HOMIES ORGANIZING THE MISSION TO EMPOWER YOUTH (HOMEY)

SINGLE AUDIT REPORTING PACKAGE

For the Year Ended June 30, 2023

Prepared by:
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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

Report on the Audit of the Financial Statements

Opinions

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, 2023, 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, 2023, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). 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 the nonprofit organization 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

Auditor’s 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the 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 nonprofit 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 nonprofit 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2024 on our consideration of the nonprofit organization’s internal control over financial reporting and on 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 the nonprofit organization'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 nonprofit organization's internal control over financial reporting and compliance.

Sincerely,

George Dimov CPA

George Dimov, CPA
San Francisco, CA
June 18, 2024

STATEMENT OF FINANCIAL POSITION
as of June 30, 2023

US Dollars	Note	June 30, 2023
Assets		
Property and Equipment, net	5	119,115
Deposit for Lease		18,000
Other Assets		2,442
Non-current Assets		**139,557**
Accounts Receivable	6	1,554,842
Cash and Cash Equivalents	7	180,385
Other Assets		23,488
Current Assets		**1,758,715**
Total Assets		**1,898,272**
Liabilities		
Loans and Borrowings		47,891
Non-current Liabilities		**47,891**
Accounts Payable		676,578
Billings in Excess of Costs		340,470
Loans and Borrowings	8	290,000
Accrued Salaries and Benefits		63,902
Accrued Payroll Taxes		9,247
Current Portion of Long-term Liabilities		8,394
Credit Cards Payable		8,116
Interest Payable		7,580
Outstanding Checks and Deposits		4,706
Current Liabilities		**1,408,993**
Total Liabilities		**1,456,884**
Net Assets		
Unrestricted Net Assets		440,873
Restricted Net Assets		515
Total Net Assets		**441,388**

The notes on pages 11-17 form an integral part of the financial statements.
The independent auditor’s report is on pages 3-5.
The independent auditor’s report on internal control is on pages 18-19.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
for the year ended June 30, 2023

US Dollars	Note	Without Donor Restrictions	With Donor Restrictions	Total
Support				
Government Grants		5,923,507	-	5,923,507
Foundation Grants and Awards		299,329	5,000	304,329
Individual Contributions		21,298	800	22,098
Corporation Contributions		1,000	-	1,000
Total Support		**6,245,134**	**5,800**	**6,250,934**
Revenue				
Program Revenue		23,212	-	23,212
Other Revenue		2,876	-	2,876
Total Revenue		**26,088**		**26,088**
Total Support and Revenue		**6,271,222**	**5,800**	**6,277,022**
Expenses				
Program Services		5,500,091	5,285	5,505,376
Management and General		654,525	-	654,525
Total Expenses		**6,154,616**	**5,285**	**6,159,901**
Increase in Net Assets		**116,606**	**515**	**117,121**
Net Assets as of the Beginning of the Year		**324,267**	**-**	**324,267**
Net Assets as of the End of the Year		**440,873**	**515**	**441,388**

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STATEMENT OF FUNCTIONAL EXPENSES
for the year ended June 30, 2023

	Program Services	Management and General	Totals
Financial Assistance	2,184,828	-	2,184,828
Food Assistance/Supplies	1,947,013	-	1,947,013
Program Contractors	167,781	-	167,781
Supplies and Materials	36,407	-	36,407
Participant Incentives / Program Stipends	26,120	-	26,120
Program Meals	23,381	1,383	24,764
Critical Supports	9,798	-	9,798
Program Events	4,288	-	4,288
Grants and Other Assistance Paid	285	-	285
Total Program Expenses	**4,399,901**	**1,383**	**4,401,284**
Salaries and Wages	570,825	297,957	868,782
Payroll Taxes and Fringe Benefits	172,433	56,171	228,604
Total Personnel Expenses	**743,258**	**354,128**	**1,097,386**
Accounting and Finance	-	85,000	85,000
H/R and Payroll	-	83,218	83,218
Architect, Design and Building Contractors	75,026	-	75,026
Recruiting and Training	-	17,600	17,600
Payroll Service Fees	-	16,182	16,182
IT Service	-	10,000	10,000
401(k) Service Fee	-	2,939	2,939
Audit and Compliance	-	992	992
Total Professional Fees and Contractors	**75,026**	**215,931**	**290,957**
Rent	117,282	6,000	123,282
Repairs and Maintenance	45,621	15,000	60,621
Utilities	14,975	-	14,975
Vehicle Maintenance	3,454	-	3,454
Total Occupancy Expenses	**181,332**	**21,000**	**202,332**

