

**SOUTHWEST COMMUNITY CORPORATION**

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**Audited Financial Statements with Supplemental Information**

**As of June 30, 2023**

**Jeanpierre, Wegem, Alabi and Co. LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**SOUTHWEST COMMUNITY CORPORATION**  
**AUDITED FINANCIAL STATEMENTS**

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## Report of Independent Auditors

To the Board of Directors  
Southwest Community Corporation

### Opinion

We have audited the in accordance with the 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, the accompanying financial statements of Southwest Community Corporation which comprise the statement of financial position as of June 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of Southwest Community Corporation as of June 30, 2023, and the changes in its net assets, statement of 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 of 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 Southwest Community Corporation, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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 Southwest Community Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

### Auditors' 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 auditors' report that include 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 the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

**Southwest Community Corporation**  
**Independent Auditors' Report (Continued)**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Southwest Community Corporation'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southwest Community Corporation'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.

*Jean-Louis Hegem, AGC & Co. LLP*  
San Francisco, CA  
April 30, 2024



**SOUTHWEST COMMUNITY CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
As of June 30, 2023

	<u>2023</u>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash	\$ 14,085
Accounts Receivable	294,919
Total Current Assets	<u>309,004</u>
<b>Other Assets:</b>	
Prepaid Expenses	7,170
Rental receivable (clinic rent paid by City)	2,600
Total Other Assets	<u>9,770</u>
<b>Fixed Assets</b>	
Vehicles and Equipment	50,916
Accumulated Depreciation	(24,724)
Total Fixed Assets	<u>26,192</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 344,966</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current Liabilities:</b>	
Accounts Payable	2,459
Accrued Payroll tax	6,463
Credit Card	1,916
Total Current Liabilities	<u>10,838</u>
<b>Long Term Liabilities:</b>	
Bay Area Racial Equity Fund	104,167
Total Long Term Liabilities	<u>104,167</u>
Total Liabilities	115,005
<b>Unrestricted Net Assets</b>	229,961
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 344,966</u></u>

*See accompanying notes to the financial statements*

SOUTHWEST COMMUNITY CORPORATION  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSET  
June 30, 2023

	<u>2023</u>
<b>SUPPORT</b>	
Program Revenue	\$ 829,542
Grants - Meta Fund, HAAS Foundation and Community Collaborators	343,254
Donations	26,291
Other Income	13,342
<b>Total Support</b>	<u><u>1,212,429</u></u>
 <b>EXPENSES</b>	
Program Expenses	1,103,923
General & Administrative	314,989
<b>Total Expenses</b>	<u><u>1,418,912</u></u>
 <b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	 <b>(206,483)</b>
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	 <u><u>436,444</u></u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 229,961</u></u>

*See accompanying notes to the financial statements*

**SOUTHWEST COMMUNITY CORPORATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
June 30, 2023

	<u>Program Expenses</u>	<u>General &amp; Administrative</u>	<u>Total</u>
<b>EXPENSES</b>			
Salaries and Wages	\$ 711,259	\$ 31,701	\$ 742,960
Payroll Taxes and other employee benefits	126,934	1,435	128,369
Total Personnel costs	<u>838,193</u>	<u>33,136</u>	<u>871,329</u>
	-	-	-
Legal and Professional	4,150	23,383	27,533
Facility Rent	-	16,105	16,105
Utilities	20,485	8,967	29,452
Telephone and Internet Charges	3,270	10,689	13,959
Repairs and Maintenance	3,689	24,475	28,164
Janitorial Supplies	-	785	785
Technology and IT services	355	695	1,050
Travel, Meals and Entertainment	39,720	29,708	69,428
Advertising and Marketing	-	1,871	1,871
Bank Charges	-	385	385
Office Expenses	12,028	57,735	69,763
Insurance	-	14,089	14,089
Taxes and Licenses	-	1,332	1,332
Program Supplies	64,885	33,994	98,879
Events and Programs	14,380	3,737	18,117
Contractors	102,768	29,179	131,947
Depreciation	-	24,724	24,724
<b>TOTAL EXPENSES</b>	<u><u>\$ 1,103,923</u></u>	<u><u>\$ 314,989</u></u>	<u><u>\$ 1,418,912</u></u>

