ASCENCIA
(a Not-for-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2021

WITH INDEPENDENT AUDITORS' REPORT

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LEE, SPERLING, HISAMUNE/ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
500 NORTH BRAND BOULEVARD • SUITE 840 • GLENDALE, CALIFORNIA 91203
(818) 507-6645 • FAX (818) 507-7891

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,

Ascencia
Glendale, California

Report on the Financial Statements

We have audited the accompanying financial statements of Ascencia (a Not-for-Profit Corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ascencia as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 15 Subsequent Events, the spread of a novel strain of coronavirus (COVID-19) in 2020 has caused significant volatility in the United States marketplace. There is significant uncertainty around the breadth and duration of any business disruption related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the Organization's operation and financial performance is uncertain and cannot be determined at this time. The financial statements have not been adjusted as a result of this uncertainty.

Other Matters

Other Information

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, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 5, 2022, on our consideration of Ascencia'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 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 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 Ascencia's internal control over financial reporting and compliance.

Lee, Sperling, Hisamune / Accountancy Corporation

Glendale, California

May 5, 2022

ASCENCIA
(a Not-for-Profit Corporation)

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2021

A S S E T S

CURRENT ASSETS:	
Cash and cash equivalents	$ 507,460
Grants receivable	945,304
Unbilled revenue	204,461
Contributions receivable	4,863
Prepaid expenses	74,282
Security deposits	17,675
Other assets	3,958
Total current assets	1,758,003
PROPERTY AND EQUIPMENT, NET	4,076,472
Total assets	$ 5,834,475

L I A B I L I T I E S A N D N E T A S S E T S

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 349,766
Line of credit	147
Deferred revenue	16,224
Client savings deposit	5,898
Client rental deposits	10,226
Security deposits	12,625
Total current liabilities	394,886
Notes and accrued interest payable	1,406,070
Total liabilities	1,800,956
NET ASSETS:	
Without donor restrictions	3,620,352
With donor restrictions	413,167
Total net assets	4,033,519
Total liabilities and net assets	$ 5,834,475

See accompanying notes to financial statements.

ASCENCIA
(a Not-for-Profit Corporation)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Donations	$ 503,046	$ 605,061	$ 1,108,107
Grants	3,034,537	-	3,034,537
Special events revenue	184,659	-	184,659
Less: Costs of direct benefits to donors	(9,619)	-	(9,619)
Rental and other income	133,642	-	133,642
Gifts in-kind	264,992	-	264,992
Interest income	358	-	358
Net assets released from restrictions	255,535	(255,535)	-
Forgiveness of loans and accrued interest	1,475,077	-	1,475,077
Total revenue and support	5,842,227	349,526	6,191,753
EXPENSES:			
Program services	3,581,361	-	3,581,361
General and administrative	469,429	-	469,429
Fundraising	334,716	-	334,716
Total expenses	4,385,506	-	4,385,506
Increase in net assets	1,456,721	349,526	1,806,247
Net assets, beginning of year	2,163,631	63,641	2,227,272
Net assets, end of year	$ 3,620,352	$ 413,167	$ 4,033,519

See accompanying notes to financial statements.

ASCENCIA
(a Not-for-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services	General and Administrative	Fundraising	Total
Payroll and benefits	$ 2,003,364	$ 242,947	$ 191,720	$ 2,438,031
Rent	561,735	1,024	-	562,759
Professional services	223,285	91,112	39,920	354,317
Professional services - Gifts in-kind	264,992	-	-	264,992
Utilities	26,567	3,650	1,393	31,610
Building and maintenance	98,299	17,710	3,453	119,462
Insurance	67,328	8,134	4,535	79,997
Telephone	19,265	2,849	1,362	23,476
Office expense	62,531	20,354	68,553	151,438
Client expenses	39,789	41,422	978	82,189
Bank and payroll fees	7,507	7,276	475	15,258
Recruitment and staffing	2,609	2,330	1,420	6,359
Auto and travel	28,241	4,967	495	33,703
Depreciation	114,724	15,037	11,030	140,791
Interest expense	61,503	8,062	5,913	75,478
Miscellaneous	(378)	2,555	3,469	5,646
Total expenses	$ 3,581,361	$ 469,429	$ 334,716	$ 4,385,506

See accompanying notes to financial statements.

