,099,514
With donor restrictions	<u>367,793</u>	<u>494,067</u>
Total net assets	<u>8,820,129</u>	<u>7,593,581</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,128,120</u>	<u>\$ 12,477,850</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, 2023 AND 2022

NET ASSETS WITHOUT DONOR RESTRICTIONS:	<u>2023</u>	<u>2022</u>
REVENUES:		
Government grants and contracts	\$ 5,514,388	\$ 3,954,668
Contributions	1,654,279	1,755,597
Program revenues	353,834	204,213
In-kind	108,552	152,794
Rent revenue	132,472	127,464
Special events, net of direct benefit to donors of \$291,106 and \$208,171, respectively	676,666	719,852
Other income (losses)	79,944	(41,319)
Net assets released from restrictions	<u>537,618</u>	<u>372,276</u>
Total revenues	<u>9,057,753</u>	<u>7,245,545</u>
EXPENSES:		
Program services:		
Housing and Continuum of Care	5,437,017	4,903,333
Plates	<u>661,234</u>	<u>605,076</u>
Total program services	<u>6,098,251</u>	<u>5,508,409</u>
Supporting services:		
General and administrative	1,057,153	1,017,488
Fundraising	<u>549,527</u>	<u>433,227</u>
Total supporting services	<u>1,606,680</u>	<u>1,450,715</u>
Total expenses	<u>7,704,931</u>	<u>6,959,124</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,352,822</u>	<u>286,421</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	411,344	125,000
Net assets released from restrictions	<u>(537,618)</u>	<u>(372,276)</u>
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(126,274)</u>	<u>(247,276)</u>
INCREASE IN NET ASSETS	1,226,548	39,145
NET ASSETS, Beginning of year	<u>7,593,581</u>	<u>7,554,436</u>
NET ASSETS, End of year	<u>\$ 8,820,129</u>	<u>\$ 7,593,581</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, 2023

	Program Services			Supporting Services			Total
	Housing & Continuum of Care	Plates	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Personnel	\$ 3,885,480	\$ 309,672	\$ 4,195,152	\$ 458,594	\$ 356,757	\$ 815,351	\$ 5,010,503
Supplies and maintenance	615,886	66,594	682,480	58,602	9,780	68,382	750,862
Operations	266,391	86,178	352,569	156,615	111,551	268,166	620,735
Depreciation	265,853	19,815	285,668	99,829		99,829	385,497
Professional services	77,605	6,722	84,327	181,886	71,439	253,325	337,652
Special events					291,106	291,106	291,106
Facilities	175,347	78,105	253,452	4,146		4,146	257,598
Business insurance	33,258	6,109	39,367	61,094		61,094	100,461
Cost of goods sold		83,535	83,535				83,535
Housing assistance	81,162		81,162				81,162
Bad debt				31,885		31,885	31,885
Interest and other expenses	36,035	4,504	40,539	4,502		4,502	45,041
Total functional expenses	5,437,017	661,234	6,098,251	1,057,153	840,633	1,897,786	7,996,037
Less direct expenses of special events					(291,106)	(291,106)	(291,106)
Total expenses reported on statement of activities	\$ 5,437,017	\$ 661,234	\$ 6,098,251	\$ 1,057,153	\$ 549,527	\$ 1,606,680	\$ 7,704,931

