December 31, 2024

Dear DignityMoves supporters,

DignityMoves works tirelessly toward one goal: ending unsheltered homelessness. Our innovative approach to building interim supportive housing is fast, cost-effective and therefore scalable. But beyond building these communities ourselves, DignityMoves works to catalyze the systems change necessary for a dramatic expansion of scalable and sustainable solutions to unsheltered homelessness.

The past fiscal year was a time of dramatic expansion in our efforts toward those goals.

Building Interim Supportive Housing Communities:

In 2023-2024 DignityMoves successfully completed the development of three new communities: Hope Village, La Posada, and Grover Beach. Hope Village and La Posada are the next projects under the umbrella of DignityNow Santa Barbara; a plan to build enough interim housing capacity for everyone unsheltered county-wide in one bold public/private partnership initiative.

- **Hope Village in Santa Maria:** This 94-unit project in northern Santa Barbara County is adjacent to County government offices and operated by our partner at our downtown Santa Barbara site, Good Samaritan. In addition to serving people experiencing chronic homelessness, 10 rooms are reserved for Transitional Aged Youth (ages 18-24 exiting the foster care system) and 30 are funded by Dignity Health/Common Spirit (recognizing the direct link between housing and health).
- **La Posada in Santa Barbara County**: This 80-unit community operated by Good Samaritan was largely funded by philanthropy serving chronically homeless individuals from nearby encampments.
- **Balay Ko on Barca, Grover Beach**, This 30-unit project was funded 100% by philanthropy serving people experiencing chronic homelessness in the region.

These communities nearly double the capacity DignityMoves has built to date: in the first two years of operation we built a total of 211 units; this year we added 204 in just 12 months bringing the total to seven communities with 415 units which have the capacity to serve nearly 500 individuals at a time.

Most importantly, we are proud to report that over 1,215 people have benefitted from the safety and dignity of a private room at a DignityMoves community since our inception just three years ago. Depending on the program, these units have the potential to help nearly 4,000 people come in off of the streets over the next five years.

The momentum just keeps growing. Currently, DignityMoves has 12 interim and/or permanent supportive housing projects throughout California in various stages of planning, pre-development and construction that total approximately 750 units or 970 beds and $105,000,000 in revenue in fiscal years 2025 and 2026. We have developed extensive experience applying for State-funded programs: after successfully developing Rohnert Park and Alameda under Homekey Round 2, we were awarded two grants from Homekey Round 3 in Oakland and San Bernardino. Two other State programs, the Encampment Resolution Funds and the Behavioral Health Bridge Housing program are funding four projects in Watsonville, Thousand Oaks, Modesto and San Luis Obispo. Philanthropy also continues to be an important contributor to our momentum. Two additional projects commenced this past fiscal year, both in San Jose, funded with significant philanthropic capital: on Via del Oro on land owned by the philanthropist John Sobrato, and a sobriety-based community in partnership with the Salvation Army.

Catalyzing Systems Change

The past year has seen a historic shift in the way municipalities think about homelessness solutions. Until recently, homelessness solutions have been predominantly focused on permanent housing as the only valid use of taxpayer funds. DignityMoves respectfully disagrees. While permanent housing is the ultimate goal, providing dignified interim housing is our moral as well as fiscal imperative. DignityMoves has been working to educate the public and elected officials about the importance of interim housing. With the Supreme Court's ruling on Johnson vs. Grants Pass and Governor Newsom's subsequent Executive Order requiring government agencies to clear encampments from public lands, that view is starting to take hold. Cities are becoming increasingly interested in rapid, cost-effective solutions as alternatives to encampments, and DignityMoves is at the forefront of that shift. We work collaboratively with governmental and private stakeholders to change the narrative, educate government officials, and shape public policy to pave the way for ending the era of encampments for good. See this recent article in the San Francisco Chronicle for one example of our "changing the narrative" efforts.

DignityMoves is proud to have co-sponsored the Interim Housing Act (SB 1395) which was recently signed into law after soaring through the state legislature with unanimous, bipartisan support. Authored by Senator Josh Becker and co-sponsored by DignityMoves, the Bay Area Council, SPUR, and the Office of San Jose Mayor Matt Mahan it extends the laws that allow cities to declare a "shelter crisis" and use emergency powers to cut through red tape and build solutions fast and cost-effectively. Most importantly, it confirms that Interim Housing is a valid and important tool in addressing the crisis on our streets.

