SAN FRANCISCO STUDY CENTER

AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2024

Tang & Lee, LLP

Certified Public Accountants

SAN FRANCISCO STUDY CENTER

FOR THE YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
San Francisco Study Center
San Francisco, California

Opinion

We have audited the accompanying financial statements of the San Francisco Study Center ("SFSC") ("the Center"), a non-profit organization, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Francisco Study Center as of June 30, 2024, and the statement of activities and changes in its net assets, functional expenses, 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 (GAAP). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 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 Center's internal control. Accordingly, no such opinion is expressed.

• Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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.

Tang & Lee, LLP

Burlingame, California
January 21, 2025

SAN FRANCISCO STUDY CENTER

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

Assets

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Summarized 2023
Current Assets				
Cash and cash equivalents	$ 854,074	$ 297,079	$ 1,151,153	$ 2,023,491
Accounts receivable	4,264,317	924,365	5,188,682	3,895,860
Prepaid expenses	75,307	-	75,307	36,267
Other current assets	99,773	-	99,773	72,770
Total Current Assets	5,293,471	1,221,443	6,514,915	6,028,388
Noncurrent Assets				
Furniture and equipment	73,837	-	73,837	73,837
Less accumulated depreciation	(69,122)	-	(69,122)	(67,742)
Total Fixed Assets	4,715	-	4,715	6,095
Deposits	19,656	-	19,656	5,292
Right-of-use asset	1,172,595	-	1,172,595	162,740
Total Noncurrent Assets	1,192,251	-	1,192,251	168,032
Total Assets	$ 6,490,437	$ 1,221,443	$ 7,711,881	$ 6,202,515

Liabilities and Net Assets

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Summarized 2023
Current Liabilities				
Accounts payable	$ 934,438	-	$ 934,438	$ 937,459
Credit cards payable	24,180	-	24,180	21,603
Short-term note	150,000	-	150,000	150,000
Current portion of long-term debt	113,954	-	113,954	117,629
Accrued payroll	52,665	-	52,665	48,481
Other current liabilities	266,516	-	266,516	207,122
Total Current Liabilities	1,541,753	-	1,541,753	1,482,294
Long-term Liabilities				
Accrued retirement benefit	117,638	-	117,638	114,523
Long-term loan (PPP)	-	-	-	113,792
Lease liabilities	1,046,751	-	1,046,751	72,764
Total Long-term Liabilities	1,164,389	-	1,164,389	301,079
Total Liabilities	2,706,142	-	2,706,142	1,783,373
Net Assets				
Without donor restrictions	3,784,295	-	3,784,295	3,203,766
With donor restrictions	-	1,221,443	1,221,443	1,215,376
Total Net Assets	3,784,295	1,221,443	5,005,738	4,419,142
Total Liabilities and Net Assets	$ 6,490,437	$ 1,221,443	$ 7,711,881	$ 6,202,515

The accompanying notes are an integral part of these financial statements.

SAN FRANCISCO STUDY CENTER

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Summarized 2023
Operating				
Revenues and Support				
Government contracts	$ 7,286,784	$ 3,316,146	$ 10,602,930	$ 9,525,794
Grants and donations	741,318	2,823,073	3,564,391	3,494,095
Program revenue	24,853	2,726,413	2,751,266	2,817,181
Net assets released from restriction	8,859,564	(8,859,564)	-	-
Total Revenue and Support	16,912,519	6,067	16,918,587	15,837,070
Expenses				
Program Services				
Behavioral Health	2,510,843	-	2,510,843	1,528,812
Community and Others	5,474,052	-	5,474,052	6,126,058
Ethnic Media Services	3,967,188	-	3,967,188	3,516,682
Editorial and Graphics	152,168	-	152,168	94,351
Education and Mentoring	1,849,593	-	1,849,593	2,261,134
Prevention and Wellness	1,066,772	-	1,066,772	793,458
Tobacco Prevention	265,084	-	265,084	258,200
Total Program Services Expenses	15,285,700	-	15,285,700	14,578,695
Supporting Services				
Management and general expenses	1,073,436	-	1,073,436	944,139
Fundraising	-	-	-	762
Total Supporting Services Expenses	1,073,436	-	1,073,436	944,901
Total Expenses	16,359,136	-	16,359,136	15,523,596
Increase (decrease) in net assets from operating activities	553,383	6,067	559,451	313,474
Nonoperating				
Other Revenue and (Expenses)				
Interest and dividends	27,145	-	27,145	3,209
Total Other Revenue and (Expenses)	27,145	-	27,145	3,209
Increased (decrease) in net assets from nonoperating activities	27,145	-	27,145	3,209
CHANGES IN NET ASSETS	**580,528**	**6,067**	**586,596**	**316,683**
Net assets - Beginning of the year	3,203,766	1,215,376	4,419,142	4,102,459
Net assets - End of the year	$ 3,784,294	$ 1,221,443	$ 5,005,738	$ 4,419,142

