



November 25, 2022

Dear DignityMoves supporters and friends,

What an incredible first year it has been for DignityMoves! It is with great pride that we share our organization's first financial report with you.

In September 2021 we officially announced our organization and immediately began fundraising for our first two transitional housing villages located at 33 Gough Street in San Francisco and 1016 Santa Barbara Street in Santa Barbara. Our young, nimble organization was designed to produce fast, efficient results. We started construction of a 70-room community in San Francisco in January 2022 and opened the first 30 rooms just two months later March 8th, with the remaining 40 rooms opening May 26th. Today approximately 94 residents are enjoying safe, dignified rooms while working on more permanent exits out of homelessness.

In February we started construction of a 35-room village in downtown Santa Barbara and, despite some delays with the power company, we accepted the first residents less than 6 months later in early August.

During the 2021-2022 fiscal year we successfully applied for grants from the State of California's Project Homekey program, receiving \$11.4 million to build 60 interim supportive housing units in Rohnert Park (in partnership with Home First Services) and \$9.23 million to build 47 units in the City of Alameda (in partnership with Five Keys Schools and Programs). Though this letter is intended to summarize our accomplishments in the 2021-2022 fiscal year, I can't help but say that our Rohnert Park project opened on October 24, 2022 – completed in less than 8 months from the date of the award, earning the project an Early Occupancy Bonus from the State.

As a young organization, we are especially thrilled to present such strong financial statements after our first full year of operations. DignityMoves officially became a 501c3 just over 1 year ago, in November 2021. **Since that time, we have grown from 3 employees to 11 and closed out our 2021-2022 fiscal year with a balance sheet of over \$10,000,000.**

However, that doesn't even tell the whole story. Prior to receiving our 501c3 status, the funds we raised were directed to our project partners who served as our fiscal agents. Thus, in addition to the revenue reflected on these financial statements we raised an additional \$2,235,000: \$1,760,000 for 33 Gough (with Home First Services) and \$475,000 for 1016 Santa Barbara Street (with Good Samaritan Shelters).

Now that we have opened our first few projects, DignityMoves is really building on that credibility and gaining momentum. We have several projects underway or in the planning stages across California. Looking ahead to the next year, we plan to expand beyond California while also working to develop even more quickly and cost-effectively, so that we can make significant impacts on unsheltered homelessness at scale.

We believe that DignityMoves' efforts to bring interim supportive housing to the forefront of homelessness solutions is about to hit an inflection point. The old approaches are not working; our communities have been spending more and more money, yet the problem has kept getting worse. It's time to think outside of the box and apply innovative solutions to the homelessness crisis – DignityMoves is doing just that. We thank you for joining us on this quest to bring dignity to our neighborhoods and particularly to our neighbors suffering on our streets.

Sincerely,

A handwritten signature in black ink, appearing to read 'Elizabeth Funk', with a long horizontal line extending to the right.

Elizabeth Funk
Founder and CEO
DignityMoves

Financial Statements

DignityMoves
(a nonprofit organization)
Year Ended June 30, 2022



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
DignityMoves
San Francisco, California

Opinion

We have audited the accompanying financial statements of DignityMoves (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of DignityMoves as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of DignityMoves 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 Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DignityMoves' ability to continue as a going concern for one year after the date that the financial statement is issued.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 GAAS 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 statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 DignityMoves' 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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DignityMoves' 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.

Harris CPAs

Meridian, Idaho
November 17, 2022

DIGNITYMOVES
STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS

Current Assets

Cash and cash equivalents	\$ 10,099,710
Accounts receivable	119,970
Grants receivables	125,000
Prepaid expenses	<u>3,587</u>
Total Assets	<u>\$ 10,348,267</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 1,128,191
Accrued liabilities	41,932
Unearned revenue	<u>8,331,971</u>
Total Liabilities	9,502,094

Net Assets

Without donor restriction	721,173
With donor restrictions	<u>125,000</u>
Total Net Assets	<u>846,173</u>
Total Liabilities and Net Assets	<u>\$ 10,348,267</u>

See notes to financial statements.

DIGNITYMOVES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>
Revenues and Other Support			
Contributions	\$ 1,826,236	\$ 0	\$ 1,826,236
State grants		3,056,041	3,056,041
Foundation grants		250,000	250,000
Program service fees	410,390		410,390
Contributed nonfinancial assets	234,019		234,019
Other income	<u>2,291</u>		<u>2,291</u>
	2,472,936	3,306,041	5,778,977
Net assets released from restrictions	<u>3,181,041</u>	<u>(3,181,041)</u>	<u>0</u>
Total Revenue	5,653,977	125,000	5,778,977
Expenses			
Program services – Innovative housing			
Rohnert Park	2,965,743		2,965,743
Alameda	513,420		513,420
Other locations	<u>1,105,420</u>		<u>1,105,420</u>
Total Program Services - Innovative housing	<u>4,584,583</u>	<u>0</u>	<u>4,584,583</u>
Supporting Services			
General and administrative	257,973		257,973
Fundraising	<u>72,269</u>		<u>72,269</u>
Total Supporting Services	<u>330,242</u>	<u>0</u>	<u>330,242</u>
Total Expenses	<u>4,914,825</u>	<u>0</u>	<u>4,914,825</u>
Change in Net Assets	739,152	125,000	864,152
Net Assets			
Beginning of Year	<u>(17,979)</u>	<u>0</u>	<u>(17,979)</u>
End of Year	<u>\$ 721,173</u>	<u>\$ 125,000</u>	<u>\$ 846,173</u>

See notes to financial statements.