Note about the Financial Statements

In FY 2023-2024 our top line revenue declined to $27.3m from $33m the previous year. The nature of our work results in "lumpy" cash flows since projects are often contracted several months before grants actually arrive. For example, we received $11.4m in March '22 for our Rohnert Park "Labath Landing" project, which we then used to cover project costs over the following seven months, spanning the end of the fiscal year. On the other hand, at the close of the past fiscal year we had signed contractual commitments from the State of California for two Homekey projects, San Bernardino ($30,775,000 capital awarded December '23) and Oakland ($12,250,000 capital awarded February '24). While both of these contracts had been fully executed prior to year end, we had not yet received funding for either project.

Closing

We are proud of the progress we have made since our founding just 3 years ago. The communities we have built have the capacity to bring thousands of people indoors and off of our streets. We have impacted State and local policy, and strengthened and broadened partnerships with supportive services agencies, municipalities, and other stakeholders. Most importantly, we have re-instilled much needed optimism to embrace the fact that it is within our capabilities to end the crisis of unsheltered homelessness in our communities. Thank you for your support.

Sincerely,

Elizabeth Funk
CEO, DignityMoves

HARRIS
CPAs P.C.

Financial Statements

DignityMoves and Subsidiaries
(a nonprofit organization)
Consolidated Financial Statements
Includes Supplemental Information
Years Ended June 30, 2024 and 2023

Helping you succeed, financially and beyond.

Table of Contents

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
DignityMoves
San Francisco, California

Opinion

We have audited the accompanying consolidated financial statements of DignityMoves (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of DignityMoves as of June 30, 2024, 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 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.

2023 Financial Statements Restated

As discussed in Note N to the consolidated financial statements, the 2023 consolidated financial statements have been restated to correct an accounting error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

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 the consolidated financial statement that is 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 DignityMoves' ability to continue as a going concern for one year after the date that the consolidated financial statement is issued.

Auditor's Responsibilities for the Audit of the Financial Statement

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 GAAS and *Government 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 GAAS and *Government 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 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 consolidated financial statements.
- 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.

Report on Summarized Comparative Information

We have previously audited DignityMoves' June 30, 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 17, 2025 on our consideration of DignityMoves' internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contract and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering DignityMoves' internal control over financial reporting and compliance.

Harris CPAs P.C.

Meridian, Idaho
January 17, 2025

DIGNITYMOVES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2024
With Comparative Totals as of June 30, 2023

	2024	2023 (Restated)
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,014,336	$ 5,391,750
Investments	8,095,686	104,350
Accounts receivable	1,025,241	58,700
Grants receivable, current portion	3,357,554	518,297
Prepaid expenses	32,264	13,942
Total Current Assets	14,525,081	6,087,039
Other Assets		
Grants receivable, net of current portion	251,045	167,371
Property and equipment, net	12,683,676	4,248,780
Other assets	14,250	0
Total Other Asset	12,948,971	4,416,151
Total Assets	$ 27,474,052	$ 10,503,190

See notes to consolidated financial statements.

DIGNITYMOVES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
June 30, 2024
With Comparative Totals as of June 30, 2023

	2024	2023 (Restated)
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 5,097,831	$ 1,903,065
Accrued liabilities	81,974	79,127
Line of credit	100,000	0
Current portion of long-term debt	1,300,000	0
Total Current Liabilities	6,579,805	1,982,192
Long-Term Liabilities		
Long term debt, net of current portion	299,826	0
Total Long-Term Liabilities	299,826	0
Total Liabilities	6,879,631	1,982,192
Net Assets		
Without donor restriction	11,156,307	7,656,893
With donor restrictions	9,438,114	864,105
Total Net Assets	20,594,421	8,520,998
Total Liabilities and Net Assets	$ 27,474,052	$ 10,503,190

See notes to consolidated financial statements.

DIGNITYMOVES
CONSOLIDATED STATEMENTS OF ACTIVITY
For the Year Ended June 30, 2024
With Comparative Totals for the Year Ended June 30, 2023