ASCENCIA

(a Not-for-Profit Corporation)

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 1,806,247
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Depreciation	140,791
Extinguishment of loans and accrued interest	(1,436,676)
Forgiveness of Paycheck Protection Program loan	(38,400)
Changes in operating assets and liabilities --	
Grants and contributions receivable	(175,631)
Prepaid expenses and security deposits	(29,987)
Other assets	(3,958)
Accounts payable and accrued expenses	82,027
Accrued interest	66,156
Security deposits	12,625
Deferred revenue	16,224
Client rental deposits	10,226
Client savings deposit	2,625
Net cash provided by operating activities	452,269
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(11,437)
Net cash used in investing activities	(11,437)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from line of credit	120,349
Payments on line of credit	(368,832)
Net cash used in financing activities	(248,483)
Net increase in cash and cash equivalents	192,349
Cash and cash equivalents, beginning of year	315,111
Cash and cash equivalents, end of year	$ 507,460
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year for interest	$ 9,009

See accompanying notes to financial statements.

Note 1 -- Organization

Ascencia ("the Organization") is a not-for-profit organization incorporated as PATH Achieve Glendale in California on June 15, 2006, with the mission to end homelessness in the Greater Glendale area, one person, one family, at a time. In 2016, the Organization updated its mission to "Lifting people out of homelessness, one person, one family, at a time." The Organization serves approximately 1,200 homeless men, women, and children each year through a range of housing and services that support their regaining a home of their own.

Until February 24, 2011, the Organization was affiliated with PATH Partners, a California non-profit benefit corporation. PATH Partners was the ultimate controlling party of the Organization, and all actions of the Organization's Board of Directors were subject to the approval of PATH Partners. On February 24, 2011, the Organization and PATH Partners entered into an agreement which called for amendment of the Organization's bylaws and articles of incorporation, removing PATH Partners as the sole voting member. The Organization's bylaws were amended effective May 13, 2011, and amended articles of incorporation reflecting the Organization's name change to Ascencia were filed with the State of California on September 12, 2011.

On December 20, 2012, Ascencia merged with The S.H. Ho Hope and Compassion Center, a nonprofit public benefit corporation with no members. The S.H. Ho Hope and Compassion Center owned two properties under development. Ascencia, as the surviving corporation, assumes ownership of those assets.

The Organization operates the following programs:

- The Access Center serves as the Coordinated Entry System (CES) for all clients in the Glendale Continuum of Care by providing standardized assessment of all clients that prioritizes the most vulnerable for housing placement. Services include street outreach, comprehensive screening and assessment of client needs, and case management with specializations in mental health, substance use disorders, housing location, employment, financial literacy, occupational therapy, tele-psychiatry, and veterans' services. Services based at the Access Center are client-centered and use a trauma-informed approach to support client use of services. The Organization's Outreach Teams canvass streets to offer services to homeless people, respond to calls from the community to help homeless people and provides essential transportation to connect clients to needed services. The Access Center case management staff conducts a thorough review of each person's social, economic and health needs and tailors a plan for continuing services at the Organization or a responsible referral to an appropriate provider. Case Managers assist clients by helping them clarify priorities, identify resources, and facilitate short and long-term planning. The on-site tele-psychiatric services and trauma therapists give clients access to essential mental health services, and volunteers provide additional services including blood pressure screening and haircuts. Ascencia leads the Glendale CES, and supports the CES in the east San Fernando Valley, Northeast Los Angeles, and West Hollywood.

