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HOMIES ORGANIZING THE MISSION TO EMPOWER YOUTH (HOMEY)

INDEPENDENT AUDITOR'S REPORT

ON FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Homies Organizing the Mission to Empower Youth (HOMEY)
San Francisco, California

Opinion

We have audited the accompanying financial statements of Homies Organizing the Mission to Empower Youth (HOMEY), (hereinafter referred to as 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Homies Organizing the Mission to Empower Youth (HOMEY) 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. 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 Homies Organizing the Mission to Empower Youth (HOMEY) 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 the organization'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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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 the organization'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.

Sincerely,

GDimov

George Dimov, CPA
September 22, 2025

Statement of Financial Position
as of June 30, 2024

US Dollars	Note	June 30, 2024
Assets		
Property and equipment, net	5	280,623
Deposit for lease		18,000
Total non-current assets		**298,623**
Accounts receivable	6	470,466
Cash and cash equivalents	7	148,269
Other assets		29,829
Total current assets		**648,564**
Total assets		**947,187**
Liabilities		
Loans and borrowings		38,221
Total non-current liabilities		**38,221**
Loans and borrowings	8	190,000
Accounts payable		120,301
Accrued salaries and benefits		71,585
Current portion of long-term liabilities		9,670
Accrued payroll taxes		9,599
Credit cards payable		5,859
Other current liabilities		11,926
Total current liabilities		**418,940**
Total liabilities		**457,161**
Net assets		
Without donor restrictions		502,605
With donor restrictions		(12,579)
Total net assets		**490,026**

The notes on pages 10-16 form an integral part of the financial statements.
The independent auditor’s report is on pages 3-4.

Statement of Activities and Changes in Net Assets
for the Year Ended June 30, 2024

US Dollars	Note	Without Donor Restrictions	With Donor Restrictions	Total
Support				
Government grants	9	2,575,817	-	2,575,817
Foundation grants and awards		300,019	10,000	310,019
Individual contributions		12,423	10,831	23,254
Corporation contributions		3,149	500	3,649
Total support		**2,891,408**	**21,331**	**2,912,739**
Revenue				
Program revenue		53,734	-	53,734
Other revenue		1,822	-	1,822
Total revenue		**55,556**	**-**	**55,556**
Total support and revenue		**2,946,964**	**21,331**	**2,968,295**
Operating expenses				
Program services		2,396,181	34,426	2,430,607
Management and general		422,978	-	422,978
Total expenses		**2,819,159**	**34,426**	**2,853,585**
Increase in net assets		**127,805**	**(13,095)**	**114,710**
Net assets as of the beginning of the year		**374,801**	**515**	**375,316**
Net assets as of the end of the year		**502,606**	**(12,580)**	**490,026**

Statement of Functional Expenses
for the Year Ended June 30, 2024

US Dollars	Note	Program Services	Management and General	Total
Food assistance/supplies		814,168	-	814,168
Program contractors		124,200	-	124,200
Financial assistance		91,657	-	91,657
Critical supports		55,726	-	55,726
Program meals		35,956	-	35,956
Participant incentives/program stipends		28,127	-	28,127
Supplies and materials		22,462	-	22,462
Grants and other assistance paid		10,751	-	10,751
Program events		6,444	-	6,444
Total program expenses		**1,189,491**	**-**	**1,189,491**
Salaries and wages		788,335	-	788,335
Payroll taxes and fringe benefits		145,275	-	145,275
Total personnel expenses		**933,610**	**-**	**933,610**
Accounting and finance		-	103,761	103,761
H/R administration		-	88,810	88,810
Recruiting and training		-	50,000	50,000
Audit and compliance		-	20,400	20,400
Professional development / continued education		16,400	-	16,400
Architect, design and building contractors		14,957	-	14,957
Payroll administration		-	12,731	12,731
Tax preparation		-	3,920	3,920
Legal		-	3,169	3,169
401(k) service fee		-	1,152	1,152
Payroll service fees		-	1,062	1,062
Total professional fees and contractors		**31,357**	**285,005**	**316,362**
Rent		176,493	-	176,493
Utilities		31,424	-	31,424
Repairs and maintenance		19,729	-	19,729
Vehicle Maintenance		301	-	301
Total Occupancy Expenses		**227,947**	**-**	**227,947**

The notes on pages 10-16 form an integral part of the financial statements.
The independent auditor’s report is on pages 3-4.

