



**Maitri Compassionate Care
Financial Statements
June 30, 2023 and 2022**



**Maitri Compassionate Care
Financial Statements
June 30, 2023 and 2022**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Maitri Compassionate Care
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Maitri Compassionate Care, which comprise the statements of financial position as of June 30, 2023, 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 referred to above present fairly, in all material respects, the financial position of the Maitri Compassionate Care as of June 30, 2023, 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 Maitri Compassionate Care 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 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 Maitri Compassionate Care'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 Maitri Compassionate Care'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 Maitri Compassionate Care'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. The schedule 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 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 February 8, 2024, on our consideration of the Maitri Compassionate Care' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Maitri Compassionate Care internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Maitri Compassionate Care's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
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February 8, 2024



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Maitri

**Maitri Compassionate Care
Financial Statements**

**Maitri Compassionate Care
Statement of Financial Position
June 30, 2023 and 2022**

	2023	2022
ASSETS		
Current Assets:		
Cash	\$ 829,192	\$ 1,165,166
Grants and Contracts Receivable (Net of Allowance for Doubtful Receivables of \$107,395 and \$109,061)	541,513	267,863
Prepaid Expenses and Other Current Assets	<u>48,449</u>	<u>73,800</u>
Total Current Assets	<u>1,419,154</u>	<u>1,506,829</u>
Property and Equipment, Net	1,606,090	1,697,984
Reserves	638,392	520,738
TOTAL ASSETS	\$ 3,663,636	\$ 3,725,551
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 226,923	\$ 191,365
Current Portion of Long-Term Debt	24,045	48,090
Deferred Revenue	<u>112,579</u>	<u>100,000</u>
Total Current Liabilities	<u>363,547</u>	<u>339,455</u>
Deposits Payable	28,000	22,000
Long-Term Debt	<u>356,480</u>	<u>380,525</u>
Total Liabilities	<u>748,027</u>	<u>741,980</u>
Net Assets:		
Net Assets without Donor Restrictions	2,289,222	2,411,686
Net Assets with Donor Restrictions	<u>626,387</u>	<u>571,885</u>
Total Net Assets	<u>2,915,609</u>	<u>2,983,571</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 3,663,636	\$ 3,725,551

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

**Maitri Compassionate Care
Statement of Activities
For the Year Ended June 30, 2023
With Summarized Comparative Totals for 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Public Support:				
Government Grants and Contracts	\$ 1,834,654	\$ 5,000	\$ 1,839,654	\$ 1,871,223
Foundation and Corporate Grants	126,803	155,000	281,803	175,108
Contributions	164,321	-	164,321	142,015
Bequests	51,259	-	51,259	1,842
PPP Loan Extinguishment	-	-	-	332,586
Net Assets Released from Donor Restriction:				
Satisfaction of implied time restrictions	45,498	(45,498)	-	-
Satisfaction of program/purpose restrictions	60,000	(60,000)	-	-
Fundraising event, net of direct donor benefits	83,363	-	83,363	109,259
Commercial Lease Income, net of direct expenses of \$223,851	212,524	-	212,524	148,636
Resident Fees	53,023	-	53,023	58,677
Interest	8,085	-	8,085	250
Miscellaneous	11,589	-	11,589	5,245
Total Revenue and Public Support	2,651,119	54,502	2,705,621	2,844,841
Expenses:				
Resident Care & Services	2,360,034	-	2,360,034	2,080,475
Management and General	144,231	-	144,231	156,721
Fundraising	269,318	-	269,318	277,267
Total Expenses	2,773,583	-	2,773,583	2,514,463
CHANGE IN NET ASSETS	(122,464)	54,502	(67,962)	330,378
BEGINNING NET ASSETS	2,411,686	571,885	2,983,571	2,653,193
ENDING NET ASSETS	\$ 2,289,222	\$ 626,387	\$ 2,915,609	\$ 2,983,571