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Restated)
Revenues and Support				
Contributions	$ 1,812,077	$ 7,929,490	$ 9,741,567	$ 6,333,667
State grants	4,405,893	8,700,000	13,105,893	24,931,590
Foundation grants	250,000	200,000	450,000	200,000
Developer fees	3,037,034		3,037,034	962,779
Contributed nonfinancial assets	1,419,734		1,419,734	566,062
Investment income (loss)	(10,308)		(10,308)	19,317
Other income	24,739		24,739	0
	10,519,169	16,829,490	27,768,659	33,013,415
Net assets released from restrictions	8,255,481	(8,255,481)	0	0
Total Revenues and Support	18,774,650	8,574,009	27,768,659	33,013,415
Expenses				
Program Services – Innovative Housing				
Northern California	7,019,930		7,019,930	0
Central Coast California	3,185,875		3,185,875	27,297
Southern California	2,385,241		2,385,241	23,130,818
Other locations	1,280,905		1,280,905	1,168,080
Total Program Services	13,871,951	0	13,871,951	24,326,195
Supporting Services				
General and administrative	767,921		767,921	454,579
Fundraising	1,055,364		1,055,364	557,816
Total Supporting Services	1,823,285	0	1,823,285	1,012,395
Total Expenses	15,695,236	0	15,695,236	25,338,590
Change in Net Assets	3,499,414	8,574,009	12,073,423	7,674,825
Net Assets				
Beginning of Year	7,656,893	864,105	8,520,998	846,173
End of Year	$ 11,156,307	$ 9,438,114	$ 20,594,421	$ 8,520,998

See notes to consolidated financial statements.

DIGNITYMOVES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024
With Comparative Totals for the Year Ended June 30, 2023

	Program Services - Innovative Housing				Supporting Services			
	Northern California	Central Coast California	Southern California	Other Locations	General & Administrative	Fundraising	2024 Total	2023 Total
Cost of Construction	$ 6,697,777	$ 2,325,869	$ 2,121,751	$ 507,253	$ 0	$ 0	$ 11,652,650	$ 23,012,441
Salaries and benefits	270,130	29,864	173,349	515,605	404,439	489,448	1,882,835	1,572,234
Professional Fees	10,868	135,272	33,097	165,846	206,998	484,030	1,036,111	495,586
Rent		420,000					420,000	0
Travel	871	5,371	2,620	65,315	24,100	48,795	147,072	84,507
Depreciation		199,345			5,566		204,911	0
Subscriptions	70			179	26,264	981	27,494	22,227
Interest expense					1,517	20,492	22,009	0
Miscellaneous	40,214	70,154	54,424	26,707	99,037	11,618	302,154	151,595
Total Expenses	$ 7,019,930	$ 3,185,875	$ 2,385,241	$ 1,280,905	$ 767,921	$ 1,055,364	$ 15,695,236	$ 25,338,590

See notes to consolidated financial statements.

DIGNITYMOVES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024
With Comparative Totals for the Year Ended June 30, 2023

	2024	2023 (Restated)
Cash Flows From Operating Activities		
Change in net assets	$ 12,073,423	$ 7,674,825
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	204,910	1,878
Unrealized (gain) loss	37,614	(4,350)
Realized (gain) loss	(14,615)	0
Donation of securities	(1,154,797)	(100,000)
Changes in operating assets and liabilities:		
Accounts receivable	(966,541)	61,270
Grants receivable	(2,922,931)	(560,668)
Prepaid expenses	(18,322)	(10,355)
Unearned revenue	0	(8,331,971)
Accounts payable	3,194,766	774,874
Accrued expenses	2,847	37,195
Net Cash Provided (Used) by Operating Activities	10,436,354	(457,302)
Cash Flows From Investing Activities		
Construction in progress	4,236,211	(4,236,211)
Purchase of property and equipment	(12,890,266)	(14,447)
Purchase of investments	(8,000,322)	0
Proceeds from sale of investments	1,140,783	0
Net Cash Provided (Used) by Investing Activities	(15,513,594)	(4,250,658)
Cash Flows From Financing Activities		
New long-term borrowings	1,650,000	0
Repayment of long-term debt	(50,174)	0
Net change in line of credit	100,000	0
Net Cash Provided (Used) by Financing Activities	1,699,826	0
Net Change in Cash and Cash Equivalents	(3,377,414)	(4,707,960)
Cash and Cash Equivalents - Beginning of Year	5,391,750	10,099,710
Cash and Cash Equivalents - End of Year	$ 2,014,336	$ 5,391,750

See notes to consolidated financial statements.

Note A – Summary of Significant Accounting Policies

Nature of Organization

DignityMoves, (the Organization), is a California nonprofit corporation whose mission is to end unsheltered homelessness by building Interim Supportive Housing (ISH) as a rapid, cost-effective, and scalable solution. Beyond building these communities ourselves, DignityMoves works to catalyze the systems change necessary for a dramatic expansion of scalable and sustainable solutions to unsheltered homelessness.