US Dollars	Note	Program Services	Management and General	Total
Communications		-	26,255	26,255
Subscriptions and Software		84	23,714	23,798
Transportation		15,755	-	15,755
Permits, licenses and fees		4,351	406	4,757
Office Supplies		132	3,374	3,506
Equipment and hardware		2,297	-	2,297
Printing and copying		458	295	753
Postage and shipping		112	50	162
Total Office Expenses		**23,189**	**54,094**	**77,283**
Interest paid		-	37,006	37,006
Bank charges and revenue fees		857	2,826	3,683
Taxes, penalties and fees		342	3,135	3,477
Insurance		-	2,822	2,822
Donations		-	1,400	1,400
Total other administrative expenses		**1,199**	**47,189**	**48,388**
Depreciation		**-**	**28,684**	**28,684**
Bad Debt		**-**	**3,350**	**3,350**
Other expenses		**23,814**	**4,656**	**28,470**
Total Expenses		**2,430,607**	**422,978**	**2,853,585**

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Statement of Cash Flows
for the Year Ended June 30, 2024

US Dollars	**Note**	**Year Ended June 30, 2024**
Cash flows from operating activities		
Increase in net assets		114,710
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation		28,684
Changes in assets and liabilities		
(Increase) decrease in operating assets		
Accounts receivable		1,084,376
Other assets		(3,899)
Prepaid expenses		(66,072)
Increase (decrease) in operating liabilities		
Other current liabilities		11,926
Accrued salaries and benefits		7,683
Current portion of long-term liabilities		1,276
Accrued payroll taxes		352
Credit cards payable		(2,257)
Outstanding checks and deposits		(4,706)
Interest payable		(7,580)
Billings in excess of costs		(340,470)
Accounts payable		(556,277)
Net cash provided by operating activities		**267,746**
Cash flows from investing activities		
Purchase of property and equipment		(190,192)
Net cash used in investing activities		**(190,192)**
Cash flows from financing activities		
Loans and borrowings		(109,670)
Net cash used in financing activities		**(109,670)**
Net decrease in cash and cash equivalents		**(32,116)**
Cash at the beginning of the year		180,385
Cash at the end of the year	7	**148,269**

The notes on pages 10-16 form an integral part of the financial statements.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024
(in US Dollars)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

Homies Organizing the Mission to Empower Youth (HOMEY or Organization) is a California nonprofit public benefit corporation, founded in 2013 and located in San Francisco. HOMEY's mission is to transform the lives of high-risk youth and inspired them to not only choose a path of education, self-sufficiency, and non-violence, but also thrive towards physical, mental, and emotional health. They do this through the youth development practices of skill building, relationship building, youth participation in decision-making, and community involvement. Since 2004, HOMEY launched Native Graphix, a youth-training vehicle, that operates as a full-service custom T-shirt and apparel silkscreen business.

Statement of Compliance

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). These financial statements are presented in US Dollars, unless otherwise indicated.

On August 18, 2016, the FASB issued ASU 2016-14 Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities. The amendments classify net assets in only two classes, net assets without donor restrictions and net assets with donor restrictions. In effect, the class net assets with donor restrictions are a combination of temporarily restricted net assets and permanently restricted net assets. Accordingly, the Organization classifies its net assets and changes in net assets as follows:

- Net Assets without donor restrictions — Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired.

- Net Assets with donor restrictions — Net assets that are subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or by the passage of time and net assets that are to be held in perpetuity as directed by donors. The income from these net assets is available to support activities as designated by the donors.

Revenues are reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law.

Use of Estimates and Assumptions

The preparation of financial statements conforms to accounting principles generally accepted in the United States of America ("US GAAP"). Those principles require 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 revenues and expenses during the reporting period. Due to the inherent uncertainty in making those estimates, actual results reported in future periods could differ from such estimates.

