Hood & Strong

Advisory, Tax
and Assurance

LifeMoves

June 30, 2025

Consolidated Financial Statements

LifeMoves

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Independent Auditors' Report

TO THE BOARD OF DIRECTORS
LIFEMOVES
Santa Clara, California

Opinion

We have audited the consolidated financial statements of **LIFEMOVES**, which comprise the consolidated statement of financial position as of June 30, 2025, the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LifeMoves as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LifeMoves and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 LifeMoves' ability to continue as a going concern for one year from the date of this report.

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 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 GAAS 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 GAAS, 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 LifeMoves' 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 LifeMoves' 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.

Report on Summarized Comparative Information

We have previously audited LifeMoves' 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Jose, California
January 21, 2026

LifeMoves

Consolidated Statement of Financial Position

June 30, 2025 (with comparative totals for 2024)	2025	2024
Assets		
Cash and cash equivalents	$ 3,821,520	$ 2,672,856
Grants, pledges and other receivables	16,452,978	32,217,885
Investments	48,163,261	65,606,439
Prepaid expenses	901,434	341,710
Other assets	194,274	240,647
Property and equipment, net	115,369,784	87,947,782
Right-of-use lease assets	1,042,936	2,121,080
Total assets	$ 185,946,187	$ 191,148,399

Liabilities and Net Assets		
Liabilities:		
Line of credit	$ 5,000,000	$ 1,757,542
Accounts payable and accrued expenses	9,864,696	15,602,397
Accrued interest	475,799	678,701
Deferred revenue	1,919,353	3,770,802
Loans and notes payable	755,000	755,000
Lease obligations	1,094,134	2,206,783
Forgivable advances	7,167,367	7,234,093
Total liabilities	26,276,349	32,005,318
Net Assets:		
Without donor restrictions	126,914,527	90,353,803
With donor restrictions	32,755,311	68,789,278
Total net assets	159,669,838	159,143,081
Total liabilities and net assets	$ 185,946,187	$ 191,148,399

See accompanying notes to the consolidated financial statements.

LifeMoves

Consolidated Statement of Activities and Changes in Net Assets

Year Ended June 30, 2025 (with comparative totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Revenue and Support:				
Government grants and awards	$ 36,407,546		$ 36,407,546	$ 41,892,146
Individual, corporate and foundation contributions	14,220,552	$ 9,916,735	24,137,287	23,323,857
In-kind donations	1,701,853		1,701,853	1,896,702
Client program fees	154,723		154,723	203,294
Special events, net of direct expenses of $336,276	3,287,744		3,287,744	1,286,006
Net investment income	3,996,074		3,996,074	4,322,031
Forgiven principal and interest	316,741		316,741	1,088,243
Other income (loss)	91,159		91,159	(146,915)
Total operating revenue and support:	60,176,392	9,916,735	70,093,127	73,865,364
Nonoperating Revenue and Support:				
Government grants for capital and future operational support			-	33,601,420
Private grants for capital support			-	2,100,000
Total nonoperating revenue and support:	-	-	-	35,701,420
Total revenue and support	60,176,392	9,916,735	70,093,127	109,566,784
Net assets released from restrictions	45,950,702	(45,950,702)	-	-
Net revenue and support	106,127,094	(36,033,967)	70,093,127	109,566,784
Expenses:				
Program services	53,627,474		53,627,474	52,256,442
Supporting services:				
Management and general	9,944,406		9,944,406	7,645,990
Development and fundraising	5,994,490		5,994,490	5,921,910
Total expenses	69,566,370	-	69,566,370	65,824,342
Change in Net Assets	36,560,724	(36,033,967)	526,757	43,742,442
Net Assets, beginning of year	90,353,803	68,789,278	159,143,081	115,400,639
Net Assets, end of year	$ 126,914,527	$ 32,755,311	$ 159,669,838	$ 159,143,081

See accompanying notes to the consolidated financial statements.

