IRYNA
Accountancy Corporation

UNITED PLAYAZ

UNITED PLAYAZ, INC

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2023

UNITED PLAYAZ, INC
(A California Nonprofit Public Benefit Corporation)

TABLE OF CONTENTS

JUNE 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
UNITED PLAYAZ, INC

Opinion

We have audited the accompanying financial statements of UNITED PLAYAZ, INC (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 UNITED PLAYAZ, INC as of June 30, 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UNITED PLAYAZ, INC 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 UNITED PLAYAZ, INC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UNITED PLAYAZ, INC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UNITED PLAYAZ, INC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Iryna Accountancy Corporation
Oakland, California
March 20, 2024

BASIC FINANCIAL STATEMENTS

UNITED PLAYAZ, INC
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 365,143	$ 18,348	$ 383,491
Accounts receivable	1,151,234	-	1,151,234
Prepaid expense	51,447	-	51,447
TOTAL CURRENT ASSETS	1,567,824	18,348	1,586,172
Property and equipment, net	3,418,898	-	3,418,898
Intangible assets, trademark	4,260	-	4,260
TOTAL ASSETS	$ 4,990,982	$ 18,348	$ 5,009,330
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$ 4,305	$ -	$ 4,305
Employee related payable	31,931	-	31,931
Accrued vacation	64,213	-	64,213
Loan payable, current portion	44,956	-	44,956
TOTAL CURRENT LIABILITIES	145,405	-	145,405
Loan payable, net of current portion	661,429	-	661,429
TOTAL LIABILITIES	806,834	-	806,834
NET ASSETS			
Without donor restrictions	4,184,148	-	4,184,148
With donor restrictions	-	18,348	18,348
TOTAL NET ASSETS	4,184,148	18,348	4,202,496
TOTAL LIABILITIES and NET ASSETS	$ 4,990,982	$ 18,348	$ 5,009,330

See independent auditor's report and accompanying notes to financial statements.

UNITED PLAYAZ, INC

(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government support	$ 4,338,015	$ -	$ 4,338,015
Foundation and corporate support	919,781	40,000	959,781
Contributions	144,118	-	144,118
Interest	5,581	-	5,581
Other	42,178	-	42,178
Net assets released from restrictions	21,652	(21,652)	-
TOTAL SUPPORT and REVENUE	$ 5,471,325	$ 18,348	$ 5,489,673
EXPENSES			
Program services	$ 2,406,226	$ -	$ 2,406,226
Management and general	454,018	-	454,018
Fundraising	191,946	-	191,946
TOTAL EXPENSES	3,052,190	-	3,052,190
CHANGE IN NET ASSETS	2,419,135	18,348	2,437,483
NET ASSETS, beginning of year	1,765,013	-	1,765,013
NET ASSETS, end of year	$ 4,184,148	$ 18,348	$ 4,202,496

See independent auditor's report and accompanying notes to financial statements.

UNITED PLAYAZ, INC

(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services					Supporting Services		Total
	Case Mgmt	Afterschool	In School Violence	REENTRY	Community/ Crisis Resp	Management and General	Fundraising	
Salaries and wages	$ 309,813	$ 598,768	$ 89,473	$ -	$ -	$ 280,617	$ 161,820	$ 1,440,491
Employee benefits	-	167,839	-	-	-	-	-	167,839
Payroll taxes	24,853	51,460	7,013	-	-	21,463	12,365	117,154
Accounting	-	8,018	-	-	-	9,078	-	17,096
Contract services	-	405,711	-	106,968	109,924	1,122	1,425	625,150
Advertising and promotion	-	-	-	-	-	-	-	-
Recreation trips and events	2,697	62,382	3,643	21,845	-	-	16,336	106,903
Information technology	435	12,996	-	-	-	-	-	13,431
Rent	-	16,120	-	-	-	6,486	-	22,606
Travel and meals	-	11,827	-	-	2,378	5,739	-	19,944
Insurance	-	14,890	-	4,860	-	6,127	-	25,877
Depreciation	-	-	-	-	-	37,175	-	37,175
Interest	-	38,024	-	-	-	30,330	-	68,354
Incentives and scholarship	292	5,018	-	1,500	32,848	3,967	-	43,625
Office expenses	7,340	131,460	19,495	86,090	50,246	51,914	-	346,545
TOTAL EXPENSES	$ 345,430	$ 1,524,513	$ 119,624	$ 221,263	$ 195,396	$ 454,018	$ 191,946	$ 3,052,190

See independent auditor's report and accompanying notes to financial statements.