Note 1 -- Organization (Continued)

- Emergency Housing for 60-90 days for single adults and 120 days for families with minor children to help people address an immediate crisis. Entering adult clients must pass a Megan's Law check, commit to saving money, and participate in case management services, which are provided through the Access Center. The 45-bed program can accommodate families of any size and configuration; children of any age are permitted. Volunteers provide substantial enrichment to the program; for example, school age children receive tutoring from School on Wheels, and volunteers and Guest Chefs purchase, prepare and serve meals for the residents each night by utilizing over 800 volunteers a year from religious organizations, businesses, and service clubs.

- Scattered Site Permanent Supportive Housing for chronically homeless families and single adults provides a permanent home with social services support to ensure housing stability. The program focuses on helping families and individuals with disabilities and histories of extended or repeated homelessness overcome the physical and emotional setbacks of homelessness. This program, which converted from a family transitional housing program, in 2014, encountered difficulties finding families that met the HUD criteria for chronic homelessness. As a result, some of the units converted to single person households. The program is currently serving twelve households including 16 adults and 8 children.

- Next Step Permanent Supportive Housing provides a critical housing opportunity for single chronically homeless adults in recovery from alcohol or drug addiction. Clients in this program have completed residential rehabilitation but need more time to establish their sobriety and repair the substantial damage done to their credit, employability and personal relationships following long-term alcohol and/or drug abuse and homelessness. As a permanent housing program, clients have the opportunity to work at their own pace to rebuild their lives, and the Organization staff provide the support and guidance to help them. Services include financial literacy training, recovery support groups, small grants for education, guidance on credit repair, and referrals for legal services.

- Housing Now Permanent Supportive Housing for chronically homeless single adults. program, a 14-unit, scattered site program provides a permanent home with social services support to ensure housing stability. The program focuses on helping individuals with disabilities and histories of extended or repeated homelessness overcome the physical and emotional setbacks of homelessness.

- H.E.L.P. Permanent Supportive Housing for chronically homeless families and single adults provides a permanent home with social services support to ensure housing stability. The program focuses on helping families and individuals with disabilities and histories of extended or repeated homelessness overcome the physical and emotional setbacks of homelessness. The program is currently serving 20 households including 15 single adults and five families with children.

Note 1 -- Organization (Continued)

- Foundation grants such as Dignity Health Foundation, and Providence Health have enabled us to continue to provide supportive housing for vulnerable, high-cost users of hospital services since the Social Innovation Fund 5–year grant ended in 2017. Originally known as the 10th Decile Project, Ascencia staff work with local hospitals to identify eligible patients. Services include assisting clients in connecting to housing and a medical home, and navigating needed health, nutrition education, assistance with daily living, financial literacy, occupational therapy, and other services to stabilize them in permanent supportive housing and to reduce their impact on emergency services.

- Ascencia's Homeless Services Liaison position served as Ascencia's liaison to local government, business and other stakeholders on matters related to homelessness in Burbank and the east San Fernando Valley. This includes representing Ascencia in planning initiatives in the Cities of Los Angeles, Glendale and Burbank, the County of Los Angeles, and the multi-agency planning underway related to the Los Angeles River. When not in the field, Ascencia's Homeless Services Liaison is co-located at the City of Burbank Community Development Department. The position is responsible for being the point of contact on all homeless-related matters for the City of Burbank and coordinates closely with Ascencia's street outreach team. This position was eliminated by the City of Burbank December 2020.

- The City of West Hollywood contracts with Ascencia to provide a street outreach team, case management, reserves ten of emergency housing beds for West Hollywood referrals, and provides Housing Retention Services.

- Ascencia provides services by contracting with the Department of Health Services to provide intensive supportive case management services to 120 clients placed in permanent supportive housing through Housing for Health.

- The Housing Location Navigator position serves as Ascencia's cultivator of units by developing relationships with to property owners who are open to renting permanent housing space to homeless individuals and/or families.

In addition to serving as the lead provider of homeless services in the Glendale Continuum of Care and participation in the Continuum's Homeless Management Information System, the Organization is a service hub within the Los Angeles Continuum of Care's Service Planning Area 2 (San Fernando Valley) Coordinated Entry System, and its Service Planning Area 4 (Metro/Northeast Los Angeles) Coordinated Entry System.