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	Program Services	Management and General	Totals
Subscriptions and Software	24,050	1,727	25,777
Communications	16,879	-	16,879
Office Supplies	9,260	-	9,260
Permits, Licenses and Fees	2,725	2,585	5,310
Equipment and Hardware	3,850	-	3,850
Printing and Copying	3,688	-	3,688
Postage and Shipping	562	-	562
Total Office Expenses	**61,014**	**4,312**	**65,326**
Insurance	15,635	-	15,635
Interest Paid	-	11,825	11,825
Professional Development / Continued Education	11,115	-	11,115
Bank Charges and Revenue Fees	450	2,122	2,572
Donations	-	1,250	1,250
Taxes, Penalties and Fees	50	820	870
Total Other Administrative Expenses	**27,250**	**16,017**	**43,267**
Depreciation	**-**	**34,964**	**34,964**
Ground Transportation	13,616	-	13,616
Air Travel	3,286	-	3,286
Total Travel Expenses	**16,902**	**-**	**16,902**
Bad Debt	**693**	**5,793**	**6,486**
Other Expenses	**-**	**997**	**997**
Total Expenses	**5,505,376**	**654,525**	**6,159,901**

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STATEMENT OF CASH FLOWS
for the year ended June 30, 2023

US Dollars	**Note**	**year ended June 30, 2023**
Cash Flows from Operating Activities		
Increase in Net Assets		117,121
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciating		34,964
Changes in Assets and Liabilities		
(Increase) Decrease in Operating Assets		
Other Assets		(1,891)
Accounts Receivable		(369,636)
Increase (Decrease) in Operating Liabilities		
Billings in Excess of Costs		340,470
Accounts Payable		329,839
Accrued Salaries and Benefits		32,232
Credit Cards Payable		8,087
Interest Payable		7,580
Current Portion of Long-term Liabilities		(2,316)
Other Liabilities		(3,500)
Accrued Payroll Taxes		(74,770)
Deferred Revenue		(250,000)
Outstanding Checks and Deposits		(416,849)
Net Cash Used in Operating Activities		**(248,669)**
Cash Flows from Investing Activities		
Purchase of Property and Equipment		(3,009)
Net Cash Used in Investing Activities		**(3,009)**
Cash Flows from Financing Activities		
Loans and Borrowings		281,607
Net Cash Provided by Financing Activities		**281,607**
Net Increase in Cash and Cash Equivalents		**29,929**
Cash at beginning of period		150,456
Cash at end of period	7	**180,385**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023
(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. These financial statements have been prepared under the historical cost convention, except for the evaluation of certain financial instruments carried at fair value.

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, Homies Organizing the Mission to Empower Youth (HOMEY) 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 Homies Organizing the Mission to Empower Youth (HOMEY) 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 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.

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, 2023 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 measure 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.

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, 2023, the Organization has $1,735,227 in cash and equivalents available to meet needs for general expenditures consisting of cash of $180,385 and accounts receivable $1,554,842. The Restricted Net Assets amount to only $515, 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, 2023, the components of property and equipment were as follows:

	June 30, 2023
Vehicles	74,016
Office furniture and equipment	67,355
Leasehold improvements	55,352
Computers	32,023
	228,746
Less: Accumulated depreciation	109,631
	119,115

6. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2023:

	June 30, 2023
Accounts receivable	1,554,842
Less: allowance for doubtful accounts	-
Accounts receivable, net	**1,554,842**

