THE BUXTON GROUP

April 14, 2025

Providence Foundation of San Francisco
4601 Third Street
San Francisco, CA 94124

Dear Board of Directors:

We have audited Providence Foundation of San Francisco's financial statements for the year ended December 31, 2024, and we will issue our report on April 4, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and certain information related to the planned scope and timing of our audit.

We communicated such information in our letter to you dated February 6, 2025. Professional standards also require that we communicate the following information related to our audit to you.

Significant Audit Matters

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies of the Providence Foundation of San Francisco are described in Note B to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2024. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management. They are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were.

> Management's estimate of the useful lives of property, equipment, and furniture is based on the expected useful lives. The key factors and assumptions used to develop the expected lives are reasonable in relation to the financial statements taken as a whole; however, actual results could differ from those estimates.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

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The disclosure of fixed assets accounts in Note B to the financial statements is the most sensitive. The financial statement disclosures are neutral, consistent, and clear.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all misstatements identified during the audit, except those deemed clearly trivial, and communicate them to the appropriate level of management. During our audit procedures, we identified material misstatements that have since been corrected. These adjustments were necessary to ensure the financial statements fairly present the entity's financial position and results in accordance with applicable standards. While these corrections enhance the accuracy of the financial statements, management should remain vigilant in addressing the underlying causes to prevent recurrence in future reporting periods.

Disagreements with Management
For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during our audit.

Management Representations
We have requested certain representations from management, as included in the management representation letter dated April 4, 2025.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss various matters, including the application of accounting principles and auditing standards, with management each year before retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition for our retention.

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Other Matters

During our audit of the financial statements of the Providence Foundation of San Francisco, we identified certain matters that are noteworthy for the board of Directors:

1. During our Search for Unrecorded Liability testing, we identified expenses related to the fiscal year 2024 that were not properly accrued in the financial statements. As a result, both expenses and liabilities were misstated, potentially impacting the accuracy of the organization's reported financial position and performance for the period.

2. The organization has not established a provision for grants receivable that are unlikely to be collected. Certain receivables deemed uncollectible have not been properly accounted for as bad debt provisions, potentially leading to an overstatement of both receivables and net assets. We recommend the organization implement a provision for bad debts to present a more accurate financial position. The current practice of writing off bad debts through the fund account does not align with the accrual basis of accounting. Instead, recognizing these amounts as a bad debt provision would more accurately reflect the actual value of outstanding receivables.

3. The organization has not maintained a clear distinction between accounts payable and accrued expenses payable in its financial records. Both categories are recorded under the same account, potentially causing confusion and reducing financial reporting clarity. To enhance transparency and accuracy, we recommend implementing proper classification that separately recognizes accounts payable and accrued expenses in accordance with generally accepted accounting principles (GAAP).

4. During our audit, the organization had accrued sick leave, despite its policy stating that employees are not entitled to claim these accruals upon termination. As a result, we reversed the sick leave accrual for the year, as it did not align with the organization's established policy. To ensure consistency and compliance, we recommend the organization review and adjust its policy and accounting treatment of sick leave accruals.

5. Our review revealed that the organization lacks a formal policy for recognizing and measuring contingent liabilities. Without such a framework, contingent liabilities may not be properly identified, disclosed, or accounted for in compliance with applicable accounting standards. To mitigate this risk, we recommend that the organization establish and implement a formal policy governing the recognition, measurement, and disclosure of contingent liabilities. This will enhance compliance with relevant accounting principles and improve transparency in financial reporting.

6. Certain bank transactions were overlooked in the accounting records, leading to a discrepancy between the trial balance and the bank statement. While the amounts involved are immaterial and do not materially impact the financial statements, we recommend that management take proactive measures to ensure all bank transactions are accurately recorded in future periods, preventing similar discrepancies.

7. The organization closed a CD account and received a cashier's check; however, due to the year-end holiday closure, the check was not deposited in a timely manner. Additionally, the transaction was not recorded in the general ledger, leading to an overstatement of short-term investments and an understatement of cash in the financial statements.

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8. Certain cash accounts were classified as restricted, despite being deposited into a CD-type account that remains freely available for general operations. This misclassification may impact financial reporting accuracy.

