



Financial Statements

DignityMoves and Subsidiaries
(a nonprofit organization)
Consolidated Financial Statements
Years Ended June 30, 2025 and 2024



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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, 2025, 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, 2025, 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 audits 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 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

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

In preparing the consolidated 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 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 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 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 GAAS, 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, 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 17, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Sorren CPAs P.C.

Meridian, Idaho
October 31, 2025

DIGNITYMOVES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2025
With Comparative Totals as of June 30, 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,436,250	\$ 2,014,336
Investments	12,937,639	8,095,686
Accounts receivable	183,726	1,025,241
Grants receivable, current portion	12,287,719	3,357,554
Prepaid expenses	<u>49,785</u>	<u>32,264</u>
Total Current Assets	30,895,119	14,525,081
Other Assets		
Grants receivable, net of current portion	423,876	251,045
Property and equipment, net	10,519,984	12,683,676
Other assets	<u>13,250</u>	<u>14,250</u>
Total Other Asset	<u>10,957,110</u>	<u>12,948,971</u>
Total Assets	<u>\$ 41,852,229</u>	<u>\$ 27,474,052</u>

See notes to consolidated financial statements.

DIGNITYMOVES**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)**

June 30, 2025

With Comparative Totals as of June 30, 2024

	<u>2025</u>	<u>2024</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 16,822,669	\$ 5,097,831
Accrued liabilities	121,993	81,974
Refundable advance	5,752,393	0
Line of credit	750,000	100,000
Current portion of long-term debt	<u>100,000</u>	<u>1,300,000</u>
Total Current Liabilities	23,547,055	6,579,805
Long-Term Liabilities		
Long term debt, net of current portion	<u>199,826</u>	<u>299,826</u>
Total Long-Term Liabilities	199,826	299,826
Total Liabilities	23,746,881	6,879,631
Net Assets		
Without donor restriction	9,532,430	11,156,307
With donor restrictions	<u>8,572,918</u>	<u>9,438,114</u>
Total Net Assets	<u>18,105,348</u>	<u>20,594,421</u>
Total Liabilities and Net Assets	<u>\$ 41,852,229</u>	<u>\$ 27,474,052</u>

See notes to consolidated financial statements.

DIGNITYMOVES
CONSOLIDATED STATEMENTS OF ACTIVITY
For the Year Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Support				
Contributions	\$ 3,237,472	\$ 467,677	\$ 3,705,149	\$ 9,741,567
State grants	51,710,475		51,710,475	13,105,893
Foundation grants		3,874,603	3,874,603	450,000
Developer fees	2,144,888		2,144,888	3,037,034
Contributed nonfinancial assets	1,014,418		1,014,418	1,419,734
Investment income (loss)	332,442		332,442	(10,308)
Other income	<u>6,762</u>		<u>6,762</u>	<u>24,739</u>
	58,446,457	4,342,280	62,788,737	27,768,659
Net assets released from restrictions	<u>5,207,476</u>	<u>(5,207,476)</u>	<u>0</u>	<u>0</u>
 Total Revenues and Support	 63,653,933	 (865,196)	 62,788,737	 27,768,659
 Expenses				
Program Services – Innovative Housing				
Northern California	35,203,274		35,203,274	7,019,930
Central Coast California	4,660,279		4,660,279	3,185,875
Southern California	21,468,762		21,468,762	2,385,241
Other locations	<u>1,759,903</u>		<u>1,759,903</u>	<u>1,280,905</u>
 Total Program Services	 63,092,218	 0	 63,092,218	 13,871,951
Supporting Services				
General and administrative	1,059,318		1,059,318	767,921
Fundraising	<u>1,126,274</u>		<u>1,126,274</u>	<u>1,055,364</u>
 Total Supporting Services	 <u>2,185,592</u>	 <u>0</u>	 <u>2,185,592</u>	 <u>1,823,285</u>
 Total Expenses	 <u>65,277,810</u>	 <u>0</u>	 <u>65,277,810</u>	 <u>15,695,236</u>
 Change in Net Assets	 (1,623,877)	 (865,196)	 (2,489,073)	 12,073,423
 Net Assets				
Beginning of Year	<u>11,156,307</u>	<u>9,438,114</u>	<u>20,594,421</u>	<u>8,520,998</u>
End of Year	<u>\$ 9,532,430</u>	<u>\$ 8,572,918</u>	<u>\$ 18,105,348</u>	<u>\$ 20,594,421</u>

See notes to consolidated financial statements.