The accompanying notes are an integral part of these financial statements.

SAN FRANCISCO STUDY CENTER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services								Support Services			
	Behavioral Health	Community and Others	Ethnic Media Services	Editorial and Graphic	Education and Mentoring	Prevention and Wellness	Tobacco Prevention	Total Program Services	Management and General	Fundraising	Grant Total 2024	Summarized 2023
Expenses												
Salaries and wages	$ 1,115,016	$ 1,882,314	$ 163,787	$ 71,502	$ 1,023,393	$ 98,606	$ 164,359	$ 4,518,977	$ 615,667	-	$ 5,134,644	5,638,415
Fringe benefits	271,140	400,458	31,732	13,310	207,447	-	34,736	958,823	160,455	-	1,119,278	1,325,972
Rent	44,441	106,704	14,020	52,761	48,978	-	9,125	276,029	72,440	-	348,469	465,836
Office supplies & materials	1,584	47,121	2,206	211	24,124	392	498	76,136	15,680	-	91,816	80,195
General liability insurance	-	11,423	-	1,926	5,376	22,856	-	41,581	48,055	-	89,636	75,988
Program supplies	36,553	57,782	-	2,694	166,721	-	-	263,750	20	-	263,770	256,244
Equipment & furniture	-	20,293	11,530	669	9,014	-	5,198	46,704	-	-	46,704	41,284
Communications	8,236	51,792	-	133	17,938	-	4,651	82,750	5,630	-	88,380	98,590
Travel	-	80,627	38,083	-	31,129	12,517	3,170	165,526	-	-	165,526	307,843
Advertising & outreach	-	20,216	1,507,130	-	-	-	17,077	1,544,423	-	-	1,544,423	1,796,127
Client expenses	29,503	1,910	-	-	-	62,099	-	93,512	-	-	93,512	229,235
Program consultants/subcontract	848,172	1,554,454	1,078,928	-	159,924	844,384	25,850	4,511,712	22,730	-	4,534,442	3,567,419
Depreciation	-	-	-	-	-	-	-	-	1,380	-	1,380	1,023
Interest expenses	-	-	-	-	-	-	-	-	1,937	-	1,937	2,947
Others	156,198	1,238,958	1,119,770	8,963	155,550	25,918	421	2,705,778	129,442	-	2,835,219	1,636,478
Total	$ 2,510,843	$ 5,474,052	$ 3,967,186	$ 152,169	$ 1,849,594	$ 1,066,772	$ 265,085	$ 15,285,701	$ 1,073,436	$ -	$ 16,359,136	$ 15,523,596

The accompanying notes are an integral part of these financial statements.