LifeMoves

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025 (with comparative totals for 2024)

	2025					
		Supporting Services				
	Program Services	Management and General	Development and Fundraising	Total	Total	2024
Salaries	$ 21,116,667	$ 3,014,491	$ 2,914,774	$ 5,929,265	$ 27,045,932	$ 26,235,775
Employee benefits	7,060,854	1,149,362	1,091,223	2,240,585	9,301,439	8,915,521
Payroll taxes	1,850,837	305,605	288,361	593,966	2,444,803	2,339,307
Total salaries and related expenses	30,028,358	4,469,458	4,294,358	8,763,816	38,792,174	37,490,603
Client assistance	7,889,582			-	7,889,582	9,267,019
Professional services	731,272	2,785,452	1,004	2,786,456	3,517,728	500,609
Consulting services	1,316,259	1,054,045	737,701	1,791,746	3,108,005	2,904,866
Food related items	2,604,448	28,192	2,972	31,164	2,635,612	1,206,186
Maintenance, repairs, and supplies	2,005,857	234		234	2,006,091	865,040
Computer related	757,321	387,563	63,330	450,893	1,208,214	138,898
Utilities	1,190,907			-	1,190,907	142,079
Rent	1,171,086	2,418		2,418	1,173,504	311,591
Temporary services	45,338	414,981	661,649	1,076,630	1,121,968	219,155
Communications	733,647	136,590	164,518	301,108	1,034,755	278,907
Insurance	779,255	44,933	32,095	77,028	856,283	1,128,904
Other	105,612	278,623	19,873	298,496	404,108	134,307
Travel and mileage	234,585	91,444	14,376	105,820	340,405	194,420
Interest expense	47,113	208,011		208,011	255,124	880,216
Property taxes	242,977	3,130		3,130	246,107	354,801
Equipment and furniture	220,714	534		534	221,248	1,990,238
In-kind client assistance	208,976	7,903		7,903	216,879	3,177,370
Equipment leases	204,584	200		200	204,784	1,899,930
Office expense	152,223	30,695	2,614	33,309	185,532	571,147
Total expenses before depreciation and amortization	50,670,114	9,944,406	5,994,490	15,938,896	66,609,010	63,656,286
Depreciation and amortization	2,957,360			-	2,957,360	2,168,056
Total Expenses as shown on the Consolidated Statement of Activities and Change in Net Assets	53,627,474	9,944,406	5,994,490	15,938,896	69,566,370	65,824,342
Direct benefit to participants of special events		44,956	252,400	297,356	297,356	220,343
Total Expenses	$ 53,627,474	$ 9,989,362	$ 6,246,890	$ 16,236,252	$ 69,863,726	$ 66,044,685

See accompanying notes to the consolidated financial statements.

LifeMoves

Consolidated Statement of Cash Flows

Year Ended June 30, 2025 (with comparative totals for 2024)	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	$ 526,757	$ 43,742,442
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,957,360	1,986,701
Amortization of right-of-use (ROU) leased assets	1,078,144	1,036,448
In-kind vehicle and equipment donations	(239,220)	(440,804)
Realized and unrealized gain on investments, net	(1,500,631)	(1,091,817)
Loss on disposal of asset	168,296	235,291
Principal and accrued interest forgiven on forgivable advances	(66,726)	(1,066,727)
(Increase) decrease in assets:		
Grants, pledges and other receivables	15,764,907	(11,766,664)
Prepaid expenses	(559,724)	54,621
Other assets	46,373	192,167
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	4,836,745	45,373
Accrued interest	(202,902)	51,138
Deferred revenue	(1,851,449)	1,139,114
Lease obligations	(1,112,650)	(986,675)
Net cash provided by operating activities	19,845,280	33,130,608
Cash Flows from Investing Activities:		
Purchases of property and equipment	(365,249)	(1,303,814)
Payments for construction in progress	(40,517,634)	(31,936,796)
Purchases of investments	21,098,174	6,722,610
Proceeds from sale of investments	(2,154,365)	(3,396,541)
Net cash used by investing activities	(21,939,074)	(29,914,541)
Cash Flows from Financing Activities:		
Proceeds from line of credit	9,500,000	6,500,000
Payments on loans and notes payable	(6,257,542)	(12,050,408)
Net cash provided (used) by financing activities	3,242,458	(5,550,408)
Net Change in Cash and Cash Equivalents	1,148,664	(2,334,341)
Cash and Cash Equivalents, beginning of year	2,672,856	5,007,197
Cash and Cash Equivalents, end of year	$ 3,821,520	$ 2,672,856
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	$ 208,011	$ 498,367
Non-cash Investing and Financing Activities		
Additions to property and equipment included in accounts payable and accrued expenses	$ -	$ 10,574,452

See accompanying notes to the consolidated financial statements.