9. The organization needs to reconcile its balance sheet accounts regularly to ensure alignment with its subledger and other systems, such as PayChex, for tracking vacation and sick leave balances. A review of certain accounts revealed discrepancies, with balances not agreeing and the general ledger remaining unadjusted. Additionally, some account balances are not reviewed in detail, leading to the continued reflection of old outstanding amounts. Furthermore, certain liability accounts contain uncashed checks that require investigation and should be reported to the California State in accordance with escheatment rules for unclaimed property.

This information is intended solely for the use of the Board of Directors charged with governance and management of the Providence Foundation of San Francisco and is not intended to be, and should not be, used by anyone other than these specified parties.

The Buxton Group
Name: Franklin Thompson
Title: Managing Partner

Signature: Franklin Thompson

Date: April 14, 2025

Acknowledged and agreed on behalf of the Providence Foundation of San Francisco by:

Signature:

Date: 4-15-25

Dexter Hall
CEO
Providence Foundation of San Francisco

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Exhibit A – Corrected Misstatements

AJE #	Account Code	Description	Debits	Credits
1	**5402**	Food supplies for feeding	$17,750.00	
	5206	Accounting/Audit	$19,518.75	
	5207	Legal fees	$11,655.00	
	5211	Professional fees	$20,066.66	
	5405	Client Laundry	$4,420.30	
	5031	Miscellaneous	$150.00	
	5007	Subscription	$29.75	
	5006	Postage	$21.98	
	5403	Blanket/Mats/Hygiene	$655.74	
	5004	Office Supplies	$241.71	
	5004	Office Supplies	$351.77	
	5004	Office Supplies	$49.16	
	5025	Cleaning/Janitorial	$1,292.83	
	5401	Food Supplies	$5,069.34	
	2010	Accrued expenses		$81,272.99
To record the Expenses incurred in 2024 but not recognized in 2024				
	1118	Grant Receivable - Unbilled Costs	$29,429.92	
	4001	Earned Income		$29,429.92
To record additional revenue due to 2024 accrued expenses.				
	1118	Grant Receivable - Unbilled Costs	$351.77	
	4001	Earned Income		$351.77
To record additional revenue due to the 2024 accrued expenses.				
2	**5029**	Depreciation Expense	$25,408.45	
	1403	Accumulated Deprr -F&F		$25,408.45
To recognize current year depreciation on Furniture and equipment				
3	**5509**	Loss on Disposal of Assets	$24,012.00	
	1403	Accumulated Deprr- F&F	$78,071.29	
	1402	Fixed Assets		$102,083.29
To record the write-off of the Furniture and Equipment that have been completely written off before 2023 or during 2024, and the remaining assets belong to the city and not Providence; and also to recognize the loss on disposal.				

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4	**1401**	Vehicle (van)	$4,607.22	
	4040	Program expenses		$4,607.22
To reverse the amortization expenses for January to June of the Vehicle (van) charged in Program expenses				
5	**8100**	Depreciation Expense	$4,607.22	
	1403	Accumulated Deprr -F&F		$4,607.22
To record the depreciation of the Vehicle (van) for the months January to June.($767.87x6)				
6	**2005**	Accrued Sick Leave Allowance	$40,811.37	
	5108	Sick Leave		$40,811.37
To reverse the accrual of the sick leave allowances as the employees are not paid the unused sick leave balance at the time of termination				
7	**2006**	Accrued Vacation	$2,092.55	
	5107	Vacation leave allowance		$2,092.55
To write off the over-accrual of vacation expenses				
8	**5212**	Legal Expense (contingent liability)	$480,724.25	
	2301	Contingent Liability accrual		$480,724.25
To record contingent liability expense for the legal settlement of the holiday payments case with OLSE.				
9	**302**	Fund Balance	$6,874.96	
	1115	Grant Receivable: 1115 MOCD Managed Care		$6,874.96
To write off the grant receivable from ESG, as the grant was terminated due to sustained non-compliance, and could not process further invoices.				
10	**302**	Fund Balance	$58,083.92	
	1105	1100 Grants Receivable:1103 Bridge Housing:1105 Grant Funds		$2,347.55
	1104	1100 Grants Receivable:1103 Bridge Housing:1104 Bridge Insurance		$156.74
	1106	1100 Grants Receivable:1103 Bridge Housing:1106 Geraldine Johnson		$22,570.02
	1107	1100 Grants Receivable:1103 Bridge Housing:1107 Bridge Housing -Armstrong		$26,634.26
	1107	1100 Grants Receivable:1103 Bridge Housing:1107 Bridge Housing -Armstrong		$3,212.84
	1107	1100 Grants Receivable:1103 Bridge Housing:1107 Bridge Housing -Armstrong		$3,162.51
To write off the grant receivable from Bridge Housing, Grant Funds, Geraldine Johnson, Bridge Insurance, and Armstrong that were deemed uncollectable.				

