



Proyecto Pastoral at Dolores Mission

**FINANCIAL REPORT
JUNE 30, 2023**

PROYECTO PASTORAL

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 – 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5 – 6
Statement of Functional Expenses	7 – 8
Statement of Cash Flows	9
Notes to Financial Statements	10 – 18

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Proyecto Pastoral

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Proyecto Pastoral (Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 the Organization, as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the Organization'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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Singer Lewak LLP

August 20, 2024

PROYECTO PASTORAL
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,627,287	\$ 2,880,212
Government contracts receivable	1,224,687	1,106,807
Grants and contracts receivable, net	2,196,055	3,342,184
Prepaid expenses and other assets	90,821	38,077
Property and equipment, net	<u>1,510,903</u>	<u>894,354</u>
Total assets	<u>\$ 8,649,753</u>	<u>\$ 8,261,634</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 490,563	\$ 293,305
Grant advances	-	648,500
CDE reserve liability	371	368
Deferred revenue	11,808	1,808
Financing lease obligations	<u>52,314</u>	<u>-</u>
Total liabilities	<u>555,056</u>	<u>943,981</u>

Net assets

Without donor restrictions	4,660,754	3,083,357
With donor restrictions	<u>3,433,943</u>	<u>4,234,296</u>
Total net assets	<u>8,094,697</u>	<u>7,317,653</u>
Total liabilities and net assets	<u>\$ 8,649,753</u>	<u>\$ 8,261,634</u>

See notes to financial statements.

PROYECTO PASTORAL
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and public support			
Government contracts	\$ 2,827,266	\$ -	\$ 2,827,266
Grants and contributions	1,156,989	2,301,261	3,458,250
PPP loan forgiveness	656,922	-	656,922
In-kind contributions	100,751	-	100,751
Program and other income	45,895	-	45,895
Special events	67,859	-	67,859
Net assets released from restrictions	3,101,614	(3,101,614)	-
Total revenue, gains, and public support	7,957,296	(800,353)	7,156,943
Expenses			
Program services	5,366,949	-	5,366,949
Management and general	598,993	-	598,993
Fundraising	354,285	-	354,285
Total expenses	6,320,227	-	6,320,227
Change in net assets before other change	1,637,069	(800,353)	836,716
Other change			
Loss on uncollectable promises to give	(59,672)	-	(59,672)
Change in net assets after other change	1,577,397	(800,353)	777,044
Net assets, beginning	3,083,357	4,234,296	7,317,653
Net assets, ending	\$ 4,660,754	\$ 3,433,943	\$ 8,094,697

See notes to financial statements.

PROYECTO PASTORAL
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and public support			
Government contracts	\$ 2,647,226	\$ -	\$ 2,647,226
Grants and contributions	1,052,142	5,233,874	6,286,016
PPP loan forgiveness	648,700	-	648,700
In-kind contributions	54,655	-	54,655
Program and other income	29,622	-	29,622
Special events	108,352	-	108,352
Net assets released from restrictions	2,366,642	(2,366,642)	-
Total revenue and public support	6,907,339	2,867,232	9,774,571
Expenses			
Program services	4,293,786	-	4,293,786
Management and general	819,278	-	819,278
Fundraising	364,416	-	364,416
Total expenses	5,477,480	-	5,477,480
Change in net assets before other change	1,429,859	2,867,232	4,297,091
Other change			
Loss on uncollectable promises to give	(8,200)	-	(8,200)
Change in net assets after other change	1,421,659	2,867,232	4,288,891
Net assets, beginning	1,661,698	1,367,064	3,028,762
Net assets, ending	\$ 3,083,357	\$ 4,234,296	\$ 7,317,653

See notes to financial statements.

