ASCENCIA
(a Not-for-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2024

WITH INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,

Ascencia
Glendale, California

Report on the Audit of the Financial Statements

Opinion

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, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ascencia as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Ascencia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Ascencia'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 is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Supplementary 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 schedule of expenditures of federal awards 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 January 31, 2025, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ascencia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ascencia's internal control over financial reporting and compliance.

Lee, Sperling, Hisamune / Accountancy Corporation

Glendale, California
January 31, 2025

ASCENCIA
(a Not-for-Profit Corporation)

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2024

A S S E T S

CURRENT ASSETS:	
Cash and cash equivalents	$ 527,421
Grants receivable	669,690
Unbilled revenue	480,572
Prepaid expenses	114,056
Security deposits	23,705
Total current assets	1,815,444
PROPERTY AND EQUIPMENT, NET	3,919,254
Right of use assets for operating lease, net	11,037
Total assets	$ 5,745,735

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	$ 354,585
Deferred revenue	60,663
Client savings deposit	5,405
Client rental deposits	11,529
Security deposits	15,550
Settlement payable, current portion	60,000
Notes payable, current portion	107,688
Operating lease liabilities, current portion	9,187
Finance lease liabilities, current portion	10,250
Total current liabilities	634,857
OTHER LIABILITIES:	
Settlement payable, noncurrent portion	60,000
Finance lease liabilities, noncurrent portion	26,899
Notes and accrued interest payable, noncurrent portion	1,193,640
Total liabilities	1,915,396
NET ASSETS:	
Without donor restrictions	3,223,719
With donor restrictions	606,620
Total net assets	3,830,339
Total liabilities and net assets	$ 5,745,735

See accompanying notes to financial statements.

ASCENCIA
(a Not-for-Profit Corporation)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Donations	$ 335,674	$ 28,923	$ 364,597
Grants	4,277,686	721,380	4,999,066
Special events revenue	391,092	-	391,092
Less: Costs of direct benefits to donors	(41,785)	-	(41,785)
Rental and other income	122,797	-	122,797
Gifts in-kind	86,567	-	86,567
Interest income	4,987	-	4,987
Net assets released from restrictions	531,413	(531,413)	-
Forgiveness of loans and accrued interest	103,373	-	103,373
Total revenue and support	5,811,804	218,890	6,030,694
EXPENSES:			
Program services	5,393,821	-	5,393,821
General and administrative	776,874	-	776,874
Fundraising	346,475	-	346,475
Total expenses	6,517,170	-	6,517,170
Change in net assets	(705,366)	218,890	(486,476)
Net assets, beginning of year	3,929,085	387,730	4,316,815
Net assets, end of year	$ 3,223,719	$ 606,620	$ 3,830,339

See accompanying notes to financial statements.

ASCENCIA
(a Not-for-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services	General and Administrative	Fundraising	Total
Payroll and benefits	$ 3,270,868	$ 286,840	$ 235,879	$ 3,793,587
Lease expense	676,112	14,323	-	690,435
Professional services	362,407	155,434	28,784	546,625
Professional services - Gifts in-kind	61,815	-	-	61,815
Utilities	41,702	31,372	2,505	75,579
Building and maintenance	80,324	64,128	5,442	149,894
Insurance	105,442	22,152	7,065	134,659
Telephone	35,192	47,031	2,502	84,725
Office expense	93,576	83,736	85,867	263,179
Office expense - Gift in-kind	-	-	2,280	2,280
Client expenses	331,151	-	-	331,151
Client expenses - Gifts in-kind	22,472	-	-	22,472
Bank and payroll fees	20,559	16,634	1,513	38,706
Recruitment and staffing	1,150	11,357	-	12,507
Auto and travel	71,759	16,380	609	88,748
Depreciation and amortization	158,620	13,910	11,439	183,969
Interest expense	60,672	5,321	4,375	70,368
Miscellaneous	-	8,256	-	8,256
Total expenses	5,393,821	776,874	388,260	6,558,955
Less expenses included with revenues on the statement of activies	-	-	(41,785)	(41,785)
Total	$ 5,393,821	$ 776,874	$ 346,475	$ 6,517,170

See accompanying notes to financial statements.