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11	**1010**	Undeposited Funds	$52,650.11	
	1303	Temp Restricted Reserves:1303 WF TCD #3895		$52,128.30
	4011	Interest Income		$521.81
To record the closure of bank account TCD #3895 on Dec 19, 2024.				

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AUDITED FINANCIAL STATEMENTS

PROVIDENCE FOUNDATION OF SAN FRANCISCO

(a nonprofit corporation)

SAN FRANCISCO, CALIFORNIA

December 31, 2024

TABLE OF CONTENTS

To the Board of Directors of
Providence Foundation of San Francisco
San Francisco, California

Opinion

We have audited the accompanying financial statements of Providence Foundation of San Francisco (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, statement of change 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 Providence Foundation of San Francisco as of December 31, 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 the Providence Foundation of San Francisco 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 Providence Foundation of San Francisco's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore it 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 Providence Foundation of San Francisco'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 Providence Foundation of San Francisco'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.

The Buxton Group
Franklin Thompson, CPA
Franklin Thompson, CPA
Sacramento, California

April 4, 2025

PROVIDENCE FOUNDATION OF SAN FRANCISCO
Statement of Financial Position
as on December 31,2024

ASSETS		
Cash and cash equivalents - Note B, F		$ 899,135
Short-term investments - Note K		1,149,047
Grant and accounts receivable, net		790,314
Prepaid expenses		37,592
Property and equipment		
Vehicle (van)	27,643	
Less: Accumulated depreciation	(23,804)	
Fixed assets, net – Note B		3,839
Total Assets		2,879,927
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable		$ 27,216
Accrued expenses		81,273
Accrued salaries and payroll taxes payable		12,556
Accrued vacation payable		60,690
Contingent liability – Note M		480,724
TOTAL LIABILITIES		662,459
NET ASSETS		
Without donor restrictions		2,014,760
With donor restrictions		202,708
TOTAL NET ASSETS		2,217,468
TOTAL LIABILITIES AND NET ASSETS		$ 2,879,927

PROVIDENCE FOUNDATION OF SAN FRANCISCO
Statement of Activities and Changes in Net Assets
For the year ended December 31,2024

	Without Donor Restrictions	With Donor Restriction	Total
REVENUES AND SUPPORT			
Supports			
Grants and donations			
Donations	$ 120	$ 4,500	$ 4,620
Total Support	120	4,500	4,620
Revenue			
Reimbursement contracts:			
Government programs	6,276,243	-	6,276,243
Other revenue	20,632	-	20,632
Interest revenue	15,493	-	15,493
Total Revenue	6,312,368	-	6,312,368
Net assets released from restriction	-	(7,753)	(7,753)
TOTAL REVENUES AND SUPPORTS	6,312,488	(3,253)	6,309,235
EXPENSES			
Program services – Note L	5,692,614	-	5,692,614
Management and general – Note L	1,728,430	-	1,728,430
Total Expenses	7,421,044	-	7,421,044
INCREASE (DECREASE) IN NET ASSETS	(1,108,556)	(3,253)	(1,111,809)
Net assets, beginning of year	3,190,899	205,961	3,396,860
Prior year earned revenue adjustments – Note H	(67,583)		(67,583)
NET ASSETS, END OF YEAR	$ 2,014,760	$ 202,708	$ 2,217,468

PROVIDENCE FOUNDATION OF SAN FRANCISCO
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2024