PROYECTO PASTORAL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program Services						Supporting Services			
	Early Childcare Education	Community in Action (CEM)	GHP Homeless Project	Impacto	Promesa Boyle Heights	Total	Management and General	Fundraising	Total	Total
Salaries, taxes, and benefits	\$ 1,047,341	\$ 12,626	\$ 977,544	\$ 1,001,914	\$ 1,202,906	\$ 4,242,331	\$ 399,707	\$ 292,631	\$ 692,338	\$ 4,934,669
Depreciation and amortization	19,537	1,004	8,928	28,645	14,306	72,420	6,827	2,735	9,562	81,982
Office	47,840	2,192	29,464	26,988	52,210	158,694	32,401	17,627	50,028	208,722
Program supplies and activities	77,389	51,817	87,636	38,083	86,479	341,404	907	2,548	3,455	344,859
Professional services	11,483	2,336	6,812	27,526	229,046	277,203	145,693	32,248	177,941	455,144
Occupancy	44,169	529	91,868	26,847	26,861	190,274	10,108	4,555	14,663	204,937
Meeting and travel	160	7	219	122	4,026	4,534	347	271	618	5,152
Staff development	10,939	21	363	1,709	943	13,975	1,956	529	2,485	16,460
Repairs and maintenance	20,495	162	26,978	13,778	4,701	66,114	1,047	1,141	2,188	68,302
Total expenses by function	\$ 1,279,353	\$ 70,694	\$ 1,229,812	\$ 1,165,612	\$ 1,621,478	\$ 5,366,949	\$ 598,993	\$ 354,285	\$ 953,278	\$ 6,320,227

See notes to financial statements.

PROYECTO PASTORAL
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022

	Program Services						Supporting Services			
	Early Childcare Education	Community in Action (CEM)	GHP Homeless Project	Impacto	Promesa Boyle Heights	Total	Management and General	Fundraising	Total	Total
Salaries, taxes, and benefits	\$ 949,293	\$ -	\$ 820,641	\$ 719,496	\$ 1,081,132	\$ 3,570,562	\$ 375,798	\$ 161,073	\$ 536,871	\$ 4,107,433
Depreciation and amortization	23,788	616	963	19,190	5,618	50,175	32,187	-	32,187	82,362
Office	30,758	939	13,619	12,859	20,235	78,410	92,905	-	92,905	171,315
Program supplies and activities	42,426	1,050	47,224	24,234	29,962	144,896	4,456	-	4,456	149,352
Professional services	13,243	-	4,390	25,398	187,945	230,976	261,653	201,247	462,900	693,876
Occupancy	35,721	-	76,496	17,184	12,561	141,962	36,903	1,005	37,908	179,870
Meeting and travel	260	-	-	61	250	571	1,700	-	1,700	2,271
Staff development	1,227	-	3,139	2,517	3,157	10,040	3,517	-	3,517	13,557
Repairs and maintenance	10,156	-	45,760	9,910	368	66,194	10,159	1,091	11,250	77,444
Total expenses by function	\$ 1,106,872	\$ 2,605	\$ 1,012,232	\$ 830,849	\$ 1,341,228	\$ 4,293,786	\$ 819,278	\$ 364,416	\$ 1,183,694	\$ 5,477,480

See notes to financial statements.

PROYECTO PASTORAL
STATEMENTS OF CASH FLOWS
June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 777,044	\$ 4,288,891
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	77,659	82,362
Amortization of discount on promises to give	-	1,961
Loss on uncollectible promises to give	59,672	8,200
PPP loan forgiven	(648,500)	(648,700)
Amortization of financing lease	4,323	-
Changes in operating assets and liabilities:		
Grants and contracts receivable	(117,880)	(454,477)
Contributions Receivable	1,086,457	(2,702,302)
Prepaid expense and other assets	(52,744)	18,477
Accounts payable and accrued expenses	197,261	(141,597)
Deferred revenue	10,000	(15,388)
Net cash provided by operating activities	1,393,292	437,427
Cash flows from investing activities		
Purchases of property and equipment	(641,703)	(262,448)
Cash flows from financing activities		
Financing lease liabilities	(4,514)	-
Net change in cash and cash equivalents	747,075	174,979
Cash and cash equivalents, beginning	2,880,212	2,705,233
Cash and cash equivalents, ending	\$ 3,627,287	\$ 2,880,212
Supplemental schedule of noncash financing activities		
Right-of-use assets obtained in exchange for lease liabilities	\$ 56,828	\$ -

See notes to financial statements.

PROYECTO PASTORAL

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

Proyecto Pastoral (Organization) is a nonprofit organization with the mission to empower the community of Boyle Heights through grassroots projects in education, leadership, and service. The Organization’s vision is that residents continually address evolving challenges in the community, and that Boyle Heights serves as a model for other communities to participate in their own social transformation. Proyecto Pastoral was founded in 1986 by Father Greg Boyle, S.J., and by parishioners of Dolores Mission, to address the inequities in education, immigration, homelessness and leadership. Resident engagement continues to be critical in its approach to how priorities are identified and implemented.