ASCENCIA
(a Not-for-Profit Corporation)

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	(486,476)
Adjustments to reconcile change in net assets to net cash used in operating activities -		
Depreciation and amortization		183,969
Extinguishment of loans		(103,373)
Changes in operating assets and liabilities --		
Grants receivable and unbilled revenue		(300,411)
Prepaid expenses and security deposits		(20,772)
Accounts payable and accrued expenses		(63,406)
Operating lease liabilities		9,187
Accrued interest		66,131
Security deposits		200
Deferred revenue		4,224
Settlement payable		(60,000)
Client rental deposit		1,306
Client savings deposit		1,380
Net cash used in operating activities		(768,041)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment		(63,279)
Net cash used in investing activities		(63,279)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on principal of vehicle loan		(4,025)
Payment on lease liabilities of finance lease		(9,971)
Net cash used in financing activities		(13,996)
Net decrease in cash and cash equivalents		(845,316)
Cash and cash equivalents, beginning of year		1,372,737
Cash and cash equivalents, end of year	$	527,421
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$	4,237
Noncash right-of-use asset obtained in exchange for new operating lease liability	$	23,722

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, psychotherapy, art therapy for children, 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 people experiencing homelessness, respond to calls from the community to help people experiencing homelessness, 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 makes 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, Hollywood, 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, are encouraged to save 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 hundreds of 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 was co-located at the City of Burbank Community Development Department. The position was 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 in December 2020.

- The City of West Hollywood contracts with Ascencia to provide two street outreach teams, case management, reserves ten 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 200 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 property owners who are open to renting permanent housing space to homeless individuals and/or families.

- Ascencia began providing street outreach and case management services for the City of Los Angeles in 2021-22 to East Hollywood, Los Feliz, Midtown, and Koreatown. When Council District Boundaries changed in 2022, these services continued in East Hollywood and Los Feliz.

- Ascencia is contracted with CalAIM's Enhanced Care Management (ECM) with Managed Care Plans since 2021. ECM is a benefit for Managed Medi-Cal enrollees that aims to stabilize the health of the highest-need "Populations of Focus" who have multiple chronic conditions. ECM addresses the clinical, non-clinical, and social requirements of high-need individuals by providing dedicated care managers to coordinate services and help recipients understand, navigate, and utilize the full scope of their benefits. Ascencia has one Lead Care Manager providing services to Managed Care referred Medi-Cal enrollees who are experiencing homelessness.

Note 1 -- Organization (Continued)

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.

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.

In-Kind Contributions

The Organization receives contributed services from professionals such as therapy, case management, housing retention, crisis intervention and medical support to homeless individuals and families. Additionally the organization received contributed goods such as clothing, food items, gift cards or other items that are used and distributed to individuals in the various programs of the organization. The receipt of donated goods & 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 or gifts in-kind client expenses in the accompanying statement of functional expenses.

Volunteers contribute significant amounts of time to the Organization's program services; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by US GAAP.

Contributions

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)

Contributions (Continued)

Contributions for which donors have not stipulated restrictions, as well as contributions for which the donor's stipulated restrictions but which are met with the same reporting period, are reported as without donor restrictions.

Unconditional promises to give, with payments due in future periods, are reported as with donor restrictions when the promises are received.

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Gifts in Kind

Contributed non-financial assets include donated professional services and other in-kind contributions which are recorded at the respective fair values of the goods and services received (Note 13). In addition to contributed nonfinancial assets, volunteers contributed significant amounts of time to program services, administrative and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed in generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Government Contract Revenue

The Organization has contracts with certain governmental agencies to provide public services. Revenue is recognized in the period services are provided.