Note 2 -- Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization prepares its annual financial statements in accordance with Accounting Standards Codification (FASB ASC) 958-210-50-3 (formerly FASB No. 117, *Financial Statements of Not-for-Profit Organizations,* and the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Not-for Profit Organizations*).

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to be all highly liquid investments with a maturity of three months or less when acquired.

Contributed Goods and Services

The Organization receives contributed services from professionals such as therapy, case management, housing retention, crisis intervention and medical support to homeless individuals and families. The receipt of donated services by the Organization is recorded at fair value and reflected as gifts in-kind and included in revenue and support in the accompanying statement of activities and as gifts in-kind services expense in the accompanying statement of functional expenses.

Contributions

On July 1, 2019, the Organization adopted FASB ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions and Contributions Made*. This accounting pronouncement clarified guidance for not-for-profit entities regarding whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. It also clarified guidance related to determining whether a contribution is conditional.

Contributions received are recorded based upon the existence or nature of any donor restrictions. 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 with donor restrictions Net Assets With Donor Restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), Net Assets With Donor Restrictions are reclassified to Net Assets Without Donor Restrictions and are reported in the Statement of Activities as net assets released from restrictions.

Note 2 -- Summary of Significant Accounting Policies (Continued)

Net Assets Classifications

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

(i) **Net Assets Without Donor Restrictions**

Represent net assets which are not restricted by donors. Net Assets Without Donors Restrictions are funds that are fully available, at the discretion of the Board of Directors and management, for the Organization to utilize in any of its programs or supporting services. Net Assets Without Donor Restrictions may be designated for specific purposes by the Board of Directors or may be limited by legal requirements or contractual agreements with outside parties.

(ii) **Net Assets With Donor Restrictions**

Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. A portion of the Organization's Net Assets With Donor Restrictions is subject to donor-imposed restrictions that require the Organization to use or expend the gifts as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to Net Assets Without Donor Restrictions and reported on the statement of activities as net assets released from restrictions.

Property and Equipment

Property and equipment are recorded at cost, except for donated equipment, which is stated at fair value at date of receipt. The Organization follows the practice of capitalizing all expenditures for equipment in excess of $5,000. The straight-line method of depreciation is calculated based on the estimated useful lives of the assets by category as noted below:

Vehicles	5 years
Software	3-5 years
Furniture and fixtures	7 years
Equipment	5 years
Building	27-39 years

Management of the Organization assesses the recoverability of property and equipment whenever a triggering event occurs. In the event that there is a decline in value, the Organization performs an analysis to determine if the decline in value may not be recoverable. Management has determined that no unrecoverable declines in the market values of property and equipment exist at June 30, 2021.

Note 2 -- Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is a public charity that has obtained an exemption from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and California state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for federal or state income taxes. The Organization is subject, however, to Federal and California income taxes on unrelated business income as stipulated in Internal Revenue Code Section 511 and Regulation Section 1.511. For the fiscal year ended June 30, 2021, the Organization had no unrelated business taxable income.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years ended June 30, 2021.

Ascencia’s Forms 990, Return of Organization Exempt from Income Tax, for years ended June 30, 2019, 2020, and 2021 may be subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Allocated Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and the statement of functional expenses. Expenses are charged to program or supporting services categories based on direct expenditures incurred, when possible. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, those expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated on the basis of actual time and effort spent. Program supplies, postage, printing, training, entrance fees, rental dues, and other various program costs are allocated based on actual usage. Joint activities such as telephone, occupancy, office supplies, depreciation, charter and professional fees are allocated based on a percentage determined by management.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates embodied in these financial statements include the collectability of receivables and expense allocation. Actual results could differ from those estimates.

Note 2 -- Summary of Significant Accounting Policies (Continued)

Grants Receivable, Contributions Receivable, and Unbilled Revenue

The Organization's grants receivables are due in less than one year and include receivables from private donors and exchange transactions due from contracted government grant reimbursement requests. Management has determined that no allowance is necessary, and management believes that all grants receivables are collectible.