SAN FRANCISCO STUDY CENTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Total 2024	Summarized 2023
Cash flows from operating activities:		
Change in net assets	$ 586,596	$ 316,683
Adjustments to reconcile change in net assets to		
Net cash provided by operating activities:		
Depreciation	1,380	1,023
(Increase) decrease in assets:		
Accounts receivable	(1,292,822)	(805,452)
Prepaid expenses	(39,040)	20,632
Other current assets	(27,003)	(7,481)
Deposits	(14,364)	8,000
Right-of-use assets	(1,009,855)	(162,740)
Increase (decrease) in liabilities:		
Accounts payable	(3,021)	464,210
Credit cards payable	2,577	10,844
Accrued payroll	4,184	(3,900)
Other current liabilities	59,394	84,493
Seniority benefit payable	3,115	3,111
Lease liabilities	973,987	162,813
Net cash provided (used) by operating activities	(754,871)	92,236
Cash flows from investing activities:		
Purchases of furniture and equipment	-	(6,901)
Net cash provided (used) in investing activities	-	(6,901)
Cash flows from financing activities:		
Repayments for long-term debt	(117,467)	(116,457)
Short-term notes	-	50,000
Net cash provided (used) in financing activities	(117,467)	(66,457)
Net increase (decrease) in cash and cash equivalents	(872,338)	18,878
Cash balance - Beginning of year	2,023,491	2,004,613
Cash balance - Ending of year	$ 1,151,153	$ 2,023,491
Supplemental disclosures of cash flow information:		
Cash paid for interest during the year	$ 1,937	$ 2,947

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

San Francisco Study Center ("SFSC") ("the Center") is a nonprofit organization dedicated to educational and technical assistance for community groups. The Center provides fiscal management or acts as a fiscal sponsor for various charitable programs by providing capacity building, accounting, and administrative supervision. The Center provides other nonprofit groups with complete editorial and graphic arts programs, as well as marketing and public relations plans.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principles

SFSC has adopted the new lease accounting standard of *FASB ASC 842* for the year ended June 30, 2023. Under the standard, private companies and not-for-profit entities are required to capitalize most leases on the statement of financial position – reporting them as right-of-use (ROU) assets and lease liabilities. These changes will improve the transparency and comparability of financial statements.

Basis of Accounting

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

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of SFSC and changes therein are classified as follows:

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center's management and the board of directors.
>
> **Net assets with donor restrictions**: Net assets are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition

In accordance with generally accepted accounting principles (GAAP), SFSC considers revenue realized or realizable and earned when there is persuasive evidence of an arrangement, delivery has occurred, the contribution is fixed or determinable, and collectability is reasonably certain.

Determining whether some or all these criteria have been met involves assumptions and judgments that can have a significant impact on the timing and amount of revenue reported.

- ***Government contracts*** **–** The Center has cost-reimbursement types of contracts with the City, State, and Federal Government. Government contract revenue is recognized when earned, which is generally when qualifying expenses have been incurred and conditions under the grant contract have been met.

- ***Grants and Donations*** **–** Grants and donations are recognized when cash or other assets are received or promises to give are made. All grants and donations are available for unrestricted use unless specifically restricted by the grantor and donor. Conditional promises to give are recognized when the pending conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Donations that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the donations are received. All other donor-restricted donations are reported as increases in net assets with donor restrictions depending upon the nature of the restrictions. When a restriction expires, net assets with donor restrictions are released and reclassified as net assets without donor restrictions.

- ***Program revenue*** **–** Revenue from the program is recognized over time as the performance obligation is satisfied, which is when goods or services are delivered and provided. The transaction price is determined by management. As there is a single performance obligation allocation of the transaction price is not necessary. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue in the statement of financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and deposits held by financial institutions with original maturities of three months or less.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represent amounts collectible upon completion of a contract obligation. Management evaluates the collectability of receivables based upon a combination of factors. SFSC has established an allowance for doubtful accounts based on past performance. Uncollectible accounts receivable is specifically identified and charged to the allowance account. As of June 30, 2024, there is a zero balance on the allowance of bad debt.

Concentration of Credit Risk

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash and cash equivalents, money market funds, and certain receivables. The Center maintains cash deposits with major banks which, from time to time, may exceed federally insured limits. As of June 30, 2024, the Center's total amount of $1,151,153 was on deposit with the financial institution, of which, $547,530 was insured and did not exceed the federal deposit insurance limit of $250,000. The management believed that the risk of default was minimal.