Today, Proyecto has evolved to serve approximately 6,000 community residents annually through its five programs and by serving as the backbone organization to the collaborative Promesa Boyle Heights:

1. Early Childhood Education Centers – two centers providing a high-quality early education program for 100 children ages 18 months to 5 years, and their parents, free of charge.
2. Comunidad en Movimiento – a community organizing effort led by a core group of 12 community leaders to promote public safety, civic engagement, and leadership in the community.
3. Guadalupe Homeless Project – two emergency homeless shelters serving 300 men and senior-aged women annually with food, shelter, and strategic wraparound support services to help residents transition to housing.
4. IMPACTO – a youth development program providing in-school academic case management, summer camp, and after-school enrichment, tutoring, arts, sports and recreation programs for 800 youth ages 5–18 across five sites.
5. Promesa Boyle Heights – a community-wide collaborative of residents, educators, and 30+ community organizations working together to build a cradle-to-career pipeline for youth in Boyle Heights.

Across these five core initiatives, the Organization seeks to build community power in Boyle Heights, understanding that low-income resident leaders of color—those most impacted by systemic inequities—can create transformational change rooted in values of justice, solidarity and dignity.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

PROYECTO PASTORAL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. The primary areas of estimation are the functional allocation of expenses and the allowance for uncollectable accounts. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less when purchased, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for long-term purposes are excluded from this definition.

The Organization maintains a reserve account for its Child Care program in accordance with California Department of Education (CDE) requirements. The balance in this account totaled \$371 and \$368 at June 30, 2023 and 2022, respectively. Interest income related to the reserve account of \$3 is included in program and other income for the year ended June 30, 2023. No interest income was earned in the year ended June 30, 2022.

Revenue and Revenue Recognition

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in grants and contributions in the statements of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2023 and 2022, the allowance for doubtful accounts totaled \$30,010 and \$5,882, respectively.

Revenue is recognized when earned. A portion of revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization incurs expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as grant advances in the statements of financial position.

The Organization recognizes contributions when cash, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

PROYECTO PASTORAL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition (Continued)

The Organization received a \$5,350,000 grant that has not been recognized at June 30, 2023, because qualifying expenditures have not yet been incurred. The Organization did not have unrecognized grant funding at June 30, 2022.

The Organization records various types of in-kind support, including equipment and supplies, and use of facilities, as in-kind contributions revenue. Contributions of tangible assets are recognized at fair value when received. Volunteers contribute amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP.

Property and Equipment

The Organization records property and equipment additions over \$1,000 at cost, or if donated, at the fair value on the date of donation. Depreciation and amortization is computed using the straight-line basis over estimated useful lives of five years for computers and vehicles, 5 to 15 years for furniture and fixtures, lesser of the life of the asset or the lease term for leasehold improvements, 15 to 31 years for buildings and improvements. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Impairment of Long-lived Assets

The Organization reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset. During the years ended June 30, 2023 and 2022, there were no events or changes in circumstances indicating the carrying amount of long-lived assets may not be recoverable.

Net Assets

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

- *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

PROYECTO PASTORAL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

- *Net Assets with Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue with donor restrictions when received and released from restrictions when the assets are placed in service.

Financing Lease Obligations

The Organization determines if an arrangement is or contains a lease at inception. The Organization made an accounting policy election available under ASC Topic 842, *Leases*, not to recognize right-of-use assets and lease liabilities for leases with a term of 12 months or less. For all other leases, right-of-use assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, costs have been allocated among the programs and supporting services benefited by a method that best measures the relative degree of benefit. Salaries, taxes, and benefits, depreciation and amortization, and occupancy expenses are allocated based on a percentage of time and effort spent by personnel on related programs.

Income Taxes

The Organization is organized as a not-for-profit organization exempt from income tax under provisions of Internal Revenue Code §501(c)(3) and California Revenue and Taxation Code Section 23701d. Management has analyzed the tax positions taken by the Organization, and has concluded that, as of June 30, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

PROYECTO PASTORAL
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through August 20, 2024, the date which the financial statements were available to be issued, and determined the following reportable event has occurred.