UNITED PLAYAZ, INC
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	2,437,483
Adjustments to reconcile change in net assets		
to net cash provided /(used) by operating activities:		
Depreciation		37,175
Increase (decrease) in operating liabilities:		
Accounts receivable		(561,163)
Prepaid expenses		(51,447)
Intangible assets, trademark		(4,260)
Accounts payable		(5,045)
Employee related payable		(903)
Accrued vacation		(4,980)
Net cash provided/ (used) by operating activities		1,846,860
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment acquisition		(2,197,733)
Net cash provided / (used) by investing activities		(2,197,733)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on loan payable		(37,926)
Net cash provided / (used) by financing activities		(37,926)
Net increase (decrease) in cash and cash equivalents		(388,799)
Cash and cash equivalents, beginning of year		
Unrestricted cash and cash equivalents		772,290
Restricted cash and cash equivalents		-
Total cash and cash equivalents, beginning of year		772,290
Cash and cash equivalents, end of year		
Unrestricted cash and cash equivalents		365,143
Restricted cash and cash equivalents		18,348
Total cash and cash equivalents, end of year	$	383,491

See independent auditor's report and accompanying notes to financial statements.

Note 1. Nature of activities

Nature of Activities

UNITED PLAYAZ, INC (the Organization) was incorporated as a California nonprofit public benefit corporation. The Organization is a violence prevention and youth leadership organization that works with San Francisco youth and young adults from all neighborhoods at schools, community centers, through street outreach and at San Francisco's Juvenile Justice Center. The Organization is committed to improve the lives of young people surviving in vulnerable environments and show high incidence of truancy and low academic performance or have been involved in the juvenile justice system through direct service and community collaboration.

The Organization provides five core programs:

Case Management: The Organization provides year-round individual case management services to youth geared towards reducing cycles of destructive behavior. The program improves the kids' overall health by increasing their knowledge and access to ancillary services through a well-established network of partners and referral services. The Organization has taken on 375 case-management clients so far.

Afterschool Programs: The Organization provides structured afterschool programs for elementary and middle school youth throughout the school year and summer. Activities include homework help, life skills workshops, field trips and other recreational activities.

In School Violence Prevention: The Organization has a presence at 7 high schools in San Francisco to provide in-school violence prevention and support. This program provides youth with a way to get to know the Organization while developing leadership skills and participating in violence prevention events.

*REENTR*Y: The Organization provides skill development and workforce training, academic assistance with the GED and HSE, as well as college enrollment services and referrals to vocational training and other employment programs. The program provides mentoring and assistance navigating systems post incarceration.

Community & Crisis Response Services: The Organization provides support to citywide crisis response teams, as well as street level outreach to prevent and reduce violent activities. The Organization's staff members are on call 24 hours a day.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short maturity of those instruments.

Note 2. Summary of Significant Accounting Policies (Continued)

Net Assets

Financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-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 those 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. There were no net assets with donor restrictions perpetual in nature as of as of June 30, 2023.

Adoption of New Accounting Pronouncement

The Organization adopted Accounting Standards Codification (“ASC”) 842, “Leases” (“ASC 842”) during the year ended June 30, 2023, using the modified retrospective transition method and used the effective date as the date of initial application. The Organization elected the “package of practical expedients,” which permits not to reassess under ASC 842 prior conclusions about lease identification, lease classification and initial direct costs. The Organization made a policy election not to separate non-lease components from lease components, therefore, the Organization accounts for lease and non-lease components as a single lease component. The Organization elected the short-term lease recognition exemption for all leases that qualify.

The Organization determines if a contract contains a lease at inception of the arrangement based on whether there is the right to obtain substantially all of the economic benefits from the use of an identified asset and whether the Foundation have the right to direct the use of an identified asset in exchange for consideration. Right of use (“ROU”) assets represents the Organization 's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets are recognized as the lease liability, adjusted for lease incentives received. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is risk-free discount rate, which is determined using a period comparable with lease term, because the interest rate implicit in most of the leases is not readily determinable. Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the lease liability calculation.

Variable lease payments may include costs such as common area maintenance, utilities, real estate taxes or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred.

Operating leases are included in operating lease ROU assets, operating lease liabilities, current and operating lease liabilities, non-current on the statement of financial position. Finance leases are included in property and equipment, net, accrued and other current liabilities, and other long-term liabilities on the statement of financial position. For operating leases, lease expense is recognized on a straight-line basis in operations over the lease term. For finance leases, lease expense is recognized as depreciation and interest; depreciation on a straight-line basis over the lease term and interest using the effective interest method.