Contributions receivable are unconditional promises to give and are due in less than one year.

Unbilled revenues are exchange transactions due from contracted government grants for reimbursements that have not been requested yet.

Fair Value Measurement

The Organization adopted the standards for reporting, Fair Value Measurements, for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements.

The Organization accounts for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. The Organization categorizes each of its fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety.

These levels are:

Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active.

Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including discounted cash flows.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the accompanying Statement of Activities and in more detail on the Statement of Functional Expenses. These expenses can be directly identified with the program or supporting service to which they relate and are charged accordingly. Indirect expenses that benefit multiple functional areas are allocated based upon program attributes, space utilization, salary allocation by position, and estimates by management.

Note 2 -- Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Standard

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)". This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. ASU 2014-09 requires entities to recognize revenue in a way that depicts the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In June 2020, the FASB issued ASU 2020-05. "Revenue from Contracts with Customers: Topic 606: Deferral of Effective Date". This standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2019, with early adoption permitted.

The Organization adopted this new standard effective July 1, 2020. No cumulative-effect adjustment in net assets was recorded because the adoption of this ASU 2014-09 did not have a significant impact on the Organization's reported historical revenue. Based on the Organization's evaluation process and review of its revenue arrangements, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Recent Accounting Pronouncements

Leases

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)", which sets out the principles for the recognition measurement, presentation, and disclosure of leases for both lessees and lessors. ASU 2016-2 requires lessees to recognize the following for all leases with terms longer than 12 months: (a) a lease liability, and (b) a right-of-use asset. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

Leases with a term of 12 months or less will be accounted for similarly to existing guidance for operating leases. The FASB issued ASU 2020-05 delaying the effective date for non-public entities for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the effects of implementation of the standard.

Credit Losses

In June 2016, the FASB issued a new Accounting Standards Update, *Financial Instruments – Credit Losses (ASU 2016-13).* ASU 2016-13 amends the guidance for measuring and recording credit losses on financial assets measured at amortized cost by replacing the "incurred loss" model with an "expected loss" model. Accordingly, these financial assets will be presented at the net amount expected to be collected. This new standard also requires that credit losses related to available-for-sale losses rather than reducing the carrying amount under the current, other-than-temporary-impairment model. The new standard is effective for interim and annual periods beginning after December 15, 2019. ASU No 2018-19 issued in November 2018 the extended the effective date of the pronouncement to December 31, 2021. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Note 3 -- Property and Equipment

Property and equipment are summarized as follows at June 30, 2021:

Vehicles	$ 53,588
Software	14,920
Furniture and fixtures	77,478
Equipment	109,155
Building and land	4,825,775
	5,080,916
Less accumulated depreciation	(1,004,444)
Total	$ 4,076,472

Depreciation expense amounted to $140,791 for the year ended June 30, 2021.

Note 4 -- Client Savings Deposit

As part of its program services, the Organization collects money orders from its clients and social security benefits for the benefit of its clients. The full amount is returnable to the clients. As of June 30, 2021 client saving deposits totaled $5,898.

Note 5 -- Line of Credit

The Organization maintains a one year, $400,000 revolving bank line of credit that renews each year. The current line of credit expires on December 1, 2021, with variable interest rate subject to change based on the prime rate. The loan agreement requires that all assets are pledged as collateral and include certain covenants, which were substantially complied with by the Organization. The line of credit balance as of June 30, 2021, was $147. In December 2021, the Organization applied for and was approved an extension of maturity to March 1, 2022. In March 2022, the line of credit was renewed with maturity date of March 1, 2023.