Deferred Revenue

Deferred revenue arises from advance payments received from governmental agencies and other sources prior to services being provided by the Organization.

Grants, Contributions Receivables and Unbilled Revenues

Grants and contributions receivable are stated as unpaid balances, less an allowance for doubtful accounts. Management evaluates the ability to collect receivables based on a combination of factors. An allowance for doubtful accounts is maintained based on the length of time receivables are past due and other factors. It is the Organization's policy to write off uncollectible receivables when management determines the receivable will not be collected. As of June 30, 2024, management determined a reserve for uncollectible accounts receivable is not necessary.

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

Unbilled revenues are conditional contribution from contracted government grants for reimbursements that have not been requested yet.

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

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 as of June 30, 2024.

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, 2024, 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, 2024.

The Organization is no longer subject to federal examination for the years prior to June 30, 2021, and no longer subject to state examination for years prior to June 30, 2020.

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.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. 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.

Expenses are charged to program or supporting services based on direct expenditures incurred, when possible. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis. 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. Other activities such as telephone, occupancy, office supplies, depreciation, and professional fees are allocated based on a percentage determined by management.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. 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.

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

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.

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.

Leases

The Organization accounts for leases in accordance with FASB ASC 842. The Organization is a lessee in several noncancellable operating leases for office space. Leases for other equipment are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and ROU asset at the commencement date of the lease.

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

Lease liabilities. A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variables payment depend on an index or rate and are measured using the index ratee at the commencement date. Lease payments, including variable payments on an index rate, purchase options, or amounts that are probable of being owed under a residual value guarantee are remeasured upon occurrence. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Organization uses its incremental borrowing rate based on information available at the commencement date for each lease. The Organization has elected not to separate non-lease components from lease components in leases for housing space, other equipment, and vehicles.

ROU assets. A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

Accounting policy election for short-term leases. The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Current Expected Credit Loss also known as CECL ("ASU 2016-13"). ASU 2016-13 became effective for fiscal years beginning after December 15th, 2022. The amendments in ASU 2016-13 introduced a more proactive methodology for assessing potential losses from trade receivables. ASU 2016-13 does not apply to contribution or grant receivables; therefore implementation had no effect on the presentation of the financial statements enclosed.

Note 3 -- Property and Equipment

Property and equipment are summarized as follows as of June 30, 2024:

Vehicles	$ 214,995
Software	14,921
Furniture and fixtures	114,560
Equipment	283,242
Building and land	4,825,775
	5,453,493
Less accumulated depreciation	(1,534,239)
Total	$ 3,919,254

Depreciation expense amounted to $183,969 for the year ended June 30, 2024.

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, 2024 client saving deposits totaled $5,405.

Note 5 -- Line of Credit

The Organization maintains a one year, $400,000 revolving bank line of credit that is subject to renewal each year. The line of credit was renewed and expires on March 1, 2025, with variable interest rate subject to change based on the prime rate. The interest rate was 8.50% on June 30, 2024. The loan agreement requires that all assets are pledged as collateral and include certain covenants, which were substantially complied with by the Organization. There was no outstanding line of credit balance as of June 30, 2024.

Note 6 -- Net Assets With Donor Restriction

Net assets subject to donor restrictions as of June 30, 2024 are available for the following purposes:

Client needs	$ 362
Supportive services	5,874
Housing and shelter operations	281,817
Integrated Health Homes	318,567
Total	$ 606,620

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, 2024 are as follows:

Client needs	$ 5,296
Housing and shelter operations	458,841
Integrated Health Homes	6,433
Intern supervision	33,000
Mental health services	7,195
Supportive services	20,648
Total	$ 531,413

Note 7 -- Commitments and Contingencies

Leases

Operating Leases recognized as ROU's

The Organization has one non-cancellable housing lease with a total monthly rent of $1,850. The lease is set to expire in January 2025, then pursuant to lease terms, at expiration the lease shall become month to month tenancy. Total minimum lease payments under these non-cancelable lease agreements amounts to $11,100 for the fiscal year end 2025.