	Shelter	Youth	Nutrition	Program Totals	Management & General	Totals
Salaries & wages	$ 2,514,460	$ 47,617	$ -	$ 2,562,077	$ 125,639	$ 2,687,716
Payroll taxes	209,775	4,096	-	213,871	15,333	229,204
Workers' compensation	125,316	879	-	126,195	619	126,814
Fringe benefits	371,234	12,167	-	383,401	(3,164)	380,237
Administrative leave	-	-	-	-	36,999	36,999
Paid time off	-	-	-	-	25,223	25,223
Wage settlement	-	-	-	-	25,581	25,581
Accounting	-	-	-	-	138,579	138,579
Building maintenance	23,887	-	-	23,887	22,661	46,548
Food supplies	111,208	1,767	2,289	115,264	14,043	129,307
Clients need (program related)	364,869	671	-	365,540	323	365,863
Lodging clients	1,500,000	-	-	1,500,000	-	1,500,000
Consulting and professionals	51,887	-	-	51,887	212,128	264,015
Depreciation expense	8,538	116	-	8,654	25,969	34,623
Disallowed expenses- CCSF	-	-	-	-	105,000	105,000
Equipment purchases	4,740	-	-	4,740	-	4,740
Insurance	58,585	1,587	-	60,172	15,320	75,492
Janitorial & cleaning supply	65,568	1,400	-	66,968	14,078	81,046
Legal fees	-	-	-	-	327,814	327,814
Legal expenses (contingent liability)	-	-	-	-	480,724	480,724
Loss on disposal of assets	-	-	-	-	24,012	24,012
Office supplies	18,605	50	257	18,912	8,284	27,196
Payroll processing fees	-	750	-	750	43,619	44,369
Penalties	-	-	-	-	7,000	7,000
Printing & clerical help	14,448	17	-	14,465	9,005	23,470
Other Program Expenses	328	-	2,600	2,928	-	2,928
Rent	34,310	-	-	34,310	13,473	47,783
Security services	15,060	-	-	15,060	1,365	16,425
Travel & meals	2,222	-	-	2,222	138	2,360
Utilities	121,311	-	-	121,311	25,552	146,863
Other expenses	-	-	-	-	13,113	13,113
Total Expenses	$ 5,616,351	$ 71,117	$ 5,146	$ 5,692,614	$ 1,728,430	$ 7,421,044

PROVIDENCE FOUNDATION OF SAN FRANCISCO
Statement of Cash Flow
For the year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$	(1,111,809)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation expenses		34,623
Prior year earned revenue adjustment		(67,583)
Loss on disposal of fixed assets		24,012
Decrease(increase) in :		
Short-term investment		(598,856)
Accounts receivable		1,591,785
Prepaid expenses		7,175
Increase(decrease) in:		
Accounts Payable		(13,537)
Accrued expenses		81,273
Accrued salaries and payroll taxes payable		(134,969)
Accrued vacation payable		(84,080)
Contingent Liability		480,724
NET CASH USED BY OPERATING ACTIVITIES		208,758
INCREASE (DECREASE) IN CASH		208,758
Cash balance- January 1, 2024		690,377
CASH BALANCE- December 31, 2024	$	899,135

A. GENERAL AND ORGANIZATION

Providence Foundation of San Francisco (the "Organization") is a California nonprofit organization established to improve the quality of life in the San Francisco Hunter's Point and Bay View Communities and empower individuals to become self-reliant by providing programs, services, education, and training.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Organization maintains its books and prepares its financial statements and exempt tax returns using the accrual basis of accounting.

Basis of Presentation

The financial statements of the Providence Foundation of San Francisco have been prepared on the accrual basis accepted in the United States of America (U.S. GAAP). 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 Providence Foundation of San Francisco 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 restriction** – Net assets that are subject to donor-imposed restrictions that may or will be met either by actions of Providence Foundation of San Francisco 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 restrictions or by law.

Use of Estimate

In preparing the financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates different in assumptions or conditions.

Cash and Cash Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to one or more program services or supporting services of the Organization. Those expenses include depreciation, human resources, facilities, and finance department expenses. Depreciation is allocated based on asset use and full-time equivalents ("FTE") since there is no clear bifurcation of space amongst program or supporting services. The various program department expenses, which include occupancy costs, are allocated based on FTE. Finance and other miscellaneous expenses are allocated based on budgeted revenue.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash deposits and investments. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per banking institution. As of December 31, 2024, there were combined cash deposits of $648,835 in excess of FDIC limits.

Balances in investment accounts are insured up to $500,000, including a limit of $250,000 for cash, by Securities Investor Protection Corporation ("SIPC"). As of December 31, 2024, there was a balance of $649,047 of cash deposits and investments in excess of SIPC limits. Investments are subject to a formal investment policy, which provides for diversification and oversight.

Management believes that the Organization is not exposed to any significant credit risk related to cash, equivalents, and investments.

Accounts and Grant Receivable

Management considers receivable 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. At December 31, 2024, the bad debt expense is $-0-.

Investment

Investments are stated at fair value. Interest revenue from the investment is reported net of related investment expenses. The organization's investments are certificates of deposits (CD) and money market, and related interest earned from these investments is reported on the statements of activities.