The Organization has evaluated its lease situation under the new standard and found it to be not applicable.

Note 2. Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation

All acquisitions of property and equipment in excess of $5,000 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. Property and equipment are depreciated using the straight-line method over estimated useful lives of 10-40 years for building and improvements and 3 years for furniture and equipment.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from California franchise taxes under similar state provisions. It is the opinion of management that all income earned has been related to the Organization tax-exempt status, and there has been no unrelated business income. The Organization has no assets or liabilities related to uncertain tax positions. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Donated Services and Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Donated property and equipment are also recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restriction to net assets without donor restrictions at that time.

Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their market value at the time the services are rendered. Donated services that do not meet the criteria for recognition, but which are, nonetheless, central to the Organization's operations are not reflected in the financial statements.

Special Events

The Organization did not have special events for the year ended June 30, 2023.

Advertising Expenses

Advertising costs are expensed when the advertising occurs. There were no advertising expenses for the year ended June 30, 2023.

Prepaid Expenses

Prepaid expenses are amortized over the period of future benefit.

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions and Contributions Receivable

Contributions are recognized as revenue when received or unconditionally promised. Contributions received are recorded as support with donor restrictions and without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional pledges are recognized as receivables and revenue when the conditions on which they depend are substantially met.

Contributions receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization uses the allowance method to determine uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization charges off uncollectible contributions receivable when management determines amounts are not collectable. No allowance was recorded because there were no contributions receivable as of June 30, 2023 because all receivables are expected to be collected in full.

Revenue Recognition

The Organization recognizes revenue on the accrual basis of accounting. Interest and other investment return are recognized as revenue in the period in which revenue is earned. Contributions and donations are recognized as revenue in the period when they are unconditionally promised.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a 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, 2023 contributions approximating $1,600,140 have not been recognized in the accompanying statement of activities because the condition on which they depend has not yet been met. The total conditional contributions are contingent upon appropriate use of funds.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Intangible Assets

Intangible assets consist of accumulated costs incurred in defending the Organization's trademark, IT TAKES THE HOOD TO SAVE THE HOOD, UNITED PLAYAZ, and logo.

Note 2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on the management estimate. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which the Organization delivers its programs, rents are allocated based on staff hours devoted to each program or function. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support services, are allocated based on the management's best estimate.

The main expense categories are allocated based on the following methodology:

Expenses	Method of Allocation
Payroll related expenses	Time and effort
Contract services	Function and usage
Recreation trips and events	Function and usage
Interest	Function and usage
Office expenses	Function and usage

Fair Value of Financial Instruments

The following methods and assumptions were used by the Organization in establishing the fair value of its financial statements: the carrying amounts of cash, short-term investments, grant and accounts receivables, prepaid expenses, deposits, and accounts payable, accrued expenses, and other current liabilities approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables and payables are approximate fair value as these receivables and payables earn or are charged interest based on the prevailing rates.

Fair Value Measurements

The Organization adopted the provisions for fair value measurements contained in the Accounting Standards Codification ASC 820, *Fair Value Measurements and Disclosures*. This standard applies to financial instruments and defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price)." The standard establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820, among other things, requires maximizing the use of observable inputs and to minimize the use of unobservable inputs when measuring fair value.

ASC 820 discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The statement utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.

Note 2. Summary of Significant Accounting Policies (Continued)

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flows models and similar techniques.

As of June 30, 2023, the Organization did not have any assets measured at fair value.

Note 3. Concentration of Credit Risk

FASB ASC 825 requires disclosure of significant concentrations of credit risk arising from all financial instruments. Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash deposits and investments. At times, a portion of the cash balances may not be insured by FDIC. The potential concentration of credit risk pertaining to cash balances will vary throughout the year depending upon the level of cash deposits versus amounts insured. The FDIC insures cash balances held in banks up to $250,000 for each bank. As of June 30, 2023, deposits in amount of $134,009 were not FDIC insured.

The Organization maintaining its cash deposits with a reputable financial institution, and management believes the Organization is not exposed to any significant credit risk related to cash.

Note 4. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	$	383,491
Accounts receivable		1,151,234
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		18,348
Financial assets available to meet cash needs for general expenditure within one year	$	1,534,725

$1,534,725 of financial assets are available to cover the Organization's liquidity needs as of June 30, 2023. The Organization has a goal to maintain sufficient financial assets on hands, which consists of cash and receivables, to meet the total of next fiscal year's projected management/general and fundraising expenses, which are expected to be approximately $645,964 (per actual supporting expenses for the year ended June 30, 2023).