Going Concern

The Organization's management has made an assessment of the Organization's ability to continue as a going concern and is satisfied that the Organization has the resources to continue in activity for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Organization's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Accounting Standards Update

ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the FASB amended guidance regarding the way nonprofit organizations report nonfinancial assets, including donated goods and rent, in-kind professional services, etc. The amendment required contributed nonfinancial assets to be presented separately from cash and other financial assets on the statement of activities, and the footnote disclosure must include a dis-aggregation by type, donor restrictions, if applicable, and other details about the nature and valuation of the nonfinancial assets received. The Organization has adopted this guidance for the year ended June 30, 2024. The Organization determined that the adoption of this standard was appropriate, as it is already presenting in-kind donations in accordance with the updated guidance. As such, the adoption had no material impact on the Organization's financial position or changes in net assets.

Cash and Cash Equivalents

The Organization considers cash in banks, and other highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Functional Allocations of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of HOMEY. Such expenses which are common to multiple functions have been allocated among the various functions benefited (either based upon square footage or personnel time records).

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash deposits. Cash balances are insured by the Federal Deposit insurance Corporation (FDIC) up to $250,000 per banking institution. Management believes that the Organization is not exposed to any significant credit risk related to cash. Concentrations of credit risk with respect to receivables are generally diversified due to the large number of entities and individuals composing the Organization's program and donor base. The Organization writes off uncollectible amounts as they become known.

Accounts Receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. As of June 30, 2024, bad debt expense is $-0-.

Income Tax

HOMEY is exempt from income taxes under IRC Section 501(c)(3) and related California code sections. However, the Organization is subject to income taxes from activities unrelated to its tax-exempt purpose.

Fair Value Measurements

FASB ASC 820, "Fair Value Measurements" defines fair value for certain financial and nonfinancial assets and liabilities that are recorded at fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It requires that an entity measures its financial instruments to base fair value on exit price, maximize the use of observable units and minimize the use of unobservable inputs to determine the exit price. It establishes a hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy increases the consistency and comparability of fair value measurements and related disclosures by maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets or liabilities based on market data obtained from sources independent of the Organization.

Unobservable inputs are inputs that reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy prioritizes the inputs into three broad levels based on the reliability of the inputs as follows:

> Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Valuation of these instruments does not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily and regularly available.
>
> Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable as of the measurement date, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
>
> Level 3 – Valuations based on inputs that are unobservable and not corroborated by market data. The fair value for such assets and liabilities is generally determined using pricing models, discounted cash flow methodologies, or similar techniques that incorporate the assumptions a market participant would use in pricing the asset or liability.

The carrying values of certain assets and liabilities of the Organization, such as cash and cash equivalents, accounts receivable, other current assets and current liabilities, approximate fair value due to their relatively short maturities.

Related Parties

A party is considered to be related to the Organization if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Organization. Related parties also include principal owners of the Organization, its management, members of the immediate families of principal owners of the Organization and its management and other parties with which the Organization may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

Property and Equipment

Property and equipment are stated at cost. Donated property and equipment are recorded at estimated fair value at the date of receipt. Depreciation of furniture and equipment is computed on the straight-line basis over the estimated life of the assets, generally 3-15 years.

Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

Property and equipment acquired with certain restricted grant funds are considered to be owned by the Organization while used for general operations. However, applicable grantors have the right to determine the use of these assets or the use of any proceeds resulting from the sale of these assets, under certain circumstances.

Donated property and equipment are recorded at their fair value as of the date of the gift. The Organization does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as revenue without donor's restriction.

Grant Recognition

Grants or cost-reimbursement grants are recognized when the Organization incurs the mission program expenses. At that time the Organization, recognizes revenue and a receivable from the granting agency. These grant programs are subject to independent audit and review by grantor agencies. These audits and review could result in the disallowance of expenditures under the terms of the grant or reduction of future grant funds. Based on prior experience, management believes that any costs ultimately disallowed would not materially affect the financial position.

Net Assets with Donor Restrictions

Net Assets with Donor Restrictions are available for program services as restrictions are satisfied or with the passage of time in accordance with the terms of the grant or contract. Generally accepted accounting principles provide that upon the completion of the stipulated time or purpose restriction the amounts are released from donor’s restriction and are presented as net assets released from restriction in the Statement of Activities.

Revenue Recognition

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (a stipulated time restriction ends or purpose restriction is accomplished), 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”.