Income Taxes

Providence Foundation of San Francisco 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.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization's form 990 "Return of Organization Exempt from Income Tax", for the years ended December 31, 2024, 2023, and 2022 are subject to examination by the IRS, generally for three years after the returns are filed. Management of the Organization has processes presently in place to ensure the maintenance of its tax-exempt status and tax obligations for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. Management has evaluated its tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist.

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 3-10 years. At December 31, 2024, net property and equipment is $3,839.

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 the donor's restriction.

Impairment of long-lived assets

The Organizations evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount of an asset. If the carrying amount exceeds its estimated future cash flow, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Once an impairment charge is recorded, the carrying amount cannot be increased. There was no impairment recorded for the year ended December 31, 2024.

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 reviews 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.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. As of December 31, 2024, net assets with donor restrictions was $202,708. Generally accepted accounting principles provide that upon the completion of the stipulated time or purpose restriction, the amounts are released from the donor's restriction and are presented as net assets released from restriction in the Statement of Activities

Leases

The Organization leases office space under operating leases. The Organization determines if an arrangement is a lease at inception. Operating leases are included in the operating lease right-of-use (ROU) asset and operating lease liability on the statement of financial position. Finance leases are included in property and equipment and other long-term liabilities on the statement of financial position. The Organization does not have any finance leases.

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". During the year ended December 31, 2024, net assets were released from donor restrictions by incurring expenses satisfying the purpose of time restrictions specified by donors as follows:

Haas Safety Net Services	$1,523
SFAAF-Based Coalition	5,146
Kingsford Capital -ASP	1,061
Metta Fund	23
Total	**$7,753**

C. COMMITMENTS AND CONTINGENCIES

Leases

The Organization's leases for its office and program spaces have been classified as operating leases. At December 31, 2024, all leases were on a month-to-month basis or for periods of twelve months or less. Management elects to recognize the lease payments on its operating expenses. The total 2024 rent expense under all lease agreements was $47,783.

D. VULNERABILITY DUE TO CERTAIN CONCENTRATION

The Organization receives a substantial portion of its support from local government agencies. 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.

E. LIQUIDITY

At December 31, 2024, the Organization has $2,838,496 in cash and equivalents available to meet needs for general expenditures, consisting of cash of $2,048,182 and accounts receivable of $790,314. None of the financial assets is 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.

F. CASH, CASH EQUIVALENT AND RESTRICTED CASH

The table below provides a reconciliation of cash, cash equivalents, and restricted cash reported on the statement of financial position that sums to the total of those same amounts shown in the statement of cash flows:

Cash and cash equivalents	$ 1,741,783
Restricted cash-board designated	-
Restricted cash - donor restriction	202,708
Total	$ 1,944,491

G. 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 estimated range of loss can be reasonably estimated. Management believes there are no such matters that will have a material effect on the financial statements.

H. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments in the amount of $67,583 represent adjustments in related prior year earned income.

I. FIXED ASSET PURCHASE

The Organization recognized the purchase of its fixed assets as an expenditure during the year for the purpose of requesting reimbursement from the funding agencies. At the end of the year, those fixed asset purchases will be reclassified to the fixed asset schedule and fund balance in order to confirm that the financial statements are in accordance with accounting principles generally accepted in the United States of America. As of December 31, 2024, no fixed assets have been purchased.

J. NET ASSET WITH DONOR RESTRICTION

At December 31, 2024, donor restriction net assets were as follows:

Haas Safety Net Services	$903
GSW Community Program	145,000
Hotel Stay in Fund	47,254
SFAAF-Based Coalition	276
Nutrition United Way	3,500
Kingsford Capital -ASP	5,775
Total	**$202,708**

K. SHORT-TERM INVESTMENTS (BOARD DESIGNATED)

The Foundation invests funds in a professionally managed portfolio that may include interest income. Certain of these investments are exposed to various risks, such as fluctuations in interest rates or credit risk. Therefore, the Foundation's investments may be subject to significant fluctuations in fair value. As a result, the investment balance reported in the accompanying financial statements may not be reflective of the portfolio value during the subsequent periods.

The Foundation investments are certificates of deposits, money market, and savings accounts. Those investments are not required to be classified as one of the levels prescribed by the fair value hierarchy.

