

**COMMUNITY FORWARD SF**



**FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
Community Forward SF

### **Opinion**

We have audited the accompanying financial statements of Community Forward SF (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Forward SF as of June 30, 2022, and the changes in 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, used by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Forward SF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Forward SF's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

## INDEPENDENT AUDITORS' REPORT

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Forward SF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Forward SF's ability to continue as a going concern for a reasonable period of time.

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

### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited Community Forward SF's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, on our consideration of Community Forward SF's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Community Forward SF's 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 Community Forward SF's internal control over financial reporting and compliance.

*Harrington Group*

Oakland, California  
December 1, 2022

**COMMUNITY FORWARD SF**

STATEMENT OF FINANCIAL POSITION

June 30, 2022

With comparative totals at June 30, 2021

	2022	2021
<b>ASSETS</b>		
Cash	\$ 760,876	\$ 314,979
Cash - restricted	108,678	108,678
Accounts receivable	3,009,084	3,337,286
Prepaid expenses and deposits	289,952	243,568
Property and equipment (Note 4)	2,102,563	1,775,975
<b>TOTAL ASSETS</b>	<b>\$ 6,271,153</b>	<b>\$ 5,780,486</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 777,699	\$ 917,966
Accrued liabilities (Note 5)	459,056	571,839
Deferred revenue	961,339	748,565
Notes payable (Note 6)	2,708,783	2,708,783
<b>TOTAL LIABILITIES</b>	<b>4,906,877</b>	<b>4,947,153</b>
<b>NET ASSETS</b>		
Without donor restrictions	1,189,276	808,333
With donor restrictions (Note 9)	175,000	25,000
<b>TOTAL NET ASSETS</b>	<b>1,364,276</b>	<b>833,333</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,271,153</b>	<b>\$ 5,780,486</b>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY FORWARD SF**

STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022</u>	<u>2021</u>
<b>REVENUE AND SUPPORT</b>				
Government contracts and grants	\$ -	\$ 14,320,776	\$ 14,320,776	\$ 12,311,428
Rental income	338,065		338,065	507,396
Contributions	138,705	150,000	288,705	130,356
Other revenue	62,399		62,399	55,044
Client fees	11,031		11,031	18,460
Net assets released from restrictions (Note 9)	14,320,776	(14,320,776)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>14,870,976</u>	<u>150,000</u>	<u>15,020,976</u>	<u>13,022,684</u>
<b>EXPENSES</b>				
Program services	12,522,572		12,522,572	11,884,272
General and administrative	1,819,306		1,819,306	1,515,157
Fundraising	148,155		148,155	34,660
<b>TOTAL EXPENSES</b>	<u>14,490,033</u>	<u>-</u>	<u>14,490,033</u>	<u>13,434,089</u>
<b>OTHER CHANGES</b>				
Forgiveness of debt - paycheck protection program loan			-	833,545
<b>CHANGE IN NET ASSETS</b>	380,943	150,000	530,943	422,140
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>808,333</u>	<u>25,000</u>	<u>833,333</u>	<u>411,193</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,189,276</u>	<u>\$ 175,000</u>	<u>\$ 1,364,276</u>	<u>\$ 833,333</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FORWARD SF

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	Program Services	General and Administrative	Fundraising	Total Expenses	
				2022	2021
Salaries	\$ 4,626,194	\$ 976,181	\$ 114,413	\$ 5,716,788	\$ 5,698,443
Payroll taxes and benefits	1,356,271	169,022	20,276	1,545,569	1,362,288
Total personnel costs	5,982,465	1,145,203	134,689	7,262,357	7,060,731
Outsourced safety officers/Janitorial	2,795,978	7,920		2,803,898	2,371,549
Rent/property taxes/use allowance	1,556,814	93,511		1,650,325	1,619,667
Property management/John Stewart	1,212,322			1,212,322	894,787
Professional fees and consultants		262,668	3,000	265,668	314,240
Utilities	261,361	31,500		292,861	281,400
Building maintenance	136,836	17,326		154,162	180,338
Food and preparation	210,165	130		210,295	173,936
Depreciation	177,512	10,409		187,921	153,575
Insurance		101,275		101,275	92,904
Office supplies	26,223	51,453		77,676	82,021
Client related costs	83,796	1,072		84,868	47,280
Payroll/interest/bank charges		36,943		36,943	36,481
Equipment rental	26,178	6,286		32,464	32,389
Miscellaneous expense	626	24,541		25,167	24,799
Staff training	9,455	7,445	195	17,095	19,301
Equipment maintenance	29,495	606		30,101	18,807
Parking	11,748	760	27	12,535	14,297
Property taxes				-	5,249
Dues/membership		6,818	1,499	8,317	4,684
Program travel/supplies/materials	1,598	12,783	92	14,473	4,198
Fundraising expenses			8,653	8,653	1,199
Board expense		657		657	257
<b>TOTAL 2022 FUNCTIONAL EXPENSES</b>	<b>\$ 12,522,572</b>	<b>\$ 1,819,306</b>	<b>\$ 148,155</b>	<b>\$ 14,490,033</b>	
<b>TOTAL 2021 FUNCTIONAL EXPENSES</b>	<b>\$ 11,884,272</b>	<b>\$ 1,515,157</b>	<b>\$ 34,660</b>		<b>\$ 13,434,089</b>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FORWARD SF