DIGNITYMOVES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	<u>Program Services - Innovative Housing</u>			<u>Supporting Services</u>		
	<u>Rohnert</u>		<u>Other</u>	<u>Management</u>		
	<u>Park</u>	<u>Alameda</u>	<u>Locations</u>	<u>& General</u>	<u>Fundraising</u>	<u>Total</u>
Contractors	\$ 1,825,705	\$ 320,521	\$ 247,153	\$ 155	\$ 690	\$ 2,394,224
Cost of construction	868,333	20,369	614,869	202		1,503,773
Salaries and benefits	50,941	23,701	198,088	189,952	69,475	532,157
Contributed nonfinancial assets	184,081	40,729	1,200	8,009		234,019
Professional fees	35,155	107,513	13,564	9,808	2,000	168,040
Travel	463		8,262	280		9,005
Subscriptions			127	3,172		3,299
Interest Expense		587				587
Advertising			308			308
Other expenses	<u>1,065</u>	<u></u>	<u>21,849</u>	<u>46,395</u>	<u>104</u>	<u>69,413</u>
Total Expenses	<u>\$ 2,965,743</u>	<u>\$ 513,420</u>	<u>\$ 1,105,420</u>	<u>\$ 257,973</u>	<u>\$ 72,269</u>	<u>\$ 4,914,825</u>

See notes to financial statements.

DIGNITYMOVES
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

Cash Flow From Operating Activities	
Change in net assets	\$ 864,152
Changes in operating assets and liabilities:	
Accounts receivable	(119,970)
Grants receivable	(125,000)
Prepaid expenses	(3,587)
Unearned revenue	8,331,971
Accounts payable	1,081,594
Accrued expenses	<u>26,613</u>
Net Change in Cash and Cash Equivalents	10,055,773
Cash and Cash Equivalents - Beginning of Year	<u>43,937</u>
Cash and Cash Equivalents - End of Year	<u>\$ 10,099,710</u>

See notes to financial statements.

DIGNITYMOVES

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

Nature of Organization

DignityMoves, (the Organization), is a California nonprofit corporation, established by a group of concerned business leaders who are all members of Young Presidents Organization (YPO). The Organization began in 2021 and ended the year in a deficit due to having expended more than contributions received. However, by 2022 the Organization was able to cover the deficit through grants and contributions.

Frustrated with the state of unsheltered homelessness in their communities, the Organization pooled their collective expertise and resources to take a fresh look at the situation, and find innovative solutions. “Interim Supportive Housing” differs from traditional “shelters” in a number of ways. Rather than a bunk bed in a group setting, everyone gets the dignity of their own private space—with a door that locks. Most importantly, exceptional services agencies provide the wrap-around support necessary to help clients make positive steps forward: connecting them with mental and behavioral healthcare, employment and housing specialists, and a myriad of other critical resources.

As of June 30, 2022, the Organization facilitated the construction of innovative housing communities within multiple locations throughout California. The Organization successfully opened locations within Santa Barbara and San Francisco. The location in Rohnert Park was opened in October 2023 and the Alameda location is anticipated to open in the spring of 2023.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization reports net assets and revenues, expenses, gains and losses are classified according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

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NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash on hand as well as checking accounts with financial institutions. The Organization considers all short-term investments purchased with maturity of three months or less to be cash equivalents.

Concentration of Credit and Income Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of financial institution balances. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At June 30, 2022, the Organization's uninsured balances totaled \$9,824,263.

As of June 30, 2022, the Organization had one donor that comprised 54% of total revenue.

Accounts Receivable

Accounts receivable are reported at their net realizable amount on the balance sheet. Accounts are written off when found to be uncollectible by the Organization. Historically, all of the Organization's accounts receivable have been collectable. Primarily all of the Organization's receivables are due to the timing between contributions pledged or grants awarded, and the date the funds were received.

Grant Revenues and Receivables

All grants, except for expenditure reimbursement grants, are recognized as income when the grantor agency agrees to provide the funds to the Organization. Expenditure reimbursement grants are recognized as income when the related expenditures are made.