Note 6 -- Net Assets With Donor Restriction

Net assets subject to donor restrictions at June 30, 2021 are available for the following purposes or periods:

Water Fountain	$ 413
Health Education	54
Baby Diapers	448
Client contacted through 100K Homes Campaign	2,860
Gardena	5,026
Personnel Costs	1,204
Furnishings & Equipment	1,180
Advancing Ascencia	2,662
Integrated Health Homes (Dignity Health Funding)	15,398
Financial Literacy	54,673
Clothes for Shelter clients	50
Refrigerator Fund	3,000
Bereavement Flowers	513
Vaccine Outreach	15,174
Emergency Food and Shelter	3,812
Therapeutic program for children/purchase and replace therapeutic art supplies	3,700
Trauma and Resiliency Informed System Care	3,000
Provide Health Services to Homeless	300,000
Total	$ 413,167

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors. Restriction released during fiscal year ended June 30, 2021 are as follows:

Integrated Health Homes (Dignity Health Funding)	$ 13,143
Integrated Health Homes	18,000
Financial literacy	18,580
Client Mental Health	9,000
Nursing and Occupational Therapy Education	1,000
Outreach Tables	3,000
PPE and Cleaning Supplies	2,500
Drinks for Dinner	31
COVID Expenses	100,000
Vaccine Outreach	7,048
Emergency Food and Shelter	19,200
COVID infection related control	8,000
Food Insecurity, Shelter, or other needs arising from the negative economic impacts from COVID	14,500
Emergency Food and Shelter program	19,288
Shelter	10,000
Therapeutic program for children/purchase and replace therapeutic art supplies	1,300
Trauma and Resiliency Informed System of Care	7,000
Shelter Food	3,945
Total	$ 255,535

Note 7 -- Commitments and Contingencies

Leases

The Next Step, Scattered Site Transitional Housing, and Housing Now programs have month-to-month lease payments for apartment housing that range from $1,075 to $1,831. The Organization has 3 non-cancellable housing leases with total monthly rent of $5,500. The longest lease is set to expire in June 2022. Total minimum lease payments due under these leases is $65,500 in 2022. The Organization also has an operating lease on equipment with payments of $737 per month expiring in September 2024.

Housing facilities under the Next Step and Scattered Site Transitional Housing programs are subleased to the clients. Rental income from these program subleases was $60,468 for fiscal year ended June 30, 2021.

Indemnities and Guarantees

The Organization has made certain indemnities and guarantees under which it may be required to make payments in relation to certain transactions. The Organization indemnifies its directors, officers, employees, and agents to the maximum extent permitted under the laws of the state of California. In connection with its facility lease, the Organization has indemnified its lessor for certain claims arising from the lease of facilities. The duration of the guarantees and indemnities varies, and in many cases is indefinite. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Organization could be obligated to make. As of the report date, the Organization has not been obligated to make any payments for these obligations and no liabilities have been recorded for these indemnities and guarantees in the accompanying statement of financial position.

Note 8 -- Retirement Plan

The Organization maintains a deferred annuity plan under Internal Revenue Code Section 403(b) which covers all full-time employees who have been employed by the Organization for at least 90 days. Employee contributions are voluntary. After two years of employment, the Organization contributes five percent of qualified wages. The Organization's contributions vest at the earlier of retirement age, death, disability or termination. The Organization made no contributions for the year ended June 30, 2021.

In April 2016, the Organization adopted a profit-sharing plan under Section 401(k) of the Internal Revenue Code that covers all employees who meet the plan's eligibility requirements. The Plan provides for profit sharing contributions by the Organization to each qualifying participant's individual account under a pro rata formula. Under this formula, each qualifying participant's individual account will receive a pro rata allocation. This allocation is based on the qualifying participant's compensation in relation to the total compensation of all qualifying participants. The Organization's contributions were $51,741 for the year ended June 30, 2021.

Note 9 -- Loan Payable

In April 2020, the Organization obtained a PPP loan in the amount of $38,400 with a financial institution established under the terms and conditions of the Small Business Administration program and the USA CARES Act. No payments are due for six months from the date of loan disbursement. The loan agreement provides for forgiveness of loan repayment if the Organization used all the loan proceeds for forgivable purposes as described in the agreement. This loan was forgiven on June 8, 2021.