Note 7 -- Commitments and Contingencies (Continued)

Financing Leases recognized as ROU's

The Organization leases office equipment under a non-cancellable lease with a total monthly payment of $929. The lease is set to expire in December 2027, and it does not contain a purchase option that the Organization is reasonably certain to exercise. The Organization has elected not to separate non-lease components from lease components in leases for office equipment.

The components of lease costs and statement of functional expenses caption allocation for the year ended June 30, 2024, are as follows:

Operating lease cost:	
Lease expense	$ 12,950
Finance lease cost:	
Amortization of ROU assets - Depreciation and amortization	$ 10,790
Interest on lease liabilities - Interest expense	1,177
	$ 11,967

The following supplemental statement of financial position classification information related to finance leases as of June 30, 2024:

Assets	
Finance lease right-of-use assets included in *Property, plant and equipment, net* (classified as Equipment at cost, which has $15,286 of accumulated amortization)	$37,767

The weighted average remaining lease term and weighted average discount rate were as follows:

Weighted average remaining lease term		
Operating leases	0.5	years
Finance leases	3.5	years
Weighted average discount rate		
Operating leases	2.76	%
Finance leases	2.76	%

Supplemental cash flow information for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows—operating leases	$ 14,800
Operating cash flows—finance leases	$ 1,177
Financing cash flows—finance leases	$ 9,971

Note 7 -- Commitments and Contingencies (Continued)

Maturities of operating and finance lease liabilities as of June 30, 2024 were as follows:

	Operating Leases	Finance Leases
June 30, 2025	$ 9,250	$ 11,148
June 30, 2026	-	11,148
June 30, 2027	-	11,148
June 30, 2028	-	5,574
Total lease payments	9,250	39,018
Less: present value adjustment	(63)	(1,869)
Present value of lease liabilities	$ 9,187	$37,149

Operating Leases not recognized as ROU's

a) The Organization has two non-cancellable housing leases with a total monthly rent of $1,800 for each location. The longest lease is set to expire in October 2024, then pursuant to lease terms, at expiration the leases shall become month to month tenancy. The Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less.
b) The Next Step, Scattered Site Permanent Supportive Housing, and Housing Now programs have month-to-month lease payments for apartment housing that range from $1,300 to $5,339.

The total commitments for all leases including operating and finance leases at June 30, 2024 were as follows:

June 30, 2025	$ 29,398
June 30, 2026	11,148
June 30, 2027	11,148
June 30, 2028	5,574
	$ 57,268

Sublease income

Housing facilities under the Next Step, Scattered Site Permanent Supportive Housing, and Housing Now programs are subleased to the clients. Total rental income from these program subleases was $70,960 for the fiscal year ended June 30, 2024.

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 7 -- Commitments and Contingencies (Continued)

Indemnities and Guarantees (Continued)

The Organization is subject to certain claims that arise out of the normal operations of the Organization. In the opinion of management, the Organization has sufficient liability insurance to cover any such claims, and these matters will not have material effect on the financial position of the Organization.

Legal Disputes

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, were seeking monetary damages and restitutions for wage and employment related matters. The suit was settled in the current year and settlement payments will amount to $180,000 to be paid in three installments of $60,000 per year. Of these settlement amounts payable, $60,000 had been paid in the current fiscal year, leaving $120,000 remaining to be paid over the next two years.

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, 2024.

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 $59,595 for the year ended June 30, 2024.