Note 1 – Nature of Activities:

LifeMoves is dedicated to helping individuals and families experiencing homelessness to return to stable housing and self-sufficiency. LifeMoves envisions a community where every neighbor has a home. The mission of LifeMoves is to pursue bold possibilities for ending homelessness by providing interim housing, supportive services, and building collaborative partnerships. LifeMoves is leading with solutions derived from testing and evaluation. LifeMoves is committed to constantly learning, optimizing its methods, expanding its supportive services, and accelerating its ability to produce positive outcomes with measurable impact.

To meet the escalating demand for, and limited supply of, affordable permanent housing, LifeMoves seeks to create more interim housing options, provide customized services, and create access to broader resources. The programs of LifeMoves are designed for clients' unique needs; LifeMoves serves families, multi-generational households, single adults, couples, seniors, veterans, and unsheltered individuals. LifeMoves served 6,317 people during the year ended June 30, 2025 and provided almost 500,000 nights of shelter. LifeMoves operates facilities across San Mateo and Santa Clara Counties. These include interim housing locations, a drop-in center, a navigation center, several permanent supportive housing sites, RV safe parking, and a new site dedicated to veterans.

In addition, LifeMoves administers a broad range of wraparound services and programs designed to meet clients where they are on their individual journey. LifeMoves' client-centered tools are designed to align with three key pillars of success: housing, finances, and health and well-being. LifeMoves partners with ecosystem partners to provide access to the broadest possible resources, including for example: rapid re-housing and motel voucher programs; veterans' support services; homelessness prevention; emergency assistance; employment and housing resources, training, and support; educational opportunities; child-specific services for families (including summer camp); mental and behavioral health services; substance abuse recovery; access to medical and dental care; and, street outreach and health care programs for unsheltered individuals. Every client receives supportive services coordinated through an assigned case manager who is knowledgeable about local community and governmental resources. Families and children receive additional support from a children's service coordinator.

Note 2 - Summary of Significant Accounting Policies:

<u>Basis of Accounting</u>

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

Basis of Consolidation

The consolidated financial statements include the accounts of LifeMoves and its wholly-owned subsidiaries, Vendome, LLC, and Crossroads LLC. All intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

LifeMoves reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions - net assets that are not restricted by donor-imposed stipulations. These net assets are intended for use by management and the Board of Directors for general operations.

Net Assets With Donor Restrictions - net assets that are limited by donor-imposed restrictions. LifeMoves' net assets with donor restrictions are temporary in nature that either expire by passage of time or can be fulfilled and removed by actions of LifeMoves. LifeMoves does not have any net assets with donor restrictions that are permanent in nature.

Cash and Cash Equivalents

For purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with an initial maturity of three months or less and does not include cash held in investment accounts.

Grants and Other Receivables

Grants receivables are stated at the amount management expects to collect on the outstanding balances. Receivables are due from federal, state, and local governments and agencies and others and are all expected to be collected in the year ending June 30, 2026. Receivables that are generated from revenue sources that are considered contributions are evaluated using historical collection experience. Receivables that are generated from exchange transactions follow the current expected credit loss model and are evaluated using historical collection experience, current and future economic and market conditions and a review of the current status of the individual receivables. LifeMoves has not recorded an allowance, as all receivables were deemed to be collectable as of June 30, 2025.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Consolidated Statement of Financial Position. These investments are subject to market fluctuations and are exposed to various risks such as interest rate, market, and credit risk. Realized and unrealized gains and losses are included in the Consolidated Statement of Activities and Changes in Net Assets. Direct investment expenses, consisting of trustee fees and management fees, are recorded as a reduction of investment income. LifeMoves' investments are governed by a Board-established investment policy.

Fair Value Measurements

LifeMoves classifies its financial instruments measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs as described below. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1 values are based on unadjusted quoted prices in active markets for identical instruments. Level 2 values are based on significant observable market inputs, such as quoted prices for similar instruments or unobservable inputs that are corroborated by market data. Level 3 values are based on unobservable inputs that are not corroborated by market data. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying instrument.