SOUTHWEST COMMUNITY CORPORATION  
STATEMENT OF CASH FLOWS  
June 30, 2023

	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	(206,483)
Adjustments to Reconcile change in net assets to net cash used by operating activities:	
Prepaid Expenses	(7,170)
Rent Receivable	(2,600)
Decrease (Increase) in Accounts Receivable	74,046
Accumulated Depreciation	24,724
Uncategorized Assets	(15,465)
Accounts Payable	2,887
BOA Business Card	1,917
Accrued Payroll and Tax	247,231
Total Adjustments	<u>325,570</u>
<b>Net Cash provided by operating activities</b>	<b>119,087</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Furniture and Equipment	<u>1,176</u>
<b>Net Cash provided by Investing activities</b>	<b>1,176</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Bay Area Racial Equity Fund	104,167
Opening Balance Equity	(10,929)
Restricted Net Assets	<u>(284,925)</u>
<b>Net Cash provided by Financing activities</b>	<b>(191,687)</b>
 <b>Net Cash Increase (Decrease) in Period</b>	<b>(71,424)</b>
 Cash and Cash Equivalents, at the Beginning of Period	<u>85,509</u>
<b>Cash at the End of Period</b>	<b><u>\$ 14,085</u></b>

*See accompanying notes to the financial statements*

**SOUTHWEST COMMUNITY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note A – Organization and Significant Accounting Policies**

Southwest Community Corporation, Inc. (the Organization) a non-profit, tax-exempt service organization that provides a diverse range of activities tailored for seniors and those with disabilities, including fitness classes, art and crafts, educational seminars and social events.

The Organization provides balanced and nutritious meals to seniors and those with disabilities to ensure that they have a healthy lifestyle. The organization collaborates with the San Francisco Department of Public Health to offer a comprehensive healthcare program encompassing flu shots, COVID-19 vaccinations, boosters and test-to-treat services. Their strategic partnerships with San Francisco State University and University of California San Francisco (UCSF) also facilitate mini health screenings that facilitate community health.

**Basis of Presentation**

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 (US GAAP).

Net assets are classified based on the existence of or absence of donor-imposed restrictions. Accordingly, Southwest Community Corporation's net assets and changes therein are classified and reported as follows:

- *Without donor restrictions* – net assets that are not subject to donor-imposed restrictions, the donor restrictions have expired or been satisfied by actions of the organization.
- *With Donor Restrictions* – net assets that are subject to time or purpose restrictions, donor restricted endowments and trusts held by third parties.

Contributions are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. We report 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. Upon fulfillment or expiration of donor restrictions, or when the donor restricted assets are placed in service, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as satisfaction of restrictions in the statements of activities.

Revenue from government grants and contracts are recognized when qualifying expenses are incurred. Contributions are recognized in full when received or unconditionally pledged, in accordance to professional standards. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions.

**Property and equipment** are stated at cost or, if donated, at the estimated fair value at the time of donation. The organization capitalizes all expenditures of property and equipment in excess of \$1,000. Assets are depreciated using the straight-line method over estimated useful lives of 3 to 30 years.

**Allocation of Functional Expenses** – The costs of providing program services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services based on a consistent basis. The basis used to allocate are established in accordance with reasonable criteria and supported by current data.

**Accumulated Vacation**

We recognize accumulated unpaid employee vacations as liabilities as of the end of the reporting period. Sick leave benefits are accumulated for each employee; however, the employees do not have a vested right to sick leave benefits and accumulated benefits are not recognized as liabilities of the organization since payment of such benefits is not determinable.

Accordingly, sick leave benefits are recorded as an expense in the period sick leave is taken. Employees' rights to accumulated sick leave benefits are lost when employment terminates.

**Note B – Availability and Liquidity**

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and Cash Equivalents	\$	14,058
Grants and Accounts Receivable		294,919
Rent Receivable		<u>2,600</u>
Total	\$	<u>311,577</u>

**SOUTHWEST COMMUNITY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

Southwest Community Corporation receives approximately 68.41% of its income from services rendered to deserving citizens on behalf of government agencies and approximately 31.59% from Foundation grants and donation. As part of the organization's liquidity management, its policy is to structure the financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note C – Accounts Receivable and Revenue**

The accounts receivable and other receivables balance consists primarily of amounts due from Human Services Agency of San Francisco. In addition, the department of Public Health leases a space at Southwest facility for health education at a cost of \$650 per month. Accounts receivable and rent receivable at June 30, 2023 were \$294,919 and \$2,600 respectively. Southwest Community Corporation received a total of \$829,542 or 68.41% of total revenue from city agencies for the year ended June 30, 2023.