2. VULNERABILITY DUE TO CERTAIN CONCENTRATION

The Organization receives a substantial portion of its support from local government agencies and foundations. A significant reduction in the level of this support may have an adverse effect on the Organization's ability to continue those programs and activities, which are funded by these grantors. In addition, the related grants/contracts are subject to audit by the funding agencies; and disallowed costs, if any, found as a result of the audits must be repaid to the grantors.

3. LOSS CONTINGENCIES

Loss contingencies, including claims and legal actions arising in the ordinary course of business are recorded as liabilities when the likelihood of loss is probable and an amount is range of loss can be reasonably estimated. Management believes there are no such matters that will have a material effect on the financial statements.

4. LIQUIDITY

As of June 30, 2024, the Organization has $618,735 in cash and equivalents available to meet needs for general expenditures, consisting of cash of $148,269 and accounts receivable of $470,466. The Restricted Net Assets amount to only $(12,579), and none of the other financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Organization in the next 12 months.

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from the grants / contributions. In general, the Organization maintains sufficient financial assets on hand to meet 30 days' worth of normal operating expenses.

5. PROPERTY AND EQUIPMENT

As of June 30, 2024, the components of property and equipment were as follows:

	June 30, 2024
Construction in progress (CIP)	186,279
Vehicles	74,016
Office furniture and equipment	71,268
Leasehold improvements	55,352
Computers	32,022
	418,937
Less: accumulated depreciation	(138,314)
	280,623

6. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2024:

	June 30, 2024
Accounts receivable	470,466
Less: allowance for doubtful accounts	-
Accounts receivable, net	**470,466**

7. CASH AND CASH EQUIVALENTS

As of June 30, 2024, cash and cash equivalents consisted of the following:

	June 30, 2024
JPMorgan Chase Bank, N.A. account number: *******6106	147,310
Federal Credit Union Self-Help account number: *******9534	704
PayPal	255
Total cash and cash equivalents	**148,269**

8. LOANS AND BORROWINGS

As of June 30, 2024, loans and borrowings are as follows:

	Currency	%	Date of maturity	June 30, 2024
Beneficial State Bank	US Dollars	9,25	April 2025	190,000
Total loans and borrowings				**190,000**

9. GOVERNMENT GRANTS

A monthly breakdown of the Organization's government grants for the year ended June 30, 2024, is as follows:

Month	Amount
July 2023	215,159
August 2023	242,285
September 2023	122,209
October 2023	100,449
November 2023	115,104
December 2023	250,176
January 2024	130,336
February 2024	162,473
March 2024	141,521
April 2024	494,860
May 2024	132,880
June 2024	468,365
Total	**2,575,817**

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued, which is September 22, 2025.

All subsequent events requiring recognition as of June 30, 2024, have been incorporated into these financial statements and there are no other subsequent events that require disclosure in accordance with FASB ASC Topic 855, "Subsequent Events".

11. DESCRIPTION OF PROGRAM

The following program and supporting services are included in the accompanying financial statements:

Kalpulli Leadership Program

Educates, organizes and empowers youth 14 to 18 years old. In the Nahuat language, Kalpulli means “large house.” A Kalpulli gets organized to carry out a common purpose. Our Kalpulli at HOMEY organizes cultural activities, critical thinking, education workshops and provides care for the local community. We combat internalized oppression, poverty, and disenfranchisement. We foster community building, civic engagement, arts, cultural organizing and positive socialization.

Calles Program

The Calles program works directly with youth and young adults on the street to offer intervention and alternatives to violence and involvement with the juvenile justice system. Calles emphasizes youth leadership development, cultural and political awareness, and positive social activities. Calles offers individual youth and family advocacy, specialized intensive home-based support, street based outreach, as well as late night diversion programming.

Kali Housing Program

HOMEY provides housing support through our local Emergency Rental Assistance Program (ERAP) targeted to the most vulnerable households affect by the Covid-19 pandemic.

Guerrer@s De La Ciudad Food Program

Guerrer@s is a community mutual aid collaboration with Faith In Action, Food As Medicine Collaborative, and Mission Meals Coalition giving out 700+ bags of food each week to our local residents.

Native Graphix

Native Graphix is a HOMEY’s screen printing and embroidery business. Native Graphix was developed as a way to raise money for HOMEY. Our business prints T-shirts, sweaters, tote bags and other promotional items to raise money for our organization.