DIGNITYMOVES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024

	<u>Program Services - Innovative Housing</u>				<u>Supporting Services</u>		<u>2025</u> <u>Total</u>	<u>2024</u> <u>Total</u>
	<u>Northern</u> <u>California</u>	<u>Central Coast</u> <u>California</u>	<u>Southern</u> <u>California</u>	<u>Other</u> <u>Locations</u>	<u>General &</u> <u>Administrative</u>	<u>Fundraising</u>		
Cost of Construction	\$ 34,554,212	\$ 1,941,176	\$ 21,152,276	\$ 571,088	\$ 0	\$ 0	\$ 58,218,752	\$ 11,652,650
Salaries and benefits	566,040	49,985	234,105	687,463	506,853	702,031	2,746,477	1,882,835
Depreciation		2,158,876			5,816		2,164,692	204,911
Professional Fees	45,296	75,272	43,023	377,383	266,829	346,418	1,154,221	1,036,111
Occupancy		420,000			58,632		478,632	420,000
Travel	11,557	2,737	10,653	30,635	33,383	40,173	129,138	147,072
Subscriptions				4,477	34,562	3,476	42,515	27,494
Interest expense				4,621	32,549	12,275	49,445	22,009
Miscellaneous	26,169	12,233	28,705	84,236	120,694	21,901	293,938	302,154
Total Expenses	<u>\$ 35,203,274</u>	<u>\$ 4,660,279</u>	<u>\$ 21,468,762</u>	<u>\$ 1,759,903</u>	<u>\$ 1,059,318</u>	<u>\$ 1,126,274</u>	<u>\$ 65,277,810</u>	<u>\$ 15,695,236</u>

See notes to consolidated financial statements.

DIGNITYMOVES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (2,489,073)	\$ 12,073,423
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,164,692	204,910
Unrealized loss	31,010	37,614
Realized (gain) loss	0	(14,615)
Donation of securities	(127,693)	(1,154,797)
Changes in operating assets and liabilities:		
Accounts receivable	841,515	(966,541)
Grants receivable	(9,102,996)	(2,922,931)
Prepaid expenses	(17,521)	(18,322)
Refundable advance	5,752,393	0
Accounts payable	11,724,838	3,194,766
Accrued expenses	<u>40,019</u>	<u>2,847</u>
Net Cash Provided (Used) by Operating Activities	8,817,184	10,436,354
Cash Flows From Investing Activities		
Construction in progress	0	4,236,211
Purchase of property and equipment	0	(12,890,266)
Purchase of investments	(8,161,218)	(8,000,322)
Proceeds from sale of investments	<u>3,415,948</u>	<u>1,140,783</u>
Net Cash Provided (Used) by Investing Activities	(4,745,270)	(15,513,594)
Cash Flows From Financing Activities		
New long-term borrowings	0	1,650,000
Repayment of long-term debt	(1,300,000)	(50,174)
Net change in line of credit	<u>650,000</u>	<u>100,000</u>
Net Cash Provided (Used) by Financing Activities	(650,000)	1,699,826
Net Change in Cash and Cash Equivalents	3,421,914	(3,377,414)
Cash and Cash Equivalents - Beginning of Year	<u>2,014,336</u>	<u>5,391,750</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,436,250</u>	<u>\$ 2,014,336</u>

See notes to consolidated financial statements.

DIGNITYMOVES

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, DignityMoves works to catalyze the change necessary for a dramatic expansion of scalable and sustainable solutions to unsheltered homelessness.

As of June 30, 2025, the Organization completed the development of three additional interim supportive housing communities: Via del Oro in San Jose (135 units), Dignity Village Modesto in Modesto (42 units), and Thrive Grove in Thousand Oaks (30 units). With the addition of three new communities, the Organization has built in total 622 units within 10 communities, which have the capacity to serve nearly 732 individuals at a time.