Note 10 -- Notes and Interest Payable

Notes and interest payable include the following:

City of Glendale - Note Payable

In April 2014, the Organization entered into a loan agreement with City of Glendale whereas the City provided a loan for the renovation of the nine-unit apartment at 1911 Gardena Ave in Glendale. The loan agreement requires that apartment building be used and operated for not less than twenty years as affordable rental housing, with all nine units restricted to occupancy by very low-income households. The loan is made available for drawing from City funds. A promissory note was executed between City of Glendale and Ascencia in the amount of $325,000. The note is secured by a Deed of Trust with interest rate of four percent (4%) simple interest per annum. There are no periodic payments and maturity date of the loan is 20 years following the completion of renovation of the nine-unit apartment at 1911 Gardena Ave in Glendale. At the end of the 20-year term, provided that no event giving the City the right to accelerate repayment of the loan has occurred, the unpaid principal amount and unpaid accrued interest shall be fully forgiven.	$ 325,000

City of Glendale- Conditional Grant Agreement and Repayment Note

The conditional grant agreement in the amount of $2,067,392 entered between the City of Glendale and S.H. Ho (assumed by Ascencia as of December 27, 2012) stipulates that the funds are to be used to acquire and rehabilitate a commercial building at 1851 Tyburn Street in Glendale and to use the property for the Access Center and Emergency Shelter programs. In conjunction with the conditional grant agreement, a City Repayment Note was executed. The note is secured by a Deed of Trust, Security Agreement and Fixture Filing, with assignment of rents for the benefit of the City of Glendale. The interest on the outstanding balance of the note is accrued at 2.57% per annum.

Note 10 -- Notes and Interest Payable (Continued)

City of Glendale- Conditional Grant Agreement and Repayment Note (Continued)

For the period beginning August 16, 2010, and until the period that is 10 years after July 29, 2010 ("Full Repayment Period"), if Organization does not default under the grant agreement during the Full Repayment Period, the Organization's obligation to pay the City of Glendale 50% of the note amount and all interest that has accrued during the Full Repayment Period shall be extinguished as of the end of the Full Repayment Period. For the period ending June 30, 2021, $1,033,665 of principal and $308,255 of accrued interest was extinguished

For the period commencing after the date that is 10 years and 1 day after the Full Repayment Period and the date that is 20 years after July 29, 2010 ("Pro Rata Repayment Period"), the Organization shall pay 5% of the principal owing on the note amount for each year the Organization has discontinued the use of the Access Center Homeless Services and Permanent Supporting Housing Units during the Pro Rata Repayment Period. If the Organization has continued the use of the Access Center for Homeless Services and Permanent Supporting Housing Units during the full duration of the Pro Rata Repayment Period, then the note amount and all interest accrued during the Pro Rate Repayment Period shall be extinguished. For the period ending June 30, 2021, $94,755 of principal was extinguished.

	938,912
Accrued interest payable	142,158
	$ 1,406,070

Note 11 -- Concentration Risk

Financial instruments that subject the Organization to a concentration of credit risk consist of cash and short-term investments held at financial institutions, which from time to time, may exceed federally insured amounts. The Organization has not experienced any losses in such accounts and has its funds in a financial institution that carries insurance in excess of federal insured limits. There were no uninsured cash balances at June 30, 2021.

Services provided by the Organization are governed by grant agreements with governmental agencies. Most of these grant agreements involving the Organization are for fixed terms and expire on an annual basis. There can be no assurances that the Organization will be able to obtain future grant agreements as deemed necessary by management. The loss of some of the current grants or the inability to obtain future grants could have an adverse effect on the Organization's financial position and results of operations.

Note 11 -- Concentration Risk (Continued)

Management believes that they will be able to continue obtaining appropriate grants to fund future operations based on their historical ability to obtain new grant agreements and based on their relationships with the funders. The Organization's services are funded primarily by the U.S. Department of Housing and Urban Development, which represents approximately 47% of grant income and 32% of total revenue and support for the year ended June 30, 2021. The Organization is required to comply with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and other federal audit requirements. Failure of the Organization to comply with applicable regulatory requirements can result in, among other things, loss of funding, warning letters, fines, injunctions, civil penalties, and could have an adverse effect on the Organization's financial position and operations.