Property and Equipment

Land, building and equipment are stated at cost or, if donated, at their approximate fair value as of the date of donation. Certain expenditures in excess of $5,000 that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 30 years. Leasehold improvements are amortized over the shorter of the useful life of the improvements or the remaining lease term.

Leases

LifeMoves determines if an arrangement is or contains a lease at inception. Qualifying leases are recorded as right-of-use (ROU) assets and lease obligations in the Consolidated Statement of Financial Position. Operating lease right-of-use assets and operating lease obligations are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. LifeMoves uses a risk-free discount rate in determining the present value of future payments. Additionally, the lease term may include options to extend or terminate the lease when it is reasonably certain LifeMoves will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Forgivable Advances

Forgivable advances represent loans that can be forgiven if certain conditions are met. Management believes that the conditions are all attainable. The liability is recorded at the value of the loan. When a condition is met that results in all or part of the loan principal and/or interest being forgiven, the liability is reduced and revenue is recognized.

Revenue Recognition

Contributions, including unconditional promises to give, are recorded as revenue at their fair value in the period the contribution or promise is received. Donor-restricted contributions for which the restrictions are met in the same period the award is recognized are reported as increases in net assets without donor restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Consolidated Statement of Activities and Changes in Net Assets as net assets released from restrictions. Contributions are considered to be without donor restrictions unless specifically restricted by the donor. Conditional contributions are not recorded until the conditions on which they depend are substantially met and the promises become unconditional.

LifeMoves accounts for its grants and contracts revenue as contributions, unless there are terms in the agreements that would require recognition in accordance with the guidance for contracts with customers. For the year ending June 30, 2025, none of the grants and contracts were accounted for as contracts with customers. LifeMoves' grants and contracts that are cost reimbursement awards are considered conditional contributions and revenue is recognized as qualifying expenditures are incurred. Conditional contributions as of June 30, 2025 amounted to approximately $34,037,000.

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of the donation. The fair value of food items is based on average price per pound and the fair value of equipment and other household items is based on an estimated price of identical or similar products. The fair value of donated services is determined based on current rates for similar services.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by LifeMoves. LifeMoves' volunteers assisted in fund-raising and special projects throughout the year. The value of volunteer time is not reflected in the accompanying financial statements since it does not meet the above criteria.

Client program fees and special event revenue are recognized as revenue when the programs and special events occur.

Income Tax Status

LifeMoves is exempt from federal income tax under IRC Section 501(c)(3) and from California income tax under Section 23701(d) of the California Revenue and Taxation Code. Therefore, no provision is made for current or deferred income taxes. LifeMoves has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the IRC.

Management evaluated LifeMoves' tax positions and concluded that LifeMoves had maintained its tax exempt status and had not taken uncertain tax positions that required adjustment to the financial statements.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Changes in Net Assets and in the Consolidated Statement of Functional Expenses. Those costs not directly identifiable to a program or supporting service are accumulated in cost centers and are allocated using an appropriate allocation base, such as actual time incurred, which serves as the basis for payroll-related benefits or square footage, which serves as the basis for utilities and communication costs. Other administrative costs are allocated on the basis of total costs incurred for that program or supporting service.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with LifeMoves' consolidated financial statements for the year ended June 30, 2024 from which the summarized information was derived.

Subsequent Events

LifeMoves has evaluated subsequent events from June 30, 2025 through January 21, 2026, the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the consolidated financial statements.

Note 3 - Liquidity and Availability of Resources:

LifeMoves' financial assets at June 30, 2025 that were available to meet general expenditures over the next twelve months were as follows:

Financial assets:	
Cash and cash equivalents	$ 3,821,520
Grants, pledges and other receivables	16,452,978
Investments	48,163,261
Total	68,437,759
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(32,755,311)
Client housing deposits	(200,327)
Financial assets available to meet general expenditures over the next twelve months	$ 35,482,121

LifeMoves' cash flows fluctuate during the year due to the timing of its contributions and pledges received. To manage business cycles, LifeMoves targets the maintenance of cash and cash equivalents in an amount equivalent to 6 - 12 months operating expenses. LifeMoves is actively working to ensure that it reaches its cash reserves targets while still meeting the increasing demands for its services.