The Organization began work on 7 additional Interim Supportive Housing communities located in cities all across California: San Bernardino (140 units), San Luis Obispo (54 units), Oakland (40 units), Watsonville (30 units), Ojai (30 units), Modesto (42 units), and two communities in San Jose (119 units). Additionally, the Organization now has three more projects or 134 units in pre-development in Southern California. In total the Organization has ten housing projects throughout California in various stages of planning, pre-development and construction that total approximately 547 units or 708 beds in fiscal years 2026 and 2027.

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.

DIGNITYMOVES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The Organization reports net assets and revenues, expenses, gains and losses 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, 2025 and 2024, the Organization's uninsured cash and investments balances totaled \$16,642,229 and \$8,959,053, respectively.

As of June 30, 2025, the Organization had two state grants and one local grant that comprised 65% of revenue. As of June 30, 2024, the Organization had one state grant and one foundation grant that comprised 38% of total revenue. Funding in support of interim supportive housing is primarily through state grants.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 materials, labor, and indirect costs incurred during the development period. No provision for depreciation is made on construction in progress until the assets are completed and put into use.

DIGNITYMOVES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

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 \$5,000 (previously \$1,500) and a useful life of more than one year is capitalized. The increase in capitalization threshold was adopted during the year ended June 30, 2025, to better reflect the Organization's current operations and financial reporting needs. The change was applied prospectively and did not have a material impact on the financial statements. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

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 which the grant are received to discount the amounts. An allowance for uncollectible grants is provided based on management's evaluation of potentially uncollectible promises receivable at year end.

Refundable Advance

Refundable advance consists of amounts received in advance of the period in which the related services to be performed or the condition attached to the revenue have been satisfied. At the end of June 30, 2025, the Organization reported a refundable advance of \$5,752,393, which primarily relates to grant funds received in advance of allowable costs being incurred. Revenue will be recognized when the related stipulated barriers are overcome and the right of return has lapsed.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

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.

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, 2025 and 2024, the Organization earned \$2,144,888 and \$3,037,034 in developer fee revenue, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

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.

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 2025 and 2024. 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 2022.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Comparative Data

The amounts shown for the year ended June 30, 2024 in the accompanying financial statements are included to provide a basis for comparison with 2025 and present summarized totals only. Accordingly, the 2024 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, 2024, from which the summarized information was derived.

Subsequent Events

DignityMoves has additional interim and/or permanent housing projects throughout California in various stages of development that total approximately 547 units or 708 beds, which is expected to be completed in fiscal years 2026 and 2027. Some of these locations include San Jose, Oakland, San Luis Obispo, Watsonville, Modesto, Ojai, Thousand Oaks, San Bernardino, Ventura, and Los Angeles.

The Organization has evaluated subsequent events through October 31, 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	\$ 5,436,250
Accounts and grants receivable	12,471,445
Investments	<u>12,937,639</u>
Total financial assets available within one year	30,845,334
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	<u>(8,572,918)</u>
Total financial assets available within one year after restriction	<u>\$ 22,272,416</u>

DIGNITYMOVES
NOTES TO CONSOLIDATED 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. Additionally, at June 30, 2025, 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:

	<u>2025</u>	<u>2024</u>
Grants receivable in less than one year	\$ 12,287,719	\$ 3,357,554
Grants receivable in more than one year	<u>500,000</u>	<u>300,000</u>
Total grants receivable	12,787,719	3,657,554
Less discounts to net present value	<u>(76,124)</u>	<u>(48,955)</u>
Grants receivable, net	12,711,595	3,608,599
Less current grants receivable, net	<u>(12,287,719)</u>	<u>(3,357,554)</u>
Total noncurrent grants receivable, net	<u>\$ 423,876</u>	<u>\$ 251,045</u>

For the years ended June 30, 2025 and 2024, the Organization utilized the US Treasury Bill rate of 3.89% and 5.60% to determine the present value discount on long-term grants. For the years ended June 30, 2025 and 2024, management anticipates all grants to be collectible and does not deem an allowance for uncollectible grants to be necessary.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