NOTE 3 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets and liquidity resources available within one year for general expenditure, that is, without donor or other restrictions limiting their use, comprise the following as of June 30:

	2023	2022
Cash and cash equivalents	\$ 3,627,287	\$ 2,880,212
Government contracts receivable	1,224,687	1,106,807
Contributions receivable, due within one year	1,426,065	2,248,066
Total	\$ 6,278,039	\$ 6,235,085

The Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give at June 30, 2023 and 2022, are expected to be collected as follows:

	2023	2022
Within one year	\$ 1,426,065	\$ 2,248,066
One to five years	800,000	1,100,000
	2,226,065	3,348,066
Less present value discount (2%)	(30,010)	(5,882)
Total	\$ 2,196,055	\$ 3,342,184

PROYECTO PASTORAL
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – PROPERTY AND EQUIPMENT

As of June 30, 2023 and 2022, property and equipment consists of the following:

	2023	2022
Land	\$ 281,032	\$ 281,032
Buildings and improvements	2,568,717	2,258,930
Leasehold improvements	495,151	495,151
Furniture and Fixtures	454,813	341,208
Computers and Vehicles	384,724	275,831
Financing lease assets	52,505	-
Construction in Progress	109,417	-
Total property and equipment	4,346,359	3,652,152
Less accumulated depreciation and amortization	(2,835,456)	(2,757,798)
Total	\$ 1,510,903	\$ 894,354

NOTE 6 – GRANT ADVANCES

During the year ended June 30, 2021, the Organization was granted a \$648,700 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has initially recorded the loan as a grant advance and will record the forgiveness in accordance with guidance for unconditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. In 2022, the principal amount of the grant advance and its accrued interest was forgiven in its entirety.

During the year ended June 30, 2022, the Organization was granted a second round PPP loan in the amount of \$648,500. The terms of the loan are similar to the first round PPP loan. As of July 11, 2022, the principal amount and its accrued interest was forgiven in its entirety.

PROYECTO PASTORAL
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – RISK AND UNCERTAINTIES

The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market and mutual funds. To date, the Organization has not experienced losses in any of these accounts.

Credit risk associated with grants and contracts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, and others supportive of the Organization’s mission. As of June 30, 2023 and 2022, four donors comprised 81% and two donors comprised 76% of government contract receivables, respectively. As of June 30, 2023 and 2022, two donors comprised 72% and 67% of grant and contributions receivables, respectively.

For the years ended June 30, 2023 and 2022, two donors comprised 31% and 30% of the Organization’s grants and contributions revenue, respectively. For the years ended June 30, 2023 and 2022, two government agencies comprised 83% and three government agencies comprised 91% of the Organization’s government contract revenue, respectively.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2023 and 2022, net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
<i>Subject to expenditure for specified purpose</i>		
Early Childhood Education	\$ 177,491	\$ 200,133
Promesa Boyle Heights	1,162,890	1,649,970
IMPACTO	1,509,792	1,575,544
Guadalupe Homeless Project	302,509	387,400
Community in Action	33,344	40,000
Other programs	-	30,000
	3,186,026	3,883,047
<i>Subject to the passage of time</i>		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	247,917	351,249
Total	\$ 3,433,943	\$ 4,234,296

PROYECTO PASTORAL
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of passage of time, other events specified by the donors as follows for the years ended June 30, :

	2023	2022
Early Childhood Education	\$ 128,521	\$ 65,833
Promesa Boyle Heights	1,375,428	1,187,397
IMPACTO	987,485	647,190
Guadalupe Homeless Project	310,191	155,000
Community in Action	16,656	-
Other programs	30,000	92,472
Expiration of time restriction	253,333	218,750
Total	\$ 3,101,614	\$ 2,366,642

NOTE 8 – FINANCING LEASE OBLIGATIONS

In 2023, the Organization entered into two copier leases under noncancelable financing lease agreements that expire through April 2028. For the year ended June 30, 2023, total financing lease costs included \$4,323 of lease amortization and \$811 of interest expense. The weighted-average remaining lease term is 4.62 years. The weighted-average discount rate is 3.93%.

Future undiscounted cash flows for each of the next five years ending June 30, are as follows:

2024	\$ 12,200	
2025	12,689	
2026	13,197	
2027	13,725	
2028	8,772	
Total lease payments	\$ 60,583	

PROYECTO PASTORAL
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – IN-KIND CONTRIBUTIONS

The use of facilities is valued based on estimated fair value of recent comparable rental properties in the Los Angeles market. Donated goods were recognized at estimated cost incurred by the donor. Facilities and goods donated were utilized for program services and management and general activities.

For the years ended June 30, 2023 and 2022, the Organization’s projects received and expended the following in-kind contributions:

	<u>2023</u>	<u>2022</u>
Donated goods	\$ 59,351	\$ 13,255
Use of facilities	<u>41,400</u>	<u>41,400</u>
Total	<u>\$ 100,751</u>	<u>\$ 54,655</u>