Note 4 - Grants, Pledges and Other Receivables:

Grants and other receivables at June 30, 2025, were as follows:

Grants receivables	$ 7,849,769
Pledges receivables	8,499,032
Other receivables	104,177
Total grants and other receivables	$ 16,452,978

All receivables are expected to be collected in fiscal year 2026.

Note 5 - Investments:

Investments, at fair value at June 30, 2025, were as follows:

	Total	Level 1	Level 2
Money market funds	$ 28,812,154	$ 28,812,154	
U.S. equity securities	14,113,666	14,113,666	
International equity securities	2,350,734	2,350,734	
U.S. corporate bonds	2,823,235		$ 2,823,235
International developed and corporate bonds	63,472		63,472
Total investments	$ 48,163,261	$ 45,276,554	$ 2,886,707

The Organization plans to use the money market funds for capital expenditures over the next 12 months.

Note 6 - Property and Equipment:

Property and equipment and accumulated depreciation were as follows at June 30, 2025:

Land	$ 13,331,636
Buildings and improvements	87,496,318
Leasehold improvements	6,623,329
Equipment, furniture, and software	2,960,161
Vehicles	1,002,233
	111,413,677
Less accumulated depreciation	(21,795,246)
Construction in progress	25,751,353
Total property and equipment, net	$ 115,369,784

Depreciation and amortization expense for property and equipment for the year ended June 30, 2025 was $2,957,360.

Construction in progress is primarily related to the HomeKey projects. The total contract value of the HomeKey projects in San Jose and Palo Alto is $85,832,012. Costs incurred on these contracts through June 30, 2025 were $63,218,111 and the remaining commitments were $22,613,901.

As discussed in Notes 8 and 10, many properties serve as collateral for notes and loans payable and forgivable advances. Many of those properties are restricted as to use and cannot be sold or transferred, except through consent of note holders of those properties. The cost of land and buildings included in the table above that are restricted as to use is $18,201,384. The net book value of those assets was $11,540,506 at June 30, 2025.

Note 7 - Line of Credit:

LifeMoves has a $15,000,000 revolving line of credit with Bank of America (the Bank). The line of credit, used for cash flow management, is secured by certain assets of LifeMoves. The annual interest rate for the line of credit is a variable rate based on the Secured Overnight Financing Rate plus 0.75% (4.44% at June 30, 2025). Outstanding borrowing on the line of credit at June 30, 2025 totaled $5,000,000. The line of credit is payable upon demand by the Bank.

Note 8 - Loans and Notes Payable:

Loans and notes payable consisted of the following as of June 30, 2025:

Hester Avenue		
Note payable to Housing Trust of Santa Clara County, (original amount $130,000), collateralized by the Hester Avenue property. The note bears no interest. Principal is due upon maturity in December 2060.	$	130,000
Note payable to the City of San Jose, (original amount $425,000), collateralized by the Hester Avenue property. The 55 year note bears no interest and requires annual payments of the lesser of principal on a 30-year amortization or 50% of net cash flow of the property. No payments are required should there be negative cash flow. All remaining principal is due upon maturity in May 2061.		425,000
Graduate House		
Note payable to the County of Santa Clara, (original amount $200,000), collateralized by the Graduate House property. The 30 year note bears interest at 5.75% per year. Principal and accrued interest are due upon maturity in February 2025. LifeMoves is currently working with the lender to restructure this note.		200,000
Total loans and notes payable	$	755,000

The above notes and loans generally contain provisions restricting the use of the property to such purposes as shelters for low-income families or transitional housing. If defaults occur relating to those restrictions or other covenants, the holder of the debt could accelerate payment, among other options available.

Note 9 - Operating Leases:

LifeMoves has non-cancelable operating leases for its administrative offices, other facilities and for equipment located at various locations. Lease ROU assets and obligations were recorded beginning July 1, 2021, based on the present value of the remaining minimum lease payments over the lease term. Rental expense under these leases for the year ended June 30, 2025 was approximately $1,200,000.