Note 9 -- 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

Note 9 -- Notes and Interest Payable (Continued)

City of Glendale - Note Payable (Continued)

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.	
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 Rata Repayment Period shall be extinguished. For the period ending June 30, 2024, $103,373 of principal was extinguished.	629,087
Accrued interest payable	340,260
	969,347

Note 9 -- Notes and Interest Payable (Continued)

Vehicle Financing Note

In February of 2020, the organization financed a vehicle purchased for use in normal operations. The amount financed equaled $22,806 at an annual interest rate of 7.053% for 72 months. The unpaid principal amount at June 30, 2024 was	6,981
	$ 1,301,328

Maturities of notes payables and accrued interest for the five years ending:

June 30, 2025	$ 107,688
June 30, 2026	106,032
June 30, 2027	103,373
June 30, 2028	103,373
June 30, 2029	103,373

Note 10 -- 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 $142,146 in uninsured cash balances at June 30, 2024.

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.

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 33% of grant income and 28% of total revenue and support for the year ended June 30, 2024. 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 11 -- Related Party Transactions

Total contributions received from individual members of the board of directors and staff for the year ended June 30, 2024, were $55,147.

Note 12 -- Liquidity and Availability of Resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization is substantially supported by contributions without donor restrictions and government grants. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and line of credit. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers funds and contributions restricted by time only and expected to be collected in the next fiscal year as available for general expenditures.

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, 2024:	
Cash and cash equivalents	$ 527,421
Accounts, contribution receivable and unbilled revenue	1,150,262
Total financial assets available within one year	1,677,683
Less:	
Donor-imposed restrictions making financial assets unavailable for general expenditure	(600,746)
Total financial assets available within one year	$ 1,076,937

Note 13 – Contributed Non-Financial Assets

For the year ending June 30, 2024, Gifts In-Kind recognized within the statement of activities include:

Goods	$ 24,752
Services	61,815
Total	$ 86,567

Valuation Techniques - Contributed services are valued based on the estimated market value of service cost if purchased directly from a provider of similar services and similar credential/quality. Contributed goods are valued based on actual market value of goods provided in the open market.

Donor Restrictions - No restrictions on the use of services or goods were noted in the current fiscal year.

The Organization does not sell donated non-financial assets and only utilizes them in the ongoing activities of their programs.

Note 14 -- Subsequent Events

a) Management has evaluated subsequent events through January 31, 2025, which is the date the financial statements were made available to be issued.

b) Economic factors such as high inflation & potential recession create uncertainty and risk with respect to the Organization, its performance, and its financial results. The related impact cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

ASCENCIA
(a Not-for-Profit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Program Identification Number	Federal Awards Expenditures
Program Cluster:			
CDBG – Entitlement Grants Cluster – U.S. Department of Housing and Urban Development			
Passed-through the City of Glendale - Community Outreach Program	14.218	8001928	$ 24,356
Passed-through The City of West Hollywood - Community Outreach Program	14.218	10609	37,464
Total CDBG – Entitlement Grants Cluster			61,820
Other Programs:			
U.S. Department of Housing and Urban Development:			
Passed-through the City of Glendale -			
Emergency Solutions Grant	14.231	8002247	26,865
COVID 19 – Special Emergency Solutions Grant	14.231	8001343	1,442
Continuum of Care Program /Access Center/ CES Reallocation	14.267	8002229 8001878	550,421
Continuum of Care Program /Scattered Site Family Transitional Housing	14.267	8001927 8002230	239,176
Continuum of Care Program /Next Step Permanent Housing	14.267	8002240 8002675	161,454
Continuum of Care Program /Housing Now	14.267	8002239 8002686	378,234
Passed-through the City of Burbank - Continuum of Care Program	14.267	169635	63,729
Total U.S. Department of Housing and Urban Development			1,421,321
U.S. Department of Justice:			
Passed-through the City of Glendale – Byrne Discretionary Community Grants Program	16.738	8002501	22,979
Total U.S. Department of Justice			22,979
Total Expenditures of Federal Awards			$ 1,506,120

See accompanying notes to schedule of expenditures of federal awards.

ASCENCIA
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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2024

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, 2024 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 -- Cost Principles

The Organization applied cost principles under Title 2 US Code of Federal Regulation Part 200, Subpart E for year ended June 30, 2024. The Organization did not elect to use the 10% de minimis indirect cost rate.