DIGNITYMOVES

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Unearned Revenue

The Organization reports earnings from program service fees by the proportional performance method of accounting. In accordance with ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), contract liabilities are recognized when program service fees have been received, but the performance obligations related to the received consideration have yet to be satisfied. As is common within the industry, contract liabilities are referred to as unearned revenue. Management has determined there were no circumstances that would require contract assets to be recorded on the statements of financial position at June 30, 2022.

Upon receipt of a prepayment for services to be performed, the Organization recognizes a liability in the amount of the prepayment for its unsatisfied performance obligations to be completed at a future date. At June 30, 2022, the Organization has recorded a liability of \$8,331,971, which the Organization expects to recognize as revenue in the following year, when it satisfies the outstanding performance obligations.

Contributions and Donor Imposed Restrictions

Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as revenue or support with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, 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 restriction.

The Organization recognizes grants and 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.

Program service revenue

The Organization earns fees for the management of the development of the communities. These fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These transactions typically have a single performance obligation that is generally satisfied over time as work progresses because a continuous transfer of control to the customer. Typically revenue is recognized over time using an input measure to measure progress. The Organization generally uses the cost-to-cost measure of progress method because it best depicts the transfer of control to the customer which occurs as the Organization incurs costs on its contracts. As of June 30, 2022, the Organization earned \$410,390 in program service revenue.

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NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

In-kind Contributions

The Organization records in-kind goods based on the fair value as described in generally accepted accounting principles. The Organization recognizes donated services if they create or enhance non-financial assets or require specialized skills and would typically be purchased if not provided by donation. In-kind contributions are recognized as revenue when received and as expenditures when the resources are consumed.

Advertising

The Organization expenses advertising as costs are incurred. Advertising expenses totaled \$308 for the period ended June 30, 2022.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation, employee benefits, payroll related taxes, and certain office expenses, which are allocated on the basis of estimates of time and effort, and utilities. General and administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

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NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of that position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal 2022. The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2017.

Subsequent Events

The Organization has evaluated subsequent events through November 17, 2022, which is the date the financial statements were available to be issued.

Note B – Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets available within one year	
Cash and cash equivalents	\$ 10,099,710
Accounts and grants receivable	<u>244,970</u>
Total financial assets available within one year	10,344,680
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with time restrictions	<u>(125,000)</u>
Total amounts unavailable for general expenditures within one year	<u>(125,000)</u>
Total financial assets available within one year after restriction	<u>\$ 10,219,680</u>

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NOTES TO FINANCIAL STATEMENTS

Note B – Liquidity and Availability of Resources (Continued)

As part of the Organization’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. At June 30, 2022, unearned revenue of \$8,331,971 is included within cash and cash equivalents. Additional details can be found within Note C. Additionally, at June 30, 2022, all net assets with donor restrictions are available for payment of any major expenditures incurred, except for accounts and grants receivable which are available when the receivable is collected, which is expected within the next year, and the expenditure is incurred.

Note C – Unearned Revenue

On December 2021, the Organization was awarded a grant from the State of California for the construction of an innovative housing community within Rohnert Park. The Organization received \$11,500,000 from the State to cover capital costs and program service fee. Due to the right of return clause, as specified within the grant, the Organization is required to account for the grant as conditional.

Unearned revenue is comprised of both unearned administrative fees and future capital construction costs. Recognition of revenue is determined by the amount of cost incurred in support of the construction of the innovative housing community and the satisfaction of performance obligation terms of the program service fee. As of June 30, 2022, the Organization recognized \$2,729,639 as state grant revenue and \$338,390 as program service fee revenue. At June 30, 2022, \$8,331,971 of the state grant was recognized as unearned revenue.

Note D – Net Assets

All net assets with donor restrictions are restricted for the purpose of use within the program for which the grants or donations were received. The detail of the Organization’s net asset categories at June 30, 2022 is as follows:

Net assets without donor restrictions:	
Undesignated surplus	\$ 721,173
Net assets with donor restrictions:	
Non-government grants with time restrictions	<u>125,000</u>
Total net assets	<u>\$ 846,173</u>

DIGNITYMOVES

NOTES TO FINANCIAL STATEMENTS

Note E – Contributed Nonfinancial Assets

For the year ended June 30, 2022, contributed nonfinancial assets recognized within the statement of activities included:

Furniture	\$ 65,918
Services	<u>168,101</u>
Total in-kind donations	<u>\$ 234,019</u>

DignityMoves recognized contributed nonfinancial assets within revenue, including contributed furniture and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed furniture was used in domestic community development and services to community shelters. DignityMoves estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed services recognized comprise professional services from attorneys advising DignityMoves on various administrative legal matters, construction labor, project management and architectural design services. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Note F – Retirement Plan

The Company has a 401(k) Plan (“Plan”) to provide retirement and incidental benefits for its employees. Employees may contribute up to 6% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Plan provides for discretionary contributions as determined by the board of directors. No discretionary contributions were made in 2022.

Note G – Related Party Transactions

During the year ended June 30, 2022, the Organization received contributions totaling \$70,100 from related parties.