Future minimum lease payments under operating leases that have remaining terms as of June 30, 2025 are expected to be paid in 2026.

Beginning June 2026, the lease of LifeMoves' administrative offices will convert from a sublease arrangement to a direct lease with the landlord. The lease term is 5 years. LifeMoves will recognize the ROU asset and lease obligation of approximately $6,100,000 when that agreement commences.

Note 10 - Forgivable Advances:

Forgivable advances represent funds that have been advanced to LifeMoves, primarily to refurbish various properties. These advances are forgivable as long as LifeMoves maintains the properties as emergency, transitional, or long-term supportive housing for homeless and low-income individuals and families in San Mateo and Santa Clara Counties.

As of June 30, 2025, forgivable advances consisted of the following:

Community Development Block Grant for transitional housing and support services	
County of San Mateo	$ 175,420
City of San Mateo	33,483
HOME Investment Partnership	
County of San Mateo	116,668
City of San Mateo	83,183
Mid-Peninsula Coalition Belle Haven, Inc.	593,500
City of San Jose	
Villa	624,709
Julian Street Inn	860,000
Montgomery Street Inn	700,000
City of Mountain View	
Graduate House	245,697
County of Santa Clara	
Georgia Travis House	430,321
Villa	509,660
County of San Mateo	
Haven Family House	906,500
Family Crossroads - CDBG	1,713,226
Family Crossroads - AHF	175,000
Total forgivable advances	$ 7,167,367

<u>Haven Family House</u>	
Note payable to the County of San Mateo Housing and Community Development, partially collateralized by a deed of trust on the Haven Family House and partially unsecured. The 30 year note, maturing in August 2029, bears no interest and requires no principal payments. If LifeMoves is still operating the facility at maturity, the principal will be forgiven at that time.	$ 906,500
Note payable to Mid-Peninsula Coalition Belle Haven, Inc., collateralized by a second deed of trust on the Haven Family House. The 30 year note, maturing in May 2029, bears no interest and requires no principal payments, unless there is a default relating to obligations or restrictions on the use of the property.	593,500
<u>First Step for Families</u>	
Notes payable to the County of San Mateo, (original amount $751,800), and the City of San Mateo, (original amount $143,500), for Community Development Block Grants and to the HOME Investment Partnership for the County of San Mateo (original amount $540,000), amount and the City of San Mateo, (original amount $356,500), collateralized by a deed of trust on the property. The 30 year notes, maturing in March 2032, bear interest at 3% per year. Payments are due annually in the amount of 50% of the net surplus cash generated by the property for the year. If there is no net surplus cash, no payment is necessary. If the use of the facility does not change, one-thirtieth (1/30) of the principal will be forgiven for each full year of operation, along with accrued interest.	408,755
<u>Villa</u>	
Note payable to the City of San Jose, collateralized by deed of trust on the property. The note, which matures in July 2029, bears no interest, and requires no principal payments. However, if the approved use of the property changes or sale of the property occurs prior to July 2029, interest will retroactively increase to 3% per year from the date of recordation of the deed of trust. If conditions do not change relating to the property, the principal will be forgiven upon maturity.	624,709
Note payable to the County of Santa Clara, collateralized by deed of trust on the property. The note, which matures in March 2031, bears interest at 3% per year, and requires no principal payments. If conditions do not change relating to the property, the principal and interest will be forgiven upon maturity.	509,660