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

**Maitri Compassionate Care
Statement of Functional Expenses
For the Year Ended June 30, 2023**

	2023						
	Resident Care & Services	Management & General	Fundraising	Commercial Lease	Common Costs	Total	
Salaries & Wages	\$ 1,459,354	\$ 71,563	\$ 186,747	\$ 54,865	\$ -	\$ 1,772,529	
Payroll Taxes	116,344	5,634	15,397	4,426	-	141,801	
Employee Benefits	10,770	3,870	304	-	164,020	178,964	
Professional Services	368,418	39,059	-	-	17,163	424,640	
Utilities	3,236	-	-	12,708	122,653	138,597	
Building Maintenance & Repair	4,037	28	-	2,401	13,573	20,039	
Telephone & Internet	-	-	-	-	12,481	12,481	
Insurance	-	3,083	-	-	14,815	17,898	
Supplies	4,769	434	33	-	12,529	17,765	
Food	58,814	694	113	-	-	59,621	
Equipment Rental & Maintenance	5,992	681	20	-	14,410	21,103	
Printing & Mailhouse	-	-	12,229	-	-	12,229	
Postage & Shipping	-	-	859	-	1,341	2,200	
Travel & Transportation	2,048	292	-	-	-	2,340	
Advertising & Public Relations	-	-	11,254	-	-	11,254	
Depreciation	-	-	-	-	96,456	96,456	
Miscellaneous	6,162	4,947	11,396	35,073	9,939	67,517	
Common Cost Allocation	320,090	13,946	30,966	114,378	(479,380)	-	
Total Expenses	\$ 2,360,034	\$ 144,231	\$ 269,318	\$ 223,851	\$ -	\$ 2,997,434	

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

**Maitri Compassionate Care
Statement of Functional Expenses
For the Year Ended 2022**

2022

	Resident Care & Services	Management & General	Fundraising	Commercial Lease	Common Costs	Total
Salaries & Wages	\$ 1,437,026	\$ 103,568	\$ 194,872	\$ 38,249	\$ -	\$ 1,773,715
Payroll Taxes	116,933	7,912	15,772	3,082	-	143,699
Employee Benefits	8,997	939	105	-	169,922	179,963
Professional Services	123,065	19,253	10,000	12,707	9,915	174,940
Utilities	3,365	-	-	49,190	62,851	115,406
Building Maintenance & Repair	3,808	43	-	1,266	11,429	16,546
Telephone & Internet	-	-	-	-	22,387	22,387
Insurance	-	2,022	-	-	13,645	15,667
Supplies	10,272	125	271	-	9,406	20,074
Food	55,703	-	-	-	-	55,703
Equipment Rental & Maintenance	5,849	-	-	-	14,229	20,078
Printing & Mailhouse	-	-	14,581	-	-	14,581
Postage & Shipping	-	-	735	-	828	1,563
Travel & Transportation	893	-	-	-	-	893
Advertising & Public Relations	-	-	9,172	-	-	9,172
Depreciation	-	-	-	41,031	54,463	95,494
Miscellaneous	2,395	4,866	744	107,170	9,609	124,784
Common Cost Allocation	312,169	17,993	31,015	17,507	(378,684)	-
Total Expenses	\$ 2,080,475	\$ 156,721	\$ 277,267	\$ 270,202	\$ -	\$ 2,784,665

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

Maitri Compassionate Care
Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (67,962)	\$ 330,378
<i>Adjustments to reconcile change to net operating cash flows:</i>		
Depreciation and Amortization	96,456	95,494
Gain from PPP Loan Forgiveness	-	(328,811)
Note Payable Forgiveness	(48,090)	-
<i>Decrease/(increase) in assets:</i>		
Grants & Contracts Receivable	(273,650)	(63,878)
Prepaid Expenses & Other Assets	25,351	15,621
Reserves	(117,654)	(168,187)
<i>Increase/(decrease) in liabilities:</i>		
Accounts Payable & Accrued Expenses	35,558	(56,029)
Deferred Revenue	12,579	83,155
Deposits Payable	<u>6,000</u>	<u>6,000</u>
Net Cash Provided / (Used) by Operating Activities	<u>(331,412)</u>	<u>(86,257)</u>
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	<u>(4,562)</u>	<u>(3,199)</u>
Net Cash Provided / (Used) by Investing Activities	<u>(4,562)</u>	<u>(3,199)</u>
Cash Flows from Financing Activities:		
Other Cash Received on Long-term Debt	-	24,045
Net Cash Provided / (Used) by Financing Activities	<u>-</u>	<u>24,045</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(335,974)	(65,411)
Cash and Restricted Cash at Beginning of Year	1,165,166	1,230,577
Cash and Restricted Cash at End of Year	\$ 829,192	\$ 1,165,166