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021  
continued

	Program Services					Total	
	Medical Respite	A Woman's Place	Eddy Street Apartments	Coronado Apartments	Pandemic Response	Mental Health Services	Program Services
Salaries	\$ 1,520,481	\$ 609,283	\$ 78,202	\$ 215,183	\$ 1,623,320	\$ 579,725	\$ 4,943,071
Payroll Taxes and benefits	471,561	179,785	23,118	56,696	500,522	124,789	1,232,369
Total personnel costs	1,992,042	789,068	101,320	271,879	2,123,842	704,514	6,175,440
Outsourced safety officers/janitorial	596,370		43,520	28,800	2,012,636	114,652	2,795,978
Rent/property taxes/use allowance	887,138	2,066	49,009	358,928	16,744	242,929	1,556,814
Property management/John Stewart			518,935	693,387			1,212,322
Utilities	108,482		1,557	33,237	31,544	86,541	894,787
Building maintenance	41,189	24,401	11,946	31,176	1,760	26,364	261,889
Food and preparation	183,700	26,335			130		136,836
Depreciation	46,840	21,525	80,388	9,767	18,992		210,165
Client related cost	46,022	11,567	1,302	417	19,965	4,523	177,512
Office supplies	7,618	3,438	1,267	1,371	5,945	6,584	83,796
Equipment rental	5,212			4,423	5,889	10,654	26,223
Equipment maintenance	28,873	370			252		26,178
Parking	11,476	19	41		106	106	29,495
Staff training	2,007	35			106	7,413	11,748
Property taxes							9,455
Program travel/supplies/materials	888	102	77	39	267	225	1,598
Miscellaneous expenses	463	92			71		626
Dues/membership							
<b>TOTAL 2022 FUNCTIONAL EXPENSES</b>	<b>\$ 3,958,320</b>	<b>\$ 879,018</b>	<b>\$ 809,362</b>	<b>\$ 1,433,424</b>	<b>\$ 4,237,943</b>	<b>\$ 1,204,505</b>	<b>\$ 12,522,572</b>
<b>TOTAL 2021 FUNCTIONAL EXPENSES</b>	<b>\$ 3,865,589</b>	<b>\$ 849,595</b>	<b>\$ 682,360</b>	<b>\$ 1,578,232</b>	<b>\$ 3,735,024</b>	<b>\$ 1,173,472</b>	<b>\$ 11,884,272</b>

The accompanying notes are an integral part of these financial statements.



**COMMUNITY FORWARD SF**

STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 530,943	\$ 422,140
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of paycheck protection program loan	-	(833,545)
Depreciation	292,425	258,080
(Increase) decrease in operating assets:		
Accounts receivable	328,202	(609,114)
Prepaid expenses and deposits	(46,384)	(39,375)
Inventory	-	-
Restricted cash	-	27,373
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(140,267)	331,707
Deferred revenue	(112,783)	130,892
Security deposit payable	212,774	415,975
	<b>1,064,910</b>	<b>104,133</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(619,013)	(261,615)
	<b>(619,013)</b>	<b>(261,615)</b>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH</b>	445,897	(157,482)
<b>CASH, BEGINNING OF YEAR</b>	314,979	472,461
<b>CASH, END OF YEAR</b>	\$ 760,876	\$ 314,979
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Operating activities reflect interest paid of:	\$ 534	\$ 147

The accompanying notes are an integral part of these financial statements.

# COMMUNITY FORWARD SF

## NOTES TO FINANCIAL STATEMENTS

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### 1. Organization

Community Forward SF (“the Organization”) is a California nonprofit public benefit corporation established in 1975 to provide prevention, education, treatment, and rehabilitation programs for persons affected by alcohol and other substances.