<u>Georgia Travis House</u>	
Note payable to the County of Santa Clara, collateralized by deed of trust on the property. The note, which matures in March 2031, bears interest at 3% per year, and requires no principal payments. If conditions do not change relating to the property, the principal and interest will be forgiven maturity.	430,321
<u>Julian Street Inn</u>	
Note payable to the City of San Jose, collateralized by a deed of trust on the property. The 55 year note, which matures in August 2062, bears no interest and requires no principal payments. If the use of the facility does not change, the principal will be forgiven upon maturity.	860,000
<u>Montgomery Street Inn</u>	
Note payable to the City of San Jose, collateralized by a deed of trust on the property. The 30 year note, which matures in December 2025, bears no interest and requires no principal payments. The principal will be forgiven upon maturity. However, if changes in the use of the property occur, interest will increase to 3% per year from the date of change in use of the property, and the principal and interest shall become immediately due.	700,000
<u>Graduate House</u>	
Note payable to the City of Mountain View, collateralized by a deed of trust on the property, subordinated to another deed of trust on the property. The 33 year note, which matures in September 2034, bears no interest and requires no principal payments. The principal will be forgiven upon maturity if there are no violations with the terms of the related regulatory agreement and other agreements.	245,697
<u>Family Crossroads</u>	
Note payable to the County of San Mateo (original amount $250,000), Community Development Block Grants secured by a deed of trust on the property. The 30 year note, maturing in September 2046, bears no interest. If the use of the facility does not change, principal will be forgiven at a rate of 1/30th of the initial principal loan amount for each full year of operation.	175,000
Note payable to the County of San Mateo (original amount $2,141,532), secured by a deed of trust on the property. The 30 year note, maturing in September 2046, bears no interest. If the use of the facility does not change, principal will be forgiven at a rate of 10% of the total note amount for each three years over the life of the loan.	1,713,225
Total principal portion of advances	7,167,367
Less current portion	(980,880)
Long-term portion of forgivable advances	$ 6,186,487

LifeMoves met the terms for forgiveness on forgivable advances and recognized forgiveness of principal of $66,727 and interest of $250,014 for a total forgiveness in the amount of $316,741 for the year ended June 30, 2025.

The forgivable advances generally contain restrictions on the use of the related property for certain purposes that meet the objectives of the note holder and LifeMoves. Some of the notes require compliance with related agreements and contain other requirements for LifeMoves. If such restrictions are not maintained or if other requirements are not followed, the note holder has various remedies that could occur, including, for some, requiring payment of the advance and/or interest. Management believes that noncompliance is remote and that compliance, and, therefore, forgiveness of the advances, is reasonable to anticipate.

Future forgiveness of principal on the advances are estimated as follows (presuming there are no events of default or changes in the uses of the facilities):

Year Ending June 30,	
2026	$ 980,880
2027	66,727
2028	66,727
2029	280,880
2030	1,566,727
Thereafter	4,205,426
Total future forgiveness	$ 7,167,367

Note 11 - Net Assets With Donor Restrictions:

Net assets with donor restrictions at June 30, 2025 consist of the following:

Restricted for operations of HomeKey sites	$ 9,999,739
Education	392,210
Rapid re-housing program	63,879
Behavioral health	632,548
Outreach	400,012
Time restrictions	23,076
Total restricted for operations	11,511,464
Capital projects	458,773
Donated building	234,243
Restricted for HomeKey site development	20,550,831
Total net assets with donor restrictions	$ 32,755,311

Net assets of $45,950,702 were released from donor restrictions during the year ended June 30, 2025 by incurring expenses satisfying the purpose restrictions or by meeting the time restrictions specified by donors.

HomeKey Projects - Restricted donations for HomeKey Site development grew significantly in 2023 and 2024 to support the capital expenditures for the new HomeKey sites in San Jose and Palo Alto. LifeMoves releases restrictions as qualifying expenditures are incurred as outlined in the donors' awards and not when the asset is placed into service. The restrictions on these funds are expected to be satisfied and released within the next 12 months.

The $9,999,739 noted above that is restricted for operations of LifeMoves, sites and programs contains both time and purpose restrictions.

LifeMoves expects to satisfy the restrictions imposed by its donors for the purposes of HomeKey operating support, fundraising efforts, Outreach, supportive programs, and marketing efforts in the following years:

Year Ending June 30,	
2026	$ 10,446,660
2027	857,661
2028	207,143
Total future expected release for operations	$ 11,511,464

Note 12 - Donated Goods and Services:

Donated goods and services received during the year ended June 30, 2025 consisted of the following:

In-kind	Usage	Total
Legal services	management & general	$ 7,903
Food items	programs	1,267,518
Other household items	programs	166,129
Equipment	programs	239,220
Use of facilities	programs	21,083
Total		$ 1,701,853

The donated goods and services did not have any donor restrictions.

Note 13 - Retirement Plan:

LifeMoves has a retirement plan that covers all full-time and part-time employees who have worked 3 months and are at least 18 years of age. The plan allows employees to defer up to the amount allowable under current income tax regulations. Employees who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. LifeMoves made employer matching contributions of $474,501 for the year ended June 30, 2025.