Receivables are primarily due from the City of San Francisco and pass-through agencies of City funds. As of June 30, 2024, the Center received approximately 63% of its total revenue from governmental contracts. These contracts may be terminated at the discretion of the contractor. As the Center is reliant upon governmental contracts, cash flow problems can result when ongoing contracts require re-certification late into a contract year. No provision for additional expenses due to this situation was made as the impact could not be determined at this time.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Lease

SFSC determines if a contract contains a lease at its inception based on whether the Center has the right to control the assets during the contract period and other facts and circumstances. SFSC is the lessee in a lease contract when obtaining the right to control the asset. Operating lease right-of-use (ROU) assets represent SFSC's right to use an underlying asset for the lease term and are included in the line-item other noncurrent assets in the balance sheet. Operating lease liabilities represent SFSC's obligation to make lease payments arising from the lease and are included in the line-item current liabilities and other noncurrent liabilities in the balance sheet. Operating lease ROU assets, operating lease liabilities, and other noncurrent liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. When determining the lease term, SFSC includes renewal or termination options that SFSC is reasonably certain to exercise. Leases with a lease term of 12 months or less at inception are not recorded in the balance sheet. Operating lease expense is recognized on a systematic and rational basis over the lease term in the statement of activities. When the lease does not provide an implicit interest rate, SFSC uses the local incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments.

Property and Equipment

Property and equipment are stated at cost if purchased or estimated fair market value at the date of receipt if donated. Depreciation is primarily computed using the straight-line method over the estimated useful lives of the assets. Minor replacements, maintenance, and repairs are charged for current operations. The depreciation expense for the year was $1,380.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets generally as follows:

Furniture and fixtures	5-7 years
Machinery and equipment	3-5 years

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Functional Allocation of Expenses

The costs of the programs and other supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the nature classification detail of expenses by function. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, it requires allocation on a reasonable basis among the programs that benefited from the supporting services.

Income Taxes Status

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California Franchise taxes under Section 23701(d) of the Revenue and Taxation Code of California, respectively. The Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Contributed Services

Contributed services are valued at the estimated fair value at the dates of their services. The value of contributed services received is not recognized in the financial statements because they do not meet certain applicable criteria specified by ASC Topic 958, *Not-for-Profit Entities*, but will be disclosed in the financial statements. As of June 30, 2024, the Center did not receive any contributed services.

Deferred Revenue

Cash received in advance from governmental contractors that will reduce billings in the following year is classified as liability.

Fair Value of Financial Instruments

The Center's financial instruments include cash and cash equivalents only. The carrying amounts of the items are a reasonable estimate of their fair value.

Generally accepted accounting principles (GAAP) provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

> Level 1 inputs – quoted prices in active markets for identical assets.
> Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets.
> Level 3 inputs – estimates using the best information available when there is little or no market.

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

NOTE 3 – SHORT-TERM NOTE

The Center has an agreement with a founding editor of the MindSite News Program for a loan of $200,000 for four months starting November 2, 2022. The loan has zero interest and will be repaid with a $210,000 donation or grant to MindSite News Program designated to repay the $200,000 loan to the founding editor with the Center receiving an administrative charge of $10,000 for handling repayment of the loan to MindSite News Program. The short-term note is $150,000 as of June 30, 2024.

NOTE 4 – CREDIT CARDS PAYABLE

The Center has been allowed to withdraw the maximum value of $35,000 in total from the credit cards issued by Wells Fargo Bank. The annual interest rate is 16.49%. Payments are paid monthly. As of June 30, 2024, the total balance due was $24,180.

NOTE 5 – LONG-TERM LOAN

In May 2020, the Center received $779,087 from the Paycheck Protection Program (PPP) administered by the Small Business Administration of the Federal Government with a signed promissory note payable over 5 years at 1% interest per annum. The PPP loan is applicable for partial or full forgiveness of the principal if paid for certain payroll, rent, and utility expenses over a 24-week period. In May 2021, a total of $311,087 was forgiven leaving a balance due of $468,000 payable over 4 years. The loan will be matured on May 5, 2025. The monthly payment consists of principal and interest in the amount of $9,950. The final payment of $24,967 will be due on April 4, 2025.

The total principal amount as of June 30, 2024 consists of the following:

Current portion	$ 113,954
Long-term portion	0
Total	$ 113,954

NOTE 6 – LEASE COMMITMENTS

All lease agreements for the year ended December 31, 2022 are accounted for under the new lease standard (*FASB ASC 842*). For the year ended December 31, 2021, all leases were accounted for under the previous lease standard (*ASC 840*). Leased assets and corresponding liabilities are recognized based on the present value of the lease payments over the lease term.