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			Total
	Housing & Continuum of Care	Plates	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
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
Professional services	166,627		166,627	65,936	38,786	104,722	271,349
Special events					208,871	208,871	208,871
Facilities	165,062	138,088	303,150	1,459	610	2,069	305,219
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 STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 1,226,548	\$ 39,145
Reconciliation to net cash provided by operating activities:		
Net (gain) loss on investments	(37,186)	64,114
Donated investments		(38,177)
Loss on disposal of property and equipment	12,474	2,500
Depreciation	385,497	331,339
Forgiveness of debt	(264,537)	(79,152)
Accrual of interest on notes payable	31,454	30,000
Changes in:		
Inventory	3,627	(1,902)
Accounts and grants receivable	98,717	(301,599)
Pledges receivable	(167,844)	31,000
Prepaid expenses and deposits	30,021	21,657
Accounts payable	(63,176)	29,522
Accrued expenses	27,679	84,570
Deferred revenue	(12,923)	22,335
Net cash provided by operating activities	<u>1,270,351</u>	<u>235,352</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(256,004)	(337,480)
Purchases of investments	(170,335)	(151,343)
Proceeds from sale of investments	<u>167,436</u>	<u>158,863</u>
Net cash used by investing activities	<u>(258,903)</u>	<u>(329,960)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	<u>(294,775)</u>	<u>(208,454)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	716,673	(303,062)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>2,421,670</u>	<u>2,724,732</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 3,138,343</u>	<u>\$ 2,421,670</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 13,590</u>	<u>\$ 25,407</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, 2023 AND 2022

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 provide a safe space for women and children to heal and develop the skills necessary to transform their lives. Program services are guided by a vision to end the generational cycle of trauma and homelessness. Saint John's has served women and children experiencing homelessness since 1985.

Saint John's offers a residential employment training program for women who are experiencing homelessness, a transitional housing community, a Female Community Reentry Program (FCRP) for currently incarcerated women, and a housing assistance program for individuals of all genders experiencing homelessness or at imminent risk of becoming homeless. Saint John's also operates two social enterprises for the sole purpose of providing employment training opportunities: Red Door Desserts and Plates Catering.

With program engagement of 12 to 18 months, Saint John's offers the largest residential employment training program for homeless women located in the greater Sacramento region. The basic needs of clients are met through the provision of shelter, meals, and childcare, allowing women to focus on rebuilding their lives. Comprehensive onsite services include mental health therapy, alcohol and drug counseling, parenting education, high school diploma completion, budgeting classes, healthy relationship and life skills education, employability classes, and extensive hands-on employment training to support real and permanent change. While mothers attend classes, children receive academic, social, physical, and emotional support.

To ensure the organization's long-term sustainability, funding has been intentionally and significantly diversified. Today, government contracts comprise 63% percent of funding, which includes a diverse array of city, county, state, and federal funding opportunities. Robust community outreach and engagement managed by a professional fundraising department support the organization's growth through volunteer hours and individual, corporate, and foundation philanthropic giving.

The newest addition to the program is a Housing Assistance Program designed to prevent individuals from becoming homeless and to promote permanent housing placement for those who are experiencing homelessness. Through a philanthropic partnership, the program provides security deposit funding or short-term rental assistance when it is anticipated that short-term financial assistance will allow an individual to acquire or maintain permanent housing.

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

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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.

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 31, 2023 or December 31, 2022.

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 catering fees, education services fees, and housing assistance administration income, which are all included in program revenue in the statements of activities. 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 \$2,517,557 and \$1,783,387 as of December 31, 2023 and 2022, 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.

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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 credit losses of \$0 and \$13,480 at December 31, 2023 and 2022, respectively.

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, 2023 and 2022, assets acquired through funding from grant resources totaled \$3,332,738.

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.

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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.

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.

Subsequent events have been reviewed through September 3, 2024, the date the consolidated financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2023, that require recognition or disclosure in the financial statements.

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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,138,343	\$ 2,421,670
Investments	339,517	299,432
Accounts and grants receivable	830,931	929,648
Pledges receivable	215,844	48,000
Total financial assets	<u>4,524,635</u>	<u>3,698,750</u>
Less amounts unavailable for general expenditures within one year:		
Net assets restricted by donors for purpose or time	<u>(325,793)</u>	<u>(483,067)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 4,198,842</u>	<u>\$ 3,215,683</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, 2023 AND 2022