7. CASH AND CASH EQUIVALENTS

As of June 30, 2023 cash and cash equivalents consisted of the following:

	June 30, 2023
Operating Checking - Chase	179,463
PayPal	680
Other	242
Total cash and cash equivalents	**180,385**

8. LOANS AND BORROWINGS

As of June 30, 2023 loans and borrowings are as follows:

	Currency	%	Date of maturity	June 30, 2023
Beneficial State Bank	US Dollars	9,25	April 17, 2024	290,000
Total loans and borrowings				**290,000**

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date which the financial statements were available to be issued, which is June 18, 2024.

All subsequent events requiring recognition as of June 30, 2023, 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”.

10. 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.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of Homies Organizing the Mission to Empower Youth (HOMEY) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 18, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Sincerely,

George Dimov CPA

George Dimov, CPA
San Francisco, CA
June 18, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Homies Organizing the Mission to Empower Youth's (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the organization's major federal program for the year ended June 30, 2023. Homies Organizing the Mission to Empower Youth's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Homies Organizing the Mission to Empower Youth's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Homies Organizing the Mission to Empower Youth's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Homies Organizing the Mission to Empower Youth's compliance.

Opinion on Each Major Federal Program

In our opinion, Homies Organizing the Mission to Empower Youth (HOMEY) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Report on Internal Control Over Compliance

Management of Homies Organizing the Mission to Empower Youth (HOMEY) is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Homies Organizing the Mission to Empower Youth's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of Homies Organizing the Mission to Empower Youth's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Homies Organizing the Mission to Empower Youth as of and for the year ended June 30, 2023, and have issued our report thereon dated June 18, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,

George Dimov CPA

George Dimov, CPA
San Francisco, CA
June 18, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2023

US Dollars

Federal Agency / Program Title	Catalog of Federal Domestic Assistance Number	Grant Number	Amount Provided to Recipients	Total Federal Expenditures
Mayors Office of Housing & Community Development / ERAP US Treasury	21.023	GMS #155615-20 / PO #0000524786	1,132,011.02	1,132,011.02
Mayors Office of Housing & Community Development / ERAP Local	N/A	GMS #175303-21 / PO #0000613330	1,052,817.32	1,607,017.81
Total			**2,184,828.34**	**2,739,028.83**

The notes on page 24 form an integral part of schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

1. General

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of federal financial assistance programs of Homies Organizing the Mission to Empower Youth (HOMEY). The operations of Homies Organizing the Mission to Empower Youth are recorded as described in Notes of Homies Organizing the Mission to Empower Youth's financial statements.

2. Basis of Accounting

The accompanying SEFA is presented using the accrual basis of accounting.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2023

FINDINGS AND QUESTIONED COSTS:

Section I – Summary of Auditor's Results

Financial Statements – current year audit

(a) The type of report issued on the financial statements: **Unmodified Opinion**

(b) Internal control over financial reporting:

i. Material weaknesses identified? **No**
ii. Significant deficiencies identified that are not considered material weaknesses? **No**

(c) Noncompliance material to financial statements noted? **No**

Financial Statements – prior year audit

(a) The type of report issued on the financial statements: **Unmodified Opinion**

(b) Internal control over financial reporting:

i. Material weaknesses identified? **No**
ii. Significant deficiencies identified that are not considered material weaknesses? **No**

(c) Noncompliance material to financial statements noted? **No**

Federal Awards – current year audit

(a) Internal control over major program:
i. Material weaknesses identified? **No**
ii. Significant deficiencies identified that are not considered material weaknesses? **No**

(b) The type of report issued on compliance for major programs: **Unmodified Opinion**

(c) Any auditing findings which are required to be reported under 2 CFR 200.516(a)? **No**

(d) Major programs:

- Mayors Office of Housing & Community Development / ERAP US Treasury;
- Mayors Office of Housing & Community Development / ERAP Local.

Section II – Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

No findings to report.

Section III – Findings and Questioned Costs Relating to Federal Awards

No findings to report.