Note 12 -- Related Party Transactions

Total contributions received from individual members of the board of directors and staff for the year ended June 30, 2021, were $20,993.

Note 13 -- Liquidity and Availability of Resources

As part of the Organization's liquidity management, it maintains cash in excess of daily requirements in cash equivalents. Because donor restrictions require resources to be used in a particular matter, the Organization maintains sufficient resources to meet those responsibilities to its donors. The Organization primarily invests in money market funds that can be settled within two days to meet the Organization's expenditures. Cash is raised as soon as obligations arise.

The Organization's financial assets due within one year of the balance sheet date for general expenditures are as follows:

Financial Assets as of June 30, 2021:	
Cash and cash equivalents	$ 507,460
Accounts and contribution receivable	1,154,628
Total financial assets available within one year	1,662,088
Less:	
Donor-imposed restrictions making financial assets unavailable for general expenditure	(413,167)
Total financial assets available within one year	$ 1,248,921

Note 14 – Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than on program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on a basis of estimated time and effort.

Note 15 -- Subsequent Events

(a) Management has evaluated subsequent events through May 5, 2022, which is the date the financial statements were made available to be issued.

(b) The COVID-19 pandemic could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak.

Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results. The related impact cannot be reasonably estimated at this time.

(c) On April 22, 2022, the Organization was named as a defendant in a class action suit whereby a former employee and on behalf of other individuals similarly situated, are seeking monetary damages and restitutions for wage and employment related matters. Management position is that the claim is unfounded. Since the case was recently filed, management is not able to determine if a material loss is reasonably possible or probable and an estimate of the possible loss or range of loss cannot be made at this time.

SUPPLEMENTARY INFORMATION

ASCENCIA
(a Not-for-Profit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2021

Federal Grantor / Pass-Through Grantor: Program Name	Catalog of Federal Domestic Assistance Number	Pass - Through Entity Identifying Number		Federal Awards Expenditures
U.S. Department of Housing and Urban Development:				
Passed-through the City of Glendale				
Emergency Shelter Grant	14.231	8000657		$ 51,785
Emergency Shelter Grant – CV Navigation	14.231	8001038		49,055
Emergency Shelter Grant – CV Outreach	14.231	8001042		10,000
Community Outreach Program	14.218	C9603		43,040
Supportive Housing Program / Access Center / CES Reallocation	14.235	8001093, 8000705	*	532,142
Supportive Housing Program / Scattered Site Family Transitional Housing	14.235	8001115, 8000770	*	204,161
Supportive Housing Program / Next Step Permanent Housing	14.235	8001212, 8001030	*	166,807
Supportive Housing Program / Housing Now	14.235	8001196, 8000852	*	354,093
***Total U.S. Department of Housing and Urban Development*:**				1,411,083
U.S. Department of Treasury:				
Passed-through Local Initiatives Support Corporation				
LA COVID fund	21.019	50814-0001		74,121
Total U.S. Department of Treasury				74,121
U.S. Department of Homeland Security				
Passed-through United Way	97.024	069500-399		38,488
Total U.S. Department of Homeland Security				38,488
Total expenditures of federal awards				$ 1,523,692

* - Major program

See accompanying notes to schedule of expenditures of federal awards.

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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2021

Note 1 -- Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2021 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 -- Outstanding Loans

The City of Glendale loaned the Organization $2,067,392 in a prior year. The source of funds was from the United States Department of Housing and Urban Development under its Section 108 Loan Guarantee program. The outstanding loan balance at June 30, 2021 was $938,912.

Note 3 -- Cost Principles

The Organization applied cost principles under Title 2 US Code of Federal Regulation Part 200, Subpart E for year ended June 30, 2021. The Organization did not elect to use the 10% de minimis indirect cost rate.