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, 2025:

		<u>Fair Value Measurements Using</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity funds	\$ 136,957	\$ 136,957	\$ 0	\$ 0
Money market funds	6,913,426	6,913,426	0	0
Mutual funds	<u>5,887,256</u>	<u>5,887,256</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 12,937,639</u>	<u>\$ 12,937,639</u>	<u>\$ 0</u>	<u>\$ 0</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity funds	\$ 8,000,287	\$ 8,000,287	\$ 0	\$ 0
Mutual funds	<u>95,399</u>	<u>95,399</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 8,095,686</u>	<u>\$ 8,095,686</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note E – Investments

Investments as of June 30 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Cost	\$ 13,001,913	\$ 8,128,950
Unrealized loss	<u>(64,274)</u>	<u>(33,264)</u>
	<u>\$ 12,937,639</u>	<u>\$ 8,095,686</u>

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

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 363,452	\$ 12,691
Realized gain	0	14,615
Unrealized loss	<u>(31,010)</u>	<u>(37,614)</u>
	<u>\$ 332,442</u>	<u>\$ (10,308)</u>

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Note F – Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Furniture, fixtures and equipment	\$ 14,447	\$ 14,447
Buildings	4,533,186	4,533,186
Ground leasehold improvements	<u>8,342,080</u>	<u>8,342,080</u>
	12,889,713	12,889,713
Less accumulated depreciation	<u>(2,369,729)</u>	<u>(206,037)</u>
Property and equipment, net	<u>\$ 10,519,984</u>	<u>\$ 12,683,676</u>

For the years ended June 30, 2025 and 2024, depreciation expense was \$2,164,692 and \$204,910, 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 matured September 1, 2024, but was extended to mature September 1, 2026. As of June 30, 2025 and 2024 the outstanding balances were \$400,000. As of June 30, 2024, there was no outstanding balance.

The Organization has a line of credit of \$1,000,000 with Wells Fargo that matures in April 2026. The line of credit bears interest at a floating rate equal to index plus 3.5%, with an interest rate floor of 5.0%. As of June 30, 2025, the interest rate was 7.84%. As of June 30, 2025 the outstanding balance was \$350,000. As of June 30, 2024, there was no outstanding balance.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note H – Long- Term Debt

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

	<u>2025</u>	<u>2024</u>
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 2027.	\$ 149,875	\$ 199,875
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.	149,951	199,951
Note payable to Balay Ko Foundation, including interest at an annual rate of 1.00%. Paid in full in 2025.	<u>0</u>	<u>1,200,000</u>
	299,826	1,599,826
Less current portion	<u>(100,000)</u>	<u>(1,300,000)</u>
	<u>\$ 199,826</u>	<u>\$ 299,826</u>

The aggregate principle maturities of notes payable for each of the years succeeding June 30, 2025 are as follows:

2026	100,000
2027	100,000
2028	<u>99,826</u>
	<u>\$ 299,826</u>

Cash paid for interest during the year ended June 30, 2025 and 2024 was \$49,444 and \$22,009, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

	<u>2025</u>	<u>2024</u>
Net assets without donor restrictions:		
Invested in property and equipment	\$ 10,519,984	\$ 12,683,676
Undesignated deficit	<u>(987,554)</u>	<u>(1,527,369)</u>
Total without donor restrictions	9,532,430	11,156,307
Net assets with donor restrictions:		
Non-government grants with purpose and time restrictions	1,591,248	318,416
Non-government grants with purpose restrictions	<u>6,981,670</u>	<u>9,119,698</u>
Total with donor restrictions	<u>8,572,918</u>	<u>9,438,114</u>
Total net assets	<u>\$ 18,105,348</u>	<u>\$ 20,594,421</u>

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 2025 and 2024.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note K – Contributed Nonfinancial Assets

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2025</u>	<u>2024</u>
Furniture	\$ 0	\$ 92,598
Use of land	478,632	420,000
Services	<u>535,786</u>	<u>907,136</u>
Total in-kind donations	<u>\$ 1,014,418</u>	<u>\$ 1,419,734</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 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

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.

DIGNITYMOVES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.