The Organization operates the following programs:

#### A Woman’s Place

A Woman’s Place is the only 24-hour supportive residential service in San Francisco that offers both emergency shelter and long-term treatment to all women, no matter their special needs. A Woman’s Place offers support to women who have mental disabilities, HIV+/AIDS-related issues, a history of mental illness, or who are victims of sexual or domestic violence. It offers support including health care, mental health counseling, case management, and money management, to help at-risk women of all ethnicities and orientations attain permanent housing, gainful employment, stability, and independence.

#### Pandemic Response

Pandemic Response in collaboration with Homelessness and Supportive Housing (“HSH”), we run three Shelter in Place hotels for those most vulnerable to Covid. These sites offer not only a safe room of their own, but comprehensive case management including trauma informed mental health treatment. Each guest is evaluated for available housing and will be given priority access to housing so they will not return to shelter or living outside.

#### A Woman’s Place Drop-in Center

A Woman’s Place Drop-in Center offers women and trans women with children 24-hour, low-threshold, drop-in services targeted to complex needs. This includes easy access to primary care, case management, residential substance abuse, and HIV transitional housing and care.

#### Eddy Street Apartments

The thing residents first notice about Eddy Street Apartments, a facility focused on long-term housing, is its emphasis on building community. It hosts regular events and dinners designed to connect residents to one another, and to community life around them. This sense of connection, more than any other single factor, is often what residents need to have long-term stability.

Alongside housing, residents receive targeted and personalized services designed around their specific needs, most often focused on recovery from chronic addictions, individual and group counseling, and case management services. These services help those turned away by other systems of care find their lives, and dignity, again.

#### Coronado Housing

Those experiencing chronic homelessness often present a complex and difficult combination of issues that defy ordinary measures – and so they need facilities that are not only able to go the extra mile, but know every step of the way. The Coronado Hotel is an SRO specializing in patients whose traumas, symptoms, and circumstances make conventional approaches to providing shelter and services a poor fit.

# COMMUNITY FORWARD SF

## NOTES TO FINANCIAL STATEMENTS

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### 1. **Organization**, continued

Residents staying at the Coronado are given intensive support services including assessment, mental health support, crisis intervention, substance use disorder referrals, medical counseling, conflict resolution, mediation, benefits counseling, advocacy, employment services, and access to food pantry programs.

#### Medical Respite and Sobering Center

Medical Respite and Sobering Center is a partnership between the Organization and the San Francisco Department of Public Health (DPH). Together we provide respite beds and sobering facilities, along with temporary housing and specialized support services, for medically frail people impacted by homelessness.

This facility reduces the number of emergency room visits its patients make, along with their contact with police and EMS personnel, thus saving substantial city costs, and helps connect its patients with longer term support services as they heal. Beds at Medical Respite and Sobering are targeted to discount the services in relation to the average cost in a hospital setting.

### 2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**With Donor Restrictions.** Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

continued

# COMMUNITY FORWARD SF

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### **Accounts Receivable**

Accounts receivable are receivables that are due from governmental agencies, which are considered collectible. Therefore, no allowance for doubtful accounts has been provided.

#### **Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, which range from 5 to 22 years. Major furniture and equipment purchased in excess of \$5,000 are capitalized and depreciated over their respective useful lives. Maintenance and repairs are expensed as incurred.

#### **Donated Services and In-Kind Contributions**

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. No in-kind contributions were received during the year ended June 30, 2022.

A number of unpaid volunteers have made significant contributions of their time to the Organization. However, the value of these services is not reflected in these financial statements because the criteria for recognition have not been satisfied.

#### **Allocation of Expenses**

Costs of providing the Organization's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on square footage or personnel time records.

#### **Income Taxes**

The Organization is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

continued

## COMMUNITY FORWARD SF

### NOTES TO FINANCIAL STATEMENTS

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#### 2. Summary of Significant Accounting Policies, continued

##### **Concentration of Credit Risks**

The Organization places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Organization has not incurred losses related to these investments or cash equivalents and transfers funds to other institutions on a regular basis to manage this risk.

Approximately 95% of total revenue and support generated by the Organization for the year ended June 30, 2022 is funded through contracts and grants from the City and County of San Francisco.

The primary receivable balance outstanding at June 30, 2022 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of the Organization's receivables consist of earned fees from contract programs granted by governmental agencies.