3. INVESTMENTS

Investments consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Corporate Stocks:		
Technology	\$ 53,033	\$ 34,670
Industrials	22,159	17,915
Healthcare	22,410	37,619
Consumer cyclical	28,333	21,406
Consumer defensive	17,915	14,004
Utilities		6,254
Financial services	30,527	29,012
Basic materials		
Communication services	11,502	7,941
Energy	10,475	11,469
Real estate	8,441	2,818
Accrued interest	1,387	1,053
Corporate Bonds:		
AA rating	9,787	7,677
A rating	62,075	54,437
BBB rating	61,473	53,157
	<u>\$ 339,517</u>	<u>\$ 299,432</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>2023</u>	<u>2022</u>
Less than one year	\$ 175,844	\$ 16,000
One to five years	40,000	32,000
Total pledges receivable	<u>\$ 215,844</u>	<u>\$ 48,000</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, 2023 and 2022 Saint John's had \$9,209,924 and \$10,822,523, respectively, of conditional contributions

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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 \$3,608,500 and \$3,618,500 at December 31, 2023 and 2022, respectively.

6. PROPERTY AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 1,863,681	\$ 1,863,681
Building and improvements	7,759,220	7,633,854
Furniture and equipment	1,031,887	1,149,210
Vehicles	294,488	294,488
Construction in progress	86,614	
Total	<u>11,035,890</u>	<u>10,941,233</u>
Less accumulated depreciation	<u>(2,510,792)</u>	<u>(2,274,168)</u>
Property and equipment, net	<u>\$ 8,525,098</u>	<u>\$ 8,667,065</u>

7. NOTES PAYABLE

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

	<u>2023</u>	<u>2022</u>
Note payable to California Department of Housing and Community Development. The loan term is 10 years after filing of the certificate of occupancy and matures March 27, 2028. Date of occupancy was received on March 27, 2018 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.	\$ 1,308,500	\$ 1,278,500
Note payable to Buzz Oates Enterprises II. The promissory note was secured by a deed of trust against the 8401-11 Jackson Road property. Interest on the note accrued at a simple rate of 4% annually and was required to be paid during the first five years of the loan with principal and interest payments commencing February 1, 2021. Saint John's received waivers of interest payments and accrual through December 31, 2020. During 2023, Saint John's paid off 50% of the outstanding balance, and the remaining 50% was forgiven.		510,226

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
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.	1,000,000	1,000,000
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.	900,000	900,000
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 each year that the 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 2023.	<u>400,000</u>	<u>440,000</u>
Subtotal	3,608,500	4,128,726
Current portion	<u> </u>	<u>(162,345)</u>
Notes payable, net of current portion	<u>\$ 3,608,500</u>	<u>\$ 3,966,381</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:

<u>Year Ending December 31,</u>		
2024	\$	4,022
2025		4,134
2026		4,249
2027		4,367
2028		4,489
Thereafter		<u>111,679</u>
Total	\$	<u>132,939</u>

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

Saint John's revenues from catering fees, education services fees, and housing assistance administration income 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.

Deferred revenue, which represents a contract liability, is recorded for the portion of 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.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 4,752	\$	\$ 4,036
Contract liabilities:			
Deferred revenue – Catering fees	\$	\$ 24,301	\$ 1,966

10. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Mental and behavioral health services	\$ 97,526	
Time restricted	88,318	\$ 33,000
Transitional housing	50,667	15,000
Capital Campaign	25,000	292,665
Workforce development	24,546	
Vehicle and transportation	23,402	28,402
Family Advocacy	20,000	100,000
Other programs	38,334	25,000
Total	<u>\$ 367,793</u>	<u>\$ 494,067</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 \$57,827 and \$34,000 in 2023 and 2022, respectively.

SAINT JOHN'S PROGRAM FOR REAL CHANGE AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

12. IN-KIND CONTRIBUTIONS

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

	<u>2023</u>	<u>2022</u>
Rent	\$ 76,713	\$ 131,508
Professional Services	13,266	21,286
Events	<u>18,573</u>	<u> </u>
Total In-kind contributions	<u>\$ 108,552</u>	<u>\$ 152,794</u>

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

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, 2023, and 2022 were considered without donor restrictions and able to be used by Saint John's as determined by the Board and management.