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

Maitri Compassionate Care
Notes to the Financial Statements
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization

Maitri Compassionate Care ("Maitri") was founded in 1987 as a residential hospice for people with AIDS. A state licensed 15-bed residence for low income people with AIDS, Maitri provides a high level of medical supervision and support for people who are seriously ill or disabled. In collaboration with home health agencies and hospice organizations, Maitri provides skilled nursing and end-of-life care.

B. Method of Accounting and Basis of Presentation

The financial statements are prepared using the accrual method of accounting in conformity with generally accepted accounting principles. Revenues are recognized when earned and expenses are recognized as they are incurred, whether or not cash is received or paid at that time.

Maitri is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

C. Net Assets

Contributions receivable are recorded as increases in net assets with donor restrictions or without donor restrictions, depending on the existence and/or nature of any restrictions.

All donor-restricted contributions are reported as increases to donor restricted net assets, 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 reported in the statement of activities as net assets released from donor restrictions.

D. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Actual results could differ from those estimates.

Maitri Compassionate Care
Notes to the Financial Statements
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

E. Income Tax Status

Maitri is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Service Code and under California Franchise Tax Board code section 23701(d). Management believes Maitri has no uncertain tax positions as of June 30, 2023.

F. Cash and Cash Equivalents

For purposes of balance sheet classification and statement of cash flows, Maitri considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

G. Grants and Contracts Receivable

Grants and Contracts Receivable are primarily from governmental agencies for expenditures incurred prior to year-end. There is no allowance for doubtful accounts for government receivables as Maitri considers these receivables to be fully collectible. If amounts from governmental agencies become uncollectible, they will be charged to operations when that determination is made. Other Grants and Contracts Receivable from nongovernmental agencies are stated net of an allowance for doubtful accounts. At June 30, 2023 and 2022, Maitri's allowance for doubtful accounts related to commercial tenant leases was \$107,395 and \$109,061, respectively. The allowance is established based on specific identification and evaluation of past-due accounts.

H. Property and Equipment

Property and equipment include assets intended for ongoing use in operations and are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives, which range from 15 to 40 years for building and improvements and 3 to 10 years for equipment and furnishings. Purchase of any Property and Equipment that is over \$2,000 and have a useful life of over one year are capitalized at cost. Maintenance and repairs are charged to expense as incurred. Impairment of long-lived assets are evaluated when circumstances indicate a triggering event has occurred.

I. Expense Allocation

Maitri allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly. Facility-related expenses that are common to several functions are allocated according to a formula based on each function's proportionate share of building square footage. Other common costs are allocated according to the relative amount of staff time spent on each function.

**Maitri Compassionate Care
Notes to the Financial Statements
June 30, 2023 and 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

J. Summarized Information for 2022

The financial information for the fiscal year ended June 30, 2022, is presented for comparative purposes only, and is not intended to be a complete financial statement presentation.

K. Revenue Recognition

Revenue is measured based on consideration of grants, contributions and lease income from the government, foundations & individuals, and tenants, respectively. Maitri's primary revenue streams and revenue recognition procedures when it satisfies a performance obligation are as follows:

Government Grants: Recognized when declared by Government agency. In the instance where funds are expected to be reimbursed by a government grant. Revenue is recognized in whichever month the funds are expected to be reimbursed.

Foundation & Individual Contributions: Revenue is recognized immediately unless there are specific restrictions on the contributions.

Lease Income from Tenants: Lease revenue is recognized once the month ends. Maitri's performance obligation is satisfied after the whole month of office space is used by lessee. Rent paid in advance is retained by Maitri as deferred revenue and recognized on a monthly basis.

L. Leases

Maitri adopted ASC 842, Leases, effective July 1, 2022 using the modified retrospective method of adoption.