- On April 1, 2022, SFSC entered a 3-year operating lease to rent a space for program use located in Howard St., San Francisco, CA. The term commences on April 1, 2022 and will be terminated on March 31, 2025. The current minimum monthly rent is $5,292.

- On May 1, 2023, SFSC entered a 2-year operating lease to rent a space for program use located in 10th Ave., San Francisco, CA. The term commences on May 1, 2023 and will be terminated on April 30, 2025. The monthly rent will increase based on the change in the U.S. CPI rate for San Francisco, and the current minimum monthly rent is $2,602.

- On November 27, 2013, SFSC entered a 10-year lease to rent a space for office space and program facility at Mission St., San Francisco, CA. The term began on January 1, 2014 and continued to December 31, 2023. The lease was extended for an additional ten years and two months, with the newly anticipated lease end date being February 28, 2034. The lease requires a monthly payment of base rent and monthly building operating costs. The monthly base rent and operating costs increase by 3% each year; the current minimum monthly rent is $10,280.

The balance sheet information related to operating leases for the year ended June 30, 2024, consisted of the following:

Operating lease right-of-use assets	$	1,172,595
Current portion of operating lease liabilities	$	154,398
Long-term portion of operating lease		1,046,751
Total operating lease liabilities	$	1,201,150
Weighted - average remaining lease term (in years)		9.1
Weighted - average discount rate		2.80%

The difference between right-of-use assets and lease liabilities is $28,555, which represents the time value of the lease payment. SFSC adjusted the lease expenses to reflect the present value of the lease payments.

The following schedule summarizes the maturities of the operating lease liabilities as of June 30, 2024:

Year ended June 30,	
2025	$ 211,901
2026	138,616
2027	138,616
2028	138,616
2029	138,616
Thereafter	646,875
Total operating lease payments	1,413,242
Less: Imputed interest	240,647
Total operating lease liabilities	$ 1,172,595

After June 30, 2023, the two leases on Keith St., San Francisco, CA and Market St., San Francisco, CA will no longer be with the SFSC due to both programs separating from the Organization. As of June 30, 2024, the Center recognized lease expenses associated with all on-going leases to be $348,469.

NOTE 7 – CONTINGENCIES

The Center receives significant assistance from government agencies in the form of contracts and grants. Expenditures incurred under the contract or grant agreements may be subject to audit or adjustment by government agencies. No provision has been made for any liabilities that may arise from such audits because the amounts, if any, cannot be determined at this time.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent amounts received or committed with donor restrictions, which have not yet been expended for their designated purposes. As of June 30, 2024, net assets with donor restrictions are available for specific programs as follows:

Community and Other	659,264
Disease Prevention and Behavioral Health	179,260
Education & Mentoring	382,708
Ethnic Media Services	211
Total	1,221,443

NOTE 9 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure within one year of June 30, 2024, comprise the following:

Financial assets at year end	
Cash and cash equivalents	$ 1,151,153
Accounts receivable	5,188,682
Total financial assets	6,339,835
Less amounts not available to be used within one year	
Net assets with donor restrictions	1,221,443
Financial assets available to meet general expenditures	
Over the next twelve months	$ 5,118,392

The Center maintains financial assets to meet short-term operating expenses. As of June 30, 2024, the management believes that the Center has sufficient funds to meet the current year obligation.

NOTE 10 – RETIREMENT BENEFIT

The Center has a post-retirement payout plan for certain long-term employees. The plan accrues with interest at $1,000 per year of service after 5 years of employment. The unfunded benefit will be paid in a lump sum when the employees leave the Center's employment. During the year, expenses incurred under this plan were $3,115. As of June 30, 2024, the balance of accrued retirement benefits is $117,638.

NOTE 11 – SUBSEQUENT EVENTS

The management of SFSC has evaluated the impact of subsequent events. There have been no subsequent events to June 30, 2024 through January 21, 2025, the date the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any subsequent events occurred, the nature of which would require disclosure.