The certificate of deposit accounts had an original maturity greater than three months, and the remaining maturities are less than one year. At December 31, 2024, the total of short-term investments balance was $1,149,047 and these accounts are Board Designated Accounts. The Foundation also earned an interest income in the amount of $15,493 for the year ended December 31, 2024.

L. DESCRIPTION OF PROGRAMS AND SUPPORTING SERVICES

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

Shelter Program
Provides emergency shelter, storage, and sleeping facilities to homeless men, women, and families in a secure and healthful environment. The Foundation is also responsible for the City of San Francisco shelter reservation system, which assigns beds at various sites throughout the city.

Youth Programs
After-School Tutorial Program

Offers free comprehensive, and consistent academic support *for* students in grades 6 through 12.

Summer Learning Program

Provides quality services for approximately 85 youth ages 5 to 13 during summer vacation.

Nutrition Program

Provides free meals every Wednesday in the Bayview-Hunter's Point community.

Managed Care Program

Managed Care Program provides comprehensive case management and linkages to an array of support services (e.g., substance abuse treatment, job training, employment, and housing) to homeless individuals. Through this program, the following services are provided: Intake and Assessment, Benefits Advocacy, Information and Referrals, Intensive Case Management, Weekly Classes and Support Groups, Job Development, Housing referrals, and Follow-up Services.

L. DEBARMENT AND ORDER OF SUSPENSION

On May 6, 2024, the City and County of San Francisco submitted a request to the City Controller for the appointment of a hearing officer under San Francisco Administrative Code Chapter 28. This request seeks the debarment and suspension of the Providence Foundation of San Francisco from obtaining additional contracts with the City and County of San Francisco. The matter is currently pending, with a hearing scheduled for May 15, 2025. During the investigation and until the hearing, the Providence Foundation of San Francisco is suspended from applying for any additional contracts.

M. CONTINGENT LIABILITY

On April 24, 2024, the City Attorney and Department of Homelessness and Supportive Housing ("HSH") issued a notice of default to Providence Foundations of San Francisco under its grant agreement for the Oasis based on the false invoices, and the City Attorney requested a detailed response by April 30, 2024. The result of the City's investigation disclosed that the Providence Foundation of San Francisco received at least $105,000 for work that was not performed.

The City's investigation of Providence Foundation of San Francisco is continuing, and the City may bring additional counts and allegations or initiate other legal proceedings based on the same or new evidence.

Management performed its own review of several vendor invoices to determine whether Providence Foundation of San Francisco knowingly submitted false funding requests for reimbursements from the City of San Francisco and/or other funding agencies. The result of this review discloses no such event exists. The period reviewed was from October 2019 to May 2024, and as a result management believes that the outcome of the City's investigation is not expected to have a material adverse effect on the Organization's financial position or changes in net assets. The organization paid the City $105,000 in May 2024, but the check remains uncashed as of December 31, 2024.

On November 27, 2023, the City and County of San Francisco's Office of Labor Standards Enforcement ("OLSE") opened an investigation to determine the Organization's compliance with the San Francisco Labor and Enforcement Code. On July 29, 2024, OLSE issued a Notice of Potential Violation identifying noncompliance on paid time off accrual, payout practices, and interest owed.

OLSE calculated that the Organization owed $22,311.17 in gross wage payments and interest to 43 former employees, which was paid on August 27, 2024, and OLSE closed the investigation on November 13, 2024.

The OLSE's audit revealed that the Organization had a policy and practice of providing paid holidays to its non-exempt employees but has not consistently paid the employees. OLSE determined that holiday pay in the amount of $480,724.25 owed to 205 non-exempt employees and the Organization will manage its payment schedule with the affected employees independently. The disbursement of these funds remains temporarily tolled. The Organization has recorded a liability for $480,724.25 as of December 2024.

N. RELATED PARTY

As of December 31, 2024, the Organization engaged in the following related party transactions:

Before the conclusion of the former Executive Director's term on June 28, 2024, the Organization procured organizational training services, including Sexual Harassment Training, from a company owned by a relative of the former Executive Director. The total cost of these services was $5,000.

A former board member, whose tenure ended on May 31, 2024, provided human resource consulting and oversight services to the Organization, totaling $ 10,500.

O. SUBSEQUENT EVENTS

Management has evaluated subsequent events as of April 4, 2025, the date on which the financial statements were available to be issued. It has been determined that no disclosure and adjustments are necessary to the amounts reported in the accompanying financial statements, except Notes M and N.