Allowance for uncollectible accounts: Management's estimate of Accounts receivable is based on historical collection rates and an analysis of the collectability of individual promises. Management has determined that all amounts appear collectable at June 30, 2023 and no allowance is necessary.

**Note D – Concentration and Risks**

Credit risk: The Organization maintains demand deposits at financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. Government. The uninsured portions of cash are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to the Organization. However, the Organization has not experienced losses on these accounts in the past, and management believes the risk of loss, if any, to be minimal.

**Note E – Obligations under Operating Leases**

The Organization leases one building as office and use for other services it provides to its clients. The lease is on a month-to-month basis. Rental expense for the lease was \$16,105 for the year ended June 30, 2023.

**Note F – Accrued Liability**

This amount represents the total accrued liability at June 30, 2023. Accrued Liabilities for the period ended June 30, 2023 was \$6,463.

**Note G – Commitment and Contingencies**

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding Organization. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and accordingly, Southwest Community Corporation has no provisions for the possible disallowance of program costs on its financial statements.

**Note H – Concentration of Revenues**

The organization received approximately 68.41% of its income from Federal, State and local government sources at June 30, 2023.

**Note I – Subsequent events**

Subsequent events have been evaluated through April 30, 2024, the date the financial statements were issued. There were no subsequent events that required recognition or disclosure in the financial statements.

**Note J – Subsequent events**

Subsequent events have been evaluated through April 30, 2024, the date the financial statements were issued. There were no subsequent events that required recognition or disclosure in the financial statements.

## SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT ON ORGANIZATION'S INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Board of Directors  
Southwest Community Corporation**

We have audited in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwest Community Corporation, Inc. (a nonprofit Organization) which comprise the statement of financial position as of and for the year ended June 30, 2023, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements, which collectively comprise Southwest Community Corporation's basic financial statements, and have issued our report thereon dated April 30, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jeanpierre, Wegem, Alabi & Co. LLP  
San Francisco, CA  
April 30, 2024



Board of Directors  
SOUTHWEST COMMUNITY CORPORATION

We have audited the financial statements of **Southwest Community Corporation, Inc.**, which comprise the statement of financial position as of June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2024. Professional standards require that we provide with information about our responsibilities under generally accepted auditing standards (USA) and standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, as well as certain information, related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated October 5, 2023. Professional standards also require that we communicated to you the following information.

### **Significant Audit Findings**

#### ***Qualitative aspects of accounting practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Southwest Community Corporation** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the period from July 1, 2022 and June 30, 2023. We noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent and clear.

#### ***Difficulties encountered in performing the audit***

We encountered no significant difficulties with management in dealing with management in performing and completing our audit.

#### ***Corrected and uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

#### ***Disagreement with management***

Significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit significant to the financial statements or auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

#### ***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters to obtaining a 'second opinion' on certain situations.

If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. In our knowledge, there were no such consultations with other accountants.

### ***Other audit findings or issues***

We generally discuss a variety of matters, including the applications of accounting principles and auditing standards, with management each year prior to retention as the organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The following are our findings during our audit of the financial statement of Southwest Community Corporation:

- No budget was presented for the year ended June 30, 2023
- No financial statements including bank reconciliations were presented for review at the board of directors' meetings.
- The financial statements in particular the cash flows statement had a number of uncategorized items. In addition, the beginning net assets was derived from the ending balance of the June 30, 2023 financial statements for which we had a Disclaimer of opinion.
- At the beginning of the audit, Southwest community Corporation had no accounting manual. However, we received one as the audit progressed.
- There were a few instances where the Organization had to pay the bank for checks for which there were insufficient funds in the bank to cover checks issued to vendors.

### **We recommend the following to the Management of Southwest Community Corporation:**

- 1. We recommend that the organization prepare a budget at the beginning of the fiscal year to be monitored on a monthly basis. Having a budget allows the Board to review and compare the financial results for board action, if necessary.**
- 2. Monthly financial statements must be prepared and presented to the board of directors. The presentation of the financial statements allows those charged with governance to see the progress and financial health of the company**
- 3. We recommend that the board should monitor the bookkeeper by reviewing all financial statements presented to it at its quarterly meetings**
- 4. The organization should monitor its cash disbursements in order to prevent unnecessary bank charges for insufficient funds**

### ***Other Matters***

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles. The method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee of the Board of Directors and management of **SOUTHWEST COMMUNITY CORPORATION, Inc.** applicable government agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Jeanne Weger, AICPA*  
San Francisco, CA

April 30, 2024