Maitri elected the package of practical expedients, which, among other items, permits the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. Maitri also elected the short-term lease recognition exemption for all leases that qualify.

Under this election, Maitri does not recognize right-of-use assets or lease liabilities for leases with a term of 12 months or less. Maitri also elected to not separate lease and non-lease components for all of their leases.

Maitri evaluated any obligations that could be considered a lease and determined there were no leases to be disclosed.

Maitri did not elect the use-of hindsight practical expedient.

**Maitri Compassionate Care
Notes to the Financial Statements
June 30, 2023 and 2022**

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

Financial assets available for general expenditure, without donor or other restrictions limited to their use, within one year of the balance sheet date, comprise the following:

	2023	2022
Cash and Cash Equivalent	\$ 829,192	\$ 1,165,166
Grants and Contracts Receivable, Net	<u>541,513</u>	<u>267,863</u>
Total Financial Assets	<u>1,370,705</u>	<u>1,433,029</u>
Less amounts not available to be used within one year	-	-
Total Financial Assets available within one year	\$ 1,370,705	\$ 1,433,029

Maitri has \$1,370,705 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures including cash of \$829,192. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Accounts receivable are subject to implied time restrictions but are expected to be collected within one year.

Maitri has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 3 months of normal operating expenses, which is, on average, approximately \$636,888. Maitri has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 - ADVERTISING COSTS:

The costs of advertising are expensed as incurred. During the years ended June 30, 2023 and 2022, advertising costs were \$11,254 and \$9,172, respectively.

NOTE 4 - RESERVE ACCOUNTS:

In accordance with the terms of funding received from the City & County of San Francisco, funded by the Department of Housing and Urban Development, Maitri must maintain reserve accounts. Funds are invested in bank money market accounts. Details of these accounts are as follows:

Maitri Compassionate Care
Notes to the Financial Statements
June 30, 2023 and 2022

NOTE 4 - RESERVE ACCOUNTS (Continued):

Operating Reserve

Maitri is required to make annual deposits of 5% of project income. Once a minimum balance equal to three months of project operating expenses is achieved, approximately \$400,000, no additional deposits are required. Funds may be disbursed from the account to alleviate cash shortfalls resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancy rates, and other expenses that vary seasonally or from month-to-month.

The account balances as of June 30, 2023 and 2022 were \$409,696 and \$400,006, respectively.

Replacement Reserve

Annual deposits of 3% of project income are required. Withdrawals from the reserve account may be made only for capital improvements, furniture, fixtures or equipment as may be reasonably required to preserve the value of the building owned by Maitri. The account balances as of June 30, 2023 and 2022 were \$102,660 and \$100,729, respectively.

Agency Reserve

Maitri holds this reserve for security deposits paid by Maitri Tenants. Account balances as of June 30, 2023 and 2022 were \$25,074 and \$20,003, respectively.

Maitri Affirmation Center Reserve

Maitri holds this reserve for a possible construction project to expand their MAC program. Account balances as of June 30, 2023 and 2022 were \$100,962 and \$0, respectively.

**Maitri Compassionate Care
Notes to the Financial Statements
June 30, 2023 and 2022**

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Land	\$ 205,000	\$ 205,000
Buildings & Improvements*	3,390,004	3,390,004
Machinery & Equipment	166,914	166,914
Furniture & Fixtures	118,219	113,657
Computers	<u>60,660</u>	<u>60,660</u>
Subtotal	3,940,797	3,936,235
Accumulated Depreciation	<u>(2,334,707)</u>	<u>(2,238,251)</u>
Total Property and Equipment	\$ 1,606,090	\$ 1,697,984

Total depreciation expense for the years ended June 30, 2023 and 2022 were \$96,456 and \$95,494, respectively.