As of June 30, 2024, the Organization completed the development of three additional interim supportive housing communities: Hope Village in Santa Maria (94 units), La Posada in Santa Barbara (80 units), and Balay Ko on Barca in Grover Beach (30 units). These communities nearly double the units the Organization had built in the last two years of 211 units to a total of 7 communities with 415 units which have the capacity to serve nearly 500 individuals at a time.

The Organization began work on 8 additional Interim Supportive Housing communities located in cities all across California: San Bernardino (140 units), Thousand Oaks (30 Units), San Jose (210 units), San Luis Obispo (80 units), Oakland (40 units), Watsonville (34 units), and Modesto (42 units). Additionally, the Organization now has five more projects or 214 units in pre-development in California. In total the Organization not has thirteen housing projects throughout California in various stages of planning, pre-development and construction that total approximately 750 units or 970 beds in fiscal years 2025 and 2026.

The Organization has two wholly owned subsidiaries: DignityMoves Hope Village, LLC and DignityMoves La Posada, LLC. Both subsidiaries are single member limited liability companies, with Dignity Moves being the sole member, and are treated as disregarded entities for tax purposes.

Principles of Consolidation

The accompanying financial statements present the consolidation of the financial statements of DignityMoves and its supporting subsidiaries, DignityMoves Hope Village, LLC and DignityMoves La Posada, LLC. Inter-entity accounts and transactions are eliminated in consolidation.

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.

Note A – Summary of Significant Accounting Policies (Continued)

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.

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 and Securities Investor Protection Corporation for up to $500,000. At June 30, 2024 and 2023, the Organization's uninsured cash and investments balances totaled $8,959,053 and $3,293,274, respectively.

As of June 30, 2024,the Organization had one state grant and one foundation grant that comprised 38% of revenue. As of June 30, 2023, the Organization had two state grants that comprised 70% of total revenue. Funding in support of interim supportive housing is primarily through state grants.

Note A – Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

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.

Fair Value

The Organization uses fair value for reporting financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the statements of financial position, which approximates fair value due to their short term, highly liquid nature.

Construction in Progress

Construction in progress consists of modular units and ground lease improvements. Construction in progress are stated at cost and include all direct material and indirect cost of construction incurred during the development period. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use.

Property and Equipment

Property and equipment is stated at cost, or, if donated, at the estimated fair market value at the date of donation. All equipment with a fair market value in excess of $1,500 and a useful life of more than one year is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Note A – Summary of Significant Accounting Policies (Continued)

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.

Unconditional promises to give are recorded when the grant agreement is signed, or when a formal pledge is committed. Unconditional promises to give that are expected to be collected in the next year are reflected as current grants receivable and are recorded at their net realizable value. Unconditional promises to give expected to be collected in subsequent years are reflected as long – term grants receivable and are recorded at the present value of their net realizable value, using the Organization's expected borrowing rate applicable to the years in with the grant are received to discount the amounts. An allowable for uncollectible grants is provided based on management's evaluation of potentially uncollectible promises receivable at year end.

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.

Contributed Nonfinancial Assets

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.

Note A – Summary of Significant Accounting Policies (Continued)

Developer Fee 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 of 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, 2024 and 2023, the Organization earned $3,037,034 and $962,779 in developer revenue fee revenue, respectively.

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.

The subsidiaries, DignityMoves Hopes Village, LLC and DignityMoves La Posada, LLC, are limited liability companies, thus no income tax expense has been recorded in the financial statements. Taxable income of the subsidiaries are passed through to the Organization.

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 years 2024 and 2023. 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 2021.

Comparative Data

The amounts shown for the year ended June 30, 2023 in the accompanying financial statements are included to provide a basis for comparison with 2024 and present summarized totals only. Accordingly, the 2023 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on net assets for the year ended June 30, 2023.

Subsequent Events

DignityMoves has additional interim and/or permanent housing projects throughout California in various stages of development that total approximately 672 units or 829 beds in fiscal years 2025 and 2026. Some of these locations include San Jose, Oakland, San Luis Obispo, Watsonville, Modesto, Ojai, Thousand Oaks, and San Bernardino.