Note 14 - Commitments and Contingencies:

LifeMoves has received multi-year cost-reimbursement grants from federal, state and local government agencies and has entered into regulatory agreements, the terms of which require resources to be used in accordance with said agreements, which includes operating methods, rental charges, length of stay and other matters. Amounts received from the funding agencies may be required to be repaid to the agencies if not used for the purposes for which they are intended. No provision has been made for any liabilities that may arise from special audits that may be performed by these government agencies. LifeMoves believes that it has been in compliance with all such agreements.

In connection with the paying off of a mortgage secured by the Villa property in June 2009, LifeMoves received a conditional grant from the City of San Jose of $578,240. The grant agreement established new guidelines on the maximum income levels of new tenants through 2064.

Clients at LifeMoves' emergency and transitional shelters are not required to pay rent. LifeMoves requests that its clients deposit a portion of their earnings into a Housing Account. The Housing Account may be used to offset damages to the facilities or other costs, but is generally returned to the client when they exit the LifeMoves' facility. At June 30, 2025, LifeMoves held $200,327 of participant funds in a separate bank account. These funds are included in accounts payable and accrued expenses on the Consolidated Statement of Financial Position.

On September 12, 2017, LifeMoves completed the purchase of Redwood Family House (RFH), located at 110 Locust Street, Redwood City, California from Mid-Peninsula Housing Coalition Belle Haven, Inc. (Mid-Pen). The purchase price for the property was $1.00. Prior to the purchase of RFH by LifeMoves, Mid-Pen worked with government lenders to obtain the forgiveness of outstanding loans on RFH; therefore, LifeMoves purchased the property free of debt. However, as a condition of the sale, LifeMoves executed a Declaration of Restrictive Covenants which binds LifeMoves or any subsequent owner of RFH to "use RFH as transitional housing serving extremely low income and homeless households." Prior to the purchase of RFH, LifeMoves had operated the facility as a family shelter under a rental agreement with Mid-Pen. Therefore, the purchase of RFH did not affect the ongoing operation of the facility.

LifeMoves is involved in various legal proceedings, claims, and litigation arising in the ordinary course of its operations. Management believes that the outcome of these matters will not have a material adverse effect on LifeMoves' financial statements.

Note 15 - Concentrations of Risk:

LifeMoves is especially vulnerable to the inherent risks associated with revenue that is substantially dependent on government funding, public support, and contributions. For the year ended June 30, 2025, approximately 35% of LifeMoves' total operating revenue came from private funding compared to approximately 32% last year (excludes HomeKey capital expenditures revenue since it is not related to operating revenue). The continued growth and well-being of LifeMoves is contingent upon successful achievement of its non-government fundraising goals. LifeMoves aspires to get to a ratio of 40% government revenue to 60% non-government revenue to mitigate inherent risk of varying government funds.

The management of LifeMoves is actively monitoring the evolving federal funding landscape regarding homelessness assistance allocations and the shifting prioritization between permanent and interim supportive housing allocations, mandated by HUD and partner agencies. LifeMoves is conducting ongoing impact analyses to determine how these systemic changes may affect our public funding streams and have developed contingency plans to ensure programmatic continuity. The LiveMoves executive team tracks these developments in real time to proactively align our service delivery models with emerging regulatory requirements. LifeMoves remains fully prepared to adapt its strategic approach to safeguard its mission and financial stability against these fluid governmental priorities.

LifeMoves has identified its financial instruments, which are potentially subject to risk, as cash, cash equivalents, receivables, investments, loans and notes payable and forgivable advances.

Due to the banking crisis in March of 2023, LifeMoves adopted a new strategy to mitigate the risk of having cash deposits in financial institutions in excess of federally insured limits. Cash deposits over the insured limit are swept on a daily basis and spread across various federally insured institutions. There still remains the possibility of risk for cash deposits in financial institutions in excess of federally insured limits, but it is limited to our daily cash inflow.

Receivables are due from various sources, including federal, state and local governments. Investments are diversified as described in Note 5. Loans and notes payable and forgivable advances are due to various lenders and include restrictions as described in Notes 8 and 10.