Based on projected estimates, the Organization has sufficient liquid assets to cover its current liabilities.

Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of contributions and grants designated for specific purposes and unconditional pledges that will be received in the future. The composition of net assets with donor restrictions at June 30, 2023 and the changes in these net assets are as follows:

Note 5. Net Assets with Donor Restrictions (Continued)

Purpose	06/30/2022	Additions	Released	06/30/2023
Summer Program	$ -	$ 40,000	$ (21,652)	$ 18,348
Total	$ -	$ 40,000	$ (21,652)	$ 18,348

Note 6. Property and Equipment

Property and equipment and related accumulated depreciation at June 30, 2023 are as follows:

Land	$ 1,952,503
Buildings	1,682,747
Furniture and equipment	27,734
Less accumulated depreciation	(244,086)
Total	$ 3,418,898

The depreciation expense for the year June 30, 2023 is $37,175.

Note 7. Accounts Receivable

99% of accounts receivable consists of the fees for services performed by the Organization for the year ended June 30, 2023 from the City and County of San Francisco, Department of Children, Youth, and Families.

Note 8. In-Kind Contributions and Donated Services

Generally accepted accounting principles (GAAP) allow recognition of contributed services only if the services (a) create or enhance non-financial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

During the year ended June 30, 2023, the Organization received a significant amount of donated services from unpaid volunteers who assisted in fundraising and program services that do satisfy the criteria for recognition under *FASB ASC 958-605-25-16.*

The management estimated that the Organization received about 200 hours provided by 10 volunteers in support of fundraising activities and 312 hours provided by 6 volunteer directors in support of the running of the Organization for the year ended June 30, 2023.

Note 9. Note Payable

In February 2015, the Organization purchased a building located at 1038 Howard Street, San Francisco, CA, and signed a promissory note payable to the John H. Hammond Living Trust, secured by real estate in San Francisco, California. The note is for $1,000,000 and is due in monthly installments of principal and interest totaling $6,738 bearing interest at 5.25% per annum and maturing in February 2035. As of June 30, 2023, the loan balance was as follows:

Note payable	$ 706,385
Less current portion	(44,956)
Note payable, net of current portion	$ 661,429

Note 9. Note Payable (Continued)

The future scheduled maturities of the note payable are as following for the years ending June 30, 2023:

For the year ended June 30,

2024	$	44,956
2025		47,374
2026		49,922
2027		52,607
2028		55,436
Thereafter		456,090
Total	$	706,385

Note 10. Contingencies

Limitations on Use of Property

The City and County of San Francisco awarded the Organization $400,000 to the used toward acquiring the real property noted above. The grant agreement stipulates that the real property must be used as an office and open space center for youth and for providing violence prevention and youth development services, consistent with the requirement of the South of Market Community Stabilization Fund. In the event that this condition is not met, the Organization may be required to return the award plus interest.

Community Vision Capital and Consulting awarded the Organization $535,000 to the used toward acquiring the real property at 1044 Howard Street, San Francisco, California. The grant agreement stipulates that the real property shall not enter sublease, license, or other occupancy agreement without obtaining grantor consent. In the event that this condition is not met, the Organization may be required to return the award to the grantor.

Compliance with Donor Restrictions

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization’s management is of the opinion that the Organization has complied with the terms of all grants.

Note 11. Operating Lease

The Organization leases a copier under the lease agreement that will expire in October 2024. Monthly base lease payments for the lease are $250. The Organization also leases a storage facility on a month-to-month basis.

The total lease expenses for the copier and storage were $22,606 for the year ended June 30, 2023.

The future minimum lease payments for the years ended June 30, are as follows:

For the year ended June 30,

2024	$	3,000
2025		1,000
Total	$	4,000

Note 12. Accrued Vacation

Accrued vacation consists of accrued unpaid employee vacation benefits which are recognized as liabilities of the Organization. The estimated related accrued vacation is based on vacation hours earned and current pay rates. The value of accrued vacation at June 30, 2023 was $64,213 .

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulate sick leave. Accumulated employee sick leave benefits are not recognized as liabilities because payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenses in the period sick leave is taken.

Note 13. Subsequent Events

In accordance with ASC 855, Subsequent Events topic, the Organization evaluated subsequent events for recognition and disclosure through March 20, 2024, the date these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in such financial statements.

IRYNA ACCOUNTANCY CORPORATION
1000 Broadway 200-C
Oakland, CA 94607
(510) 467-9506 Tel
(510) 280-9756 Fax
info@irynacpa.com
www.irynacpa.com