##### **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 reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

##### **Revenue and Revenue Recognition**

The Organization recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Consequently, at June 30, 2022, the Organization does not have any conditional contributions to disclose in the accompanying financial statements.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, city and county contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

continued

# COMMUNITY FORWARD SF

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021 from which the summarized information was derived.

#### Subsequent Events

Management has evaluated subsequent events through December 1, 2022, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

### 3. Liquidity and Availability of Resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities and the pattern of income from grants, contracts and fundraising. The Resource Committee of the Board of Director meets monthly to review all financial aspects of the organization. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipate collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization currently have access to line of credit which would be used in case of cashflow needs to cover general expenditures.

As of June 30, 2022 the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash	\$ 760,876
Accounts receivable	3,009,084
Line of credit	<u>500,000</u>
	<u>\$4,269,960</u>

continued

# COMMUNITY FORWARD SF

## NOTES TO FINANCIAL STATEMENTS

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### 4. Property and Equipment

Property and equipment at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 500,000	\$ 500,000
Building	4,209,660	4,209,660
Lease improvement	2,276,903	1,657,888
Furniture and equipment	<u>267,504</u>	<u>267,504</u>
	7,254,067	6,635,052
Less: accumulated depreciation	<u>(5,151,504)</u>	<u>(4,859,077)</u>
	<u>\$ 2,102,563</u>	<u>\$ 1,775,975</u>

Depreciation expense for the year ended June 30, 2022 and 2021 was \$292,425 and \$258,080, respectively.

### 5. Accrued Liabilities

Accrued liabilities at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Accrued payroll	\$210,174	\$289,570
Accrued vacation	238,202	280,883
Other accrued liabilities	<u>10,680</u>	<u>1,386</u>
	<u>\$459,056</u>	<u>\$571,839</u>

continued

# COMMUNITY FORWARD SF

## NOTES TO FINANCIAL STATEMENTS

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### 6. Notes Payable

Notes payable at June 30, 2022 consists of the following:

	<u>2022</u>	<u>2021</u>
City and County of San Francisco, Housing Opportunities for Persons with AIDS, non-interest-bearing note: Due immediately should the Organization fail to comply with the agreement; forgiven after the 55 <sup>th</sup> anniversary of the amended agreement dated May 9, 2009.	\$ 685,730	\$ 685,730
City and County of San Francisco, non-interest-bearing note: Due immediately should the Organization fail to comply with the agreement; forgiven after the 75 <sup>th</sup> anniversary of the loan agreement dated February 1996.	1,925,237	1,925,237
City and County of San Francisco, Community Development Block Grant, non-interest-bearing note: Due and payable immediately should the Organization fail to comply with the agreement; forgiven after the 75 <sup>th</sup> anniversary of the loan agreement dated February 1996.	<u>97,816</u>	<u>97,816</u>
Total	<u>\$2,708,783</u>	<u>\$2,708,783</u>

The Organization is currently in compliance with the loan agreements, and therefore, no payments are currently due.

### 7. Line of Credit

The Organization has a revolving line of credit in the amount of \$500,000, from a bank with maturity date December 1, 2023. Interest accrues on any unpaid principal balance at the greater of the floating rate equal to prime plus 1.33% or the floor rate of 5.00%. There was no outstanding balance at June 30, 2022 and 2021.

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**COMMUNITY FORWARD SF**

NOTES TO FINANCIAL STATEMENTS

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**8. Commitments and Contingencies**

**Obligations Under Operating Leases**

The Organization leases various equipment, offices and properties providing services to the homeless throughout the City of San Francisco under operating leases with various terms. Future minimum payments by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ending June 30,</u>	
2023	\$1,206,692
2024	<u>1,001,825</u>
	<u>\$2,208,517</u>

Rent expense under operating leases for the year ended June 30, 2022 and 2021 was \$1,534,080 and \$1,234,782, respectively.

**Contracts**

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Organization has no provisions for the possible disallowance of program costs on its financial statements.

**9. Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30, 2022 consist of \$175,000 for Operations-AWP and beds, respectively.

For the year ended June 30, 2022, net assets with donor restrictions released from purpose restrictions were \$14,320,776.

**10. Employee Benefit Plan**

The Organization has an Internal Revenue Code Section 403(b) qualified defined contribution retirement plan covering all of its employees, subject to certain eligibility requirements after six months of continuous employment. On January 1, 2022, the Organization began a matching program that contributes up to three percent of employees' eligible salaries each year. The plan contributions for employees has no vestment period. The Organization made contributions of \$8,235 for the year ended June 30, 2022.