*As a condition of the original funding for the purchase of the building, the building and improvements are restricted for use as a residence for persons living with AIDS until 2045.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following as of June 30, 2023 and 2022:

	2023	2022
Client Services Program:		
Time implied restrictions for the portion of building & improvements restricted for use as a residence for people with AIDS until 2045, or if need ceases for that purpose, for low-income housing	\$ 516,387	\$ 561,885
Foundations and Corporate Grants restricted for programs/purpose	<u>110,000</u>	<u>10,000</u>
Total Net Assets With Donor Restrictions	\$ <u>626,387</u>	\$ <u>571,885</u>

**Maitri Compassionate Care
Notes to the Financial Statements
June 30, 2023 and 2022**

NOTE 7 - LONG-TERM DEBT:

The Organization's long-term debt consists of the following:

	2023	2022
In April 1997, Maitri received a loan from the San Francisco Redevelopment Agency under the HOPWA (Housing Opportunities for Persons with AIDS) Program, which is a program of HUD payable in annual installments of \$24,045 and bears interest at a rate of 0%.	\$ <u>380,525</u>	\$ <u>428,615</u>
Total Debt (Current Portion and Long-Term)	\$ <u>380,525</u>	\$ <u>428,615</u>

As of June 30, 2023, annual maturities (principal payments) on the note are as follows:

2024	\$ 24,045
2025	24,045
2026	24,045
2027	24,045
2028	24,045
Thereafter	260,300
Total Debt	\$ 380,525

As of July 1, 2022 Maitri, in communications with the San Francisco Redevelopment Agency, has received confirmation this loan will be restructured as a forgivable loan. Unlike traditional loan forgiveness, Maitri will be given the opportunity to operate within the facility as normal but will not be required to pay the annual principal payments as they come due. Each year Maitri will reduce the loan amount by the principal payment and recognize revenue for the amount of loan forgiven until the loan balance reaches zero.

**Maitri Compassionate Care
Notes to the Financial Statements
June 30, 2023 and 2022**

NOTE 8 - LEASES:

Operating Leases

Maitri has two tenants that lease commercial space. Future minimum lease rents are as follows:

2024	\$	346,163
2025		320,141
2026		256,936
2027		264,644
2028		66,646
Thereafter		-
Total		\$ 1,254,530

Equipment Leases

Maitri leases facility equipment under agreements with various terms. As of June 30, 2023, future minimum lease payments are as follows:

2024	\$	1,930
Total		\$ 1,930

NOTE 9 - CONTINGENT LIABILITIES:

Under the terms of a 1995 HOPWA loan that will be forgiven at maturity in the amount of \$1,622,301 received from the San Francisco Redevelopment Agency, Maitri's building must be used as a residence for persons with AIDS until 2045. If the need to house persons with AIDS ceases within this time frame, the property may be used for low-income housing. If Maitri does not comply with the provisions of the grant, it may be required to repay the grant plus accrued interest of 10% per year. Based on correspondence received from the Mayor's Office on Housing (which now administers the HOPWA program following the closure of the San Francisco Redevelopment Agency), the likelihood of the City issuing a letter of default appears remote at this time.

Maitri Compassionate Care
Notes to the Financial Statements
June 30, 2023 and 2022

NOTE 10 - LOAN PAYABLE - PPP LOAN

On May 4, 2020, Maitri received a loan from Kabbage Inc. in the aggregate amount of \$328,811, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a Note dated May 4, 2020 issued by the Borrower, matures on May 4, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on December 4, 2020. The note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. Maitri intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan maybe forgiven if they are used for qualifying expenses as described in the CARES Act. As of June 30, 2022 the loan has been forgiven and is included in PPP loan extinguishment on the Statement of Activities.

NOTE 10 - CONCENTRATIONS:

During the years ended June 30, 2023 and 2022, Maitri received approximately 63% and 67% of its revenue and support from program service contracts through the City & County of San Francisco, respectively. Should funding under these contracts decrease, Maitri could experience a contraction in its services.

Maitri maintains its cash balances in several financial institutions. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. While Maitri maintains cash in amounts which at times, exceed the federally insured limits, Maitri has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash.

NOTE 11 - SUBSEQUENT EVENTS:

Events subsequent to June 30, 2023 have been evaluated through February 8, 2024, the date these statements were available to be issued, to determine whether they should be disclosed to keep the financial statements from being misleading. Management found no subsequent events to be disclosed.