The Organization has evaluated subsequent events through January 17, 2025 , 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	$ 2,014,336
Accounts and grants receivable	4,382,795
Investments	8,095,686
Total financial assets available within one year	14,492,817
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(9,438,114)
Total financial assets available within one year after restriction	$ 5,054,703

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. Additionally, at June 30, 2024, all net assets without 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 – Grants Receivable

Grants receivable consisted of the following at June 30:

	2024	2023 (Restated)
Grants receivable in less than one year	$ 3,357,554	$ 576,997
Grants receivable in more than one year	300,000	200,000
Total grants receivable	3,657,554	776,997
Less discounts to net present value	(48,955)	(32,629)
Grants receivable, net	3,608,599	744,368
Less current grants receivable, net	(3,357,554)	(576,997)
Total noncurrent grants receivable, net	$ 251,045	$ 167,371

Note C – Grants Receivable (Continued)

For the years ended June 30, 2024 and 2023, the Organization utilized the US Treasury Bill rate of 5.60% and 5.27% to determine the present value discount on long-term grants. For the years ended June 30, 2024 and 2023, management anticipates all grants to be collectible and does not deem an allowance for uncollectible grants to be necessary.

Note D – Fair Value Measurements

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
Level 2	Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Organization's investments are actively traded and measured on a daily basis using Level 1 inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note D – Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value measured on a recurring basis as of June 30, 2024:

		Fair Value Measurements Using		
	Total	**Level 1**	**Level 2**	**Level 3**
Equity funds	$ 8,000,287	$ 8,000,287	$ 0	$ 0
Mutual funds	95,399	95,399	0	0
Total	$ 8,095,686	$ 8,095,686	$ 0	$ 0

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value measured on a recurring basis as of June 30, 2023:

		Fair Value Measurements Using		
	Total	**Level 1**	**Level 2**	**Level 3**
Mutual funds	$ 104,350	$ 104,350	$ 0	$ 0

Note E – Investments

Investments as of June 30 are summarized as follows:

	2024	**2023**
Cost	$ 8,128,950	$ 100,000
Unrealized gain (loss)	(33,264)	4,350
	$ 8,095,686	$ 104,350

Note E – Investments (Continued)

Investment income (loss) consists of the following for the years ended June 30:

	2024	2023
Interest and dividends	$ 12,691	$ 14,967
Realized gain	14,615	0
Unrealized gain (loss)	(37,614)	4,350
	$ (10,308)	$ 19,317

Note F – Property and Equipment

Property and equipment consisted of the following at June 30:

	2024	2023
Furniture, fixtures and equipment	$ 14,447	$ 14,447
Buildings	4,533,186	0
Ground leasehold improvements	8,342,080	0
Construction in progress	0	4,236,211
	12,889,713	4,250,658
Less accumulated depreciation	(206,037)	(1,878)
Property and equipment, net	$ 12,683,676	$ 4,248,780

For the years ended June 30, 2024 and 2023, depreciation expense was $204,910 and $1,878, respectively.

Note G – Line of Credit

The Organization has a line of credit of $500,000 with a member of management. The unpaid balance accrues interest at 4.75%. The line of credit is unsecured. The line of credit matures September 1, 2024. As of June 30, 2024 and 2023 the outstanding balances were $100,0000 and $0, respectively.

Note H – Long- Term Debt

Long-term debt consisted of the following at June 30:

	2024	2023
Note payable to Montecito Bank and Trust, payable in annual installments of $50,000, including interest at 7.5%. Note is secured by a grant and matures October 2024.	$ 199,875	$ 0
Note payable to Montecito Bank & Trust, payable in annual installments of $50,000, including interest at 7.00%. Note is secured by a grant and matures January 2028.	199,951	0
Note payable to Balay Ko Foundation. Note is due upon maturity in March 2025, including interest at an annual rate of 1.00%. Note is not secured.	1,200,000	0
	1,599,826	0
Less current portion	(1,300,000)	0
	$ 299,826	$ 0

The aggregate principle maturities of notes payable for each of the years succeeding June 30, 2024 are as follows:

2025	$ 1,300,000
2026	100,000
2027	100,000
2028	99,826
	$ 1,599,826

Cash paid for interest during the year ended June 30, 2024 and 2023 was $22,009 and $0, respectively.

Note I– 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 is as follows:

	2024	2023 (Restated)
Net assets without donor restrictions:		
Net invested in property and equipment	$ 12,683,676	$ 4,248,780
Undesignated surplus (deficit)	(1,527,369)	3,408,113
Total without donor restrictions	11,156,307	7,656,893
Net assets with donor restrictions:		
Non-government grants with purpose and time restrictions	318,416	217,371
Non-government grants with purpose restrictions	9,119,698	646,734
Total with donor restrictions	9,438,114	864,105
Total net assets	$ 20,594,421	$ 8,520,998

Note J – Retirement Plan

The Organization has a 401(k) Plan ("Plan") to provide retirement and incidental benefits for its employees. Employees may contribute up to the maximum annual amount of their compensation as set periodically by the Internal Revenue Services and state law. The Plan provides for discretionary contributions as determined by the board of directors. No discretionary contributions were made in 2024 and 2023.