**Maitri Compassionate Care
Supplementary Information
June 30, 2023**



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Maitri Compassionate Care
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor Pass-Through Program Title	Federal CFDA No.	Pass-Through Grantor	Federal Expenditures
US Department of Housing & Urban Development			
San Francisco Mayor's Office of Housing & Community Development Housing Opportunities for People with AIDS	14.241	San Francisco Mayor's Office of Housing & Community Development	\$ <u>498,496</u>
Total US Department of Housing & Urban Development			<u>498,496</u>
US Department of Health & Human Services			
HIV Emergency Relief Project Grant - Ryan White Part A	93.914	City & County of San Francisco Department of Public Health	629,262
HIV Care Formula Grant - SAM/Mental Health - Ryan White Part B General Fund	93.917	City & County of San Francisco Department of Public Health	657,053
HIV Care Formula Grant - Mental Health - Ryan White Part B	93.917	City & County of San Francisco Department of Public Health	<u>95,000</u>
Total US Department of Health and Human Services			<u>752,053</u> <u>1,381,315</u>
Total Federal Expenditures			<u>1,879,811</u>
LOANS:			
US Department of Housing & Urban Development			
Housing Opportunities for People with AIDS Loan for Building Improvements	14.241	San Francisco Mayor's Office of Housing & Community Development	<u>380,525</u>
Total Expenditures and Loans of Federal Awards			\$ 2,260,336

The accompanying notes are an integral part of this schedule.

Maitri Compassionate Care
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE 1 - SCOPE OF AUDIT PURSUANT TO THE UNIFORM GUIDANCE:

All federal grant operations of the Maitri Compassionate Care are included in the scope of the audit performed under the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The audit was performed in accordance with the provisions of the *OMB Compliance Supplement*. Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major programs listed in the Summary of Auditors' Results of the accompanying Schedule of Findings and Questioned Costs. These programs represent all major federal award programs and other grants with 2023 cash and noncash expenditures in excess of \$750,000 to ensure coverage of at least 20% of federally granted funds. Actual coverage is approximately 33% of total cash and noncash federal award program expenditures.

NOTE 2 - BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grants and contracts to the Maitri Compassionate Care that had activity during the year ended June 30, 2023. This schedule has been prepared on the accrual basis of accounting. Grant and contract revenues are recorded for financial reporting purposes when the Organization has met the qualifications for the respective grants and contracts.

NOTE 3 - INDIRECT COST RATE:

The Maitri Compassionate Care and Related Organizations have elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

OTHER REPORTS

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INDEPENDENT AUDITOR'S REPORT ON 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
Maitri Compassionate Care

We have audited, 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 financial statements of Maitri Compassionate Care, 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, and have issued our report thereon dated February 8, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maitri Compassionate Care's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Maitri Compassionate Care's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a 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 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 Maitri Compassionate Care'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such 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.



GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

Rancho Cordova, California
February 8, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Maitri Compassionate Care

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Maitri Compassionate Care's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Maitri Compassionate Care's major federal programs for the year ended June 30, 2023. Maitri Compassionate Care's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Maitri Compassionate Care complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Maitri Compassionate Care and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Maitri Compassionate Care compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Maitri Compassionate Care's federal programs.





Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Maitri Compassionate Care's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Maitri Compassionate Care's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Maitri Compassionate Care's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Maitri Compassionate Care's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Maitri Compassionate Care's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding , among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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





Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

Rancho Cordova, California
February 8, 2024



AUDITORS' RESULTS

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Maitri Compassionate Care
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None
Significant control deficiency(s) identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements noted?	None

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None
Significant control deficiency(s) identified that are not considered to be material weakness(es)?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None

Identification of major program(s):

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
93.917	HIV Care Formula Grants

For the June 30, 2023 Single Audit, the threshold used to distinguish between Type A and Type B programs was \$750,000.

The organization was identified as a low risk auditee for the year ended June 30, 2023.

Findings relating to the financial statements which are required to be reported in accordance with GAGAS?	None Reported
Findings and questioned costs for federal awards including audit finding defined in the uniform guidance?	None Reported

**Maitri Compassionate Care
Status of Prior Year Findings
For the Year Ended June 30, 2022**

There were no prior year findings.