Note K – Contributed Nonfinancial Assets

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statement of activities included:

	2024	2023
Furniture	$ 92,598	$ 79,256
Use of land	420,000	0
Services	907,136	486,806
Total in-kind donations	$ 1,419,734	$ 566,062

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 use of land recognized is in support of the ground lease engaged by the Organization with the County of Santa Barbara. Additional details on the ground lease can be found within Note M. Donated land is recognized at the fair market value.

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 L – Related Party Transactions

During the years ended June 30, 2024 and 2023, the Organization received contributions totaling $16,236 and $67,584 from related parties, respectively.

In 2024, the Organization received a $500,000 line of credit from a member of management. Additional details on the line of credit can be found within Note G.

Note M – Ground Lease

DignityMoves entered into two land lease agreements with the County of Santa Barbara. The agreement related the La Posada project commenced on June 23, 2023 and is expected to expire on June 23, 2028. The agreement related to the Hope Village project commenced on February 28, 2023 and is expected to expire on February 28, 2028. An extension beyond five years would be subject to approval by the County of Santa Barbara. The County is providing both of these leases as contributed nonfinancial assets, which will be recognized within the years that the usage of the land is provided. Additional details on contributed nonfinancial asset recognized can be found within Note K.

Note N – Restatement

During 2024, management determined that $217,371 of revenue was improperly excluded from the 2023 financial statements. The Organization received a $250,000 grant that was adjusted for present value by a discount of $32,629. The grant is collectible in equal installments over five years. The effect of the correction of this accounting error on the 2023 financial statements is summarized as follows:

	As Previously Reported	Restated
Contributions	$ 6,116,296	$ 6,333,667
Grants receivable, current portion	$ 468,297	$ 518,297
Grant receivable, net of current portion	$ 0	$ 167,371
Net Assets with donor restrictions	$ 646,734	$ 864,105

ADDITIONAL INFORMATION

HARRIS
CPAs P.C.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
DignityMoves
San Francisco, CA

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of DignityMoves (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered DignityMoves' internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DignityMoves' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, in which the findings are reported as items 2024-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DignityMoves' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harris CPAs P.C.

Meridian, Idaho
January 17, 2025

HARRIS
CPAs P.C.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
DignityMoves
San Francisco, CA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited DignityMoves' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of DignityMoves' major federal programs for the year ended June 30, 2024. DignityMoves' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, DignityMoves complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of DignityMoves and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of DignityMoves' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to DignityMoves' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on DignityMoves' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about DignityMoves' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harris CPAs P.C.

Meridian, Idaho
January 17, 2025

DIGNITYMOVES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP5502	$ 1,000,000
TOTAL U.S. DEPARTMENT OF TREASURY			$ 1,000,000

See notes to Schedule of Expenditures of Federal Awards.

DIGNITYMOVES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A – Basis Of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of DignityMoves and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Because the Schedule presents only a selected portion of the operations of DignityMoves, it is not intended to and does not present the financial position, changes in net assets, or cash flows of DignityMoves.

Note B – Summary Of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

DignityMoves has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness identified?	X	yes		no
• Significant deficiencies identified that are not considered to be material weaknesses?		yes	X	none reported
Noncompliance material to the financial statements noted?		yes	X	no

Federal Awards:

Internal control over major programs:				
• Material weakness identified?		yes	X	no
• Significant deficiencies identified that are not considered to be material weaknesses?		yes	X	none reported
Type of auditors' report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?		yes	X	no

Identification of major programs:

Assistance Listing Number	Name of Federal Program
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000			
Auditee qualified as a low-risk auditee?		yes	X	no

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001 Material Weakness – Material Adjustments to Beginning Balances

Criteria: The Organization did not have effective internal control processes or procedures in place for correctly recognizing revenue within the correct period.

Condition: The Organization was recognizing revenue when received rather than when it is earned.

Cause: The Organization did not have effective internal control processes in place for recording and recognizing revenue.

Effect: There was material overstatement of revenue, which resulted in an understatement of net assets.

Recommendation: We recommend the Organization implement procedures to ensure revenue are recognized following the correct recognition criteria and within the correct period.

Management's Response:

Procedures to record and recognize revenue have already been established and have been implemented during the fiscal year 2025.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings related to the federal awards were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).

DIGNITYMOVES
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2024

There were no prior audit findings.