

**MISSION ACTION, INC. AND
SUBSIDIARIES**

(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2025 AND 2024

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mission Action, Inc., a California nonprofit public benefit corporation, and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mission Action, Inc. and Subsidiaries as of June 30, 2025 and 2024, and the changes in their net assets and their 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Mission Action, Inc. and Subsidiaries 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mission Action, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 GAAS 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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with GAAS 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 consolidated 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 consolidated 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 Mission Action, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mission Action, Inc. and Subsidiaries' 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 26 through 31, and the accompanying supplementary information required by the Mayor's Office of Housing and Community Development on pages 33 through 43 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The accompanying schedule of expenditures of federal awards on pages 49 and 50 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the consolidated 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 March 6, 2026 on our consideration of Mission Action, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mission Action, Inc. and Subsidiaries' 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 Mission Action, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Lindquist, von Husen and Joyce LLP

March 6, 2026

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash, including restricted cash	\$ 1,915,508	\$ 1,452,961
Receivables:		
Contributions (Note 4):		
Government	9,316,428	4,920,689
Foundations, corporations, and individuals, net – current portion	2,099,838	380,000
Other, net	65,052	165,358
Prepaid expenses	90,939	185,426
Total current assets	13,487,765	7,104,434
Contributions receivable – foundations, corporations, and individuals, net – net of current portion (Note 4)	1,347,188	-
Restricted reserves (Note 3)	981,530	927,032
Property and equipment – net (Note 5)	5,249,778	4,720,391
Deposits and other assets	240,811	37,712
Right-of-use assets – operating lease (Note 7)	3,862,802	2,430,169
Total assets	\$ 25,169,874	\$ 15,219,738
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,662,474	\$ 1,768,854
Accrued legal settlement (Note 11)	380,000	-
Payroll and related liabilities	1,712,946	1,740,563
Tenant security deposits	11,086	10,708
Deferred revenue	38,409	61,376
Notes payable – current portion (Note 6)	4,069	3,959
Operating lease liabilities – current portion (Note 7)	574,455	513,536
Total current liabilities	7,383,439	4,098,996
Interest payable (Note 6)	1,847,948	1,718,397
Notes payable – net of current portion (Note 6)	4,820,359	4,824,428
Operating lease liabilities – net of current portion (Note 7)	3,413,188	2,027,217
Total liabilities	17,464,934	12,669,038
Net assets:		
Without donor restrictions	2,526,620	1,903,828
With donor restrictions (Note 8)	5,178,320	646,872
Total net assets	7,704,940	2,550,700
Total liabilities and net assets	\$ 25,169,874	\$ 15,219,738

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

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Support and revenue:						
Contributions:						
Government	\$ 20,643,066	\$ -	\$ 20,643,066	\$ 20,161,605	\$ -	\$ 20,161,605
Foundations and corporations, net	726,972	5,901,940	6,628,912	44,101	696,119	740,220
Individuals	(70,068)	199,173	129,105	115,147	437,690	552,837
Rental income	235,619	-	235,619	193,170	-	193,170
Fundraising events	2,584	-	2,584	-	-	-
Employee retention credit income (Note 10)	1,002,257	-	1,002,257	-	-	-
Other income	78,086	-	78,086	75,906	-	75,906
Net assets released from restrictions	1,569,665	(1,569,665)	-	1,668,305	(1,668,305)	-
Total support and revenue	<u>24,188,181</u>	<u>4,531,448</u>	<u>28,719,629</u>	<u>22,258,234</u>	<u>(534,496)</u>	<u>21,723,738</u>
Operating expenses:						
Program services:						
Housing and shelter programs	8,937,819	-	8,937,819	9,110,859	-	9,110,859
Community engagement and organizing	6,461,176	-	6,461,176	6,717,937	-	6,717,937
Community services	3,541,995	-	3,541,995	2,834,646	-	2,834,646
Marty's Place	11,525	-	11,525	13,782	-	13,782
Supporting services:						
Management and general	3,468,765	-	3,468,765	2,896,723	-	2,896,723
Fundraising	443,696	-	443,696	358,699	-	358,699
Total operating expenses	<u>22,864,976</u>	<u>-</u>	<u>22,864,976</u>	<u>21,932,646</u>	<u>-</u>	<u>21,932,646</u>
Change in net assets before other expenses	1,323,205	4,531,448	5,854,653	325,588	(534,496)	(208,908)
Other expenses:						
Legal settlement (Note 11)	(380,000)	-	(380,000)	(129,550)	-	(129,550)
Interest on deferred loan	(129,551)	-	(129,551)	(129,550)	-	(129,550)
Depreciation	(190,862)	-	(190,862)	(325,726)	-	(325,726)
Change in net assets	622,792	4,531,448	5,154,240	(129,688)	(534,496)	(664,184)
Net assets, beginning of year	<u>1,903,828</u>	<u>646,872</u>	<u>2,550,700</u>	<u>2,033,516</u>	<u>1,181,368</u>	<u>3,214,884</u>
Net assets, end of year	<u>\$ 2,526,620</u>	<u>\$ 5,178,320</u>	<u>\$ 7,704,940</u>	<u>\$ 1,903,828</u>	<u>\$ 646,872</u>	<u>\$ 2,550,700</u>

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

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024

	2025							
	<i>Program Services</i>				<i>Supporting Services</i>			
	<i>Community Engagement and Organizing</i>	<i>Community Services</i>	<i>Marty's Place</i>	<i>Program Services Total</i>	<i>Management and General</i>	<i>Fund Development</i>	<i>Total</i>	
	<i>Housing and Shelter Programs</i>							
Salaries	\$ 4,716,677	\$ 2,028,947	\$ 1,006,709	\$ -	\$ 7,752,333	\$ 1,524,278	\$ 300,864	\$ 9,577,475
Payroll taxes	403,700	174,364	86,177	-	664,241	132,837	24,483	821,561
Employee benefits	1,068,226	469,315	233,462	-	1,771,003	320,220	74,725	2,165,948
Staff development	22,597	28,551	23,055	-	74,203	153,405	6,053	233,661
Professional fees	465,165	292,628	66,839	-	824,632	775,448	12,381	1,612,461
Office supplies	40,249	12,916	9,706	-	62,871	25,952	893	89,716
Printing and copying	1,386	79,647	3,942	-	84,975	6,651	228	91,854
Postage	31	3,944	-	-	3,975	2,336	1,035	7,346
Telephone and internet	45,354	24,028	9,013	-	78,395	38,240	-	116,635
Membership and dues	-	7,823	850	-	8,673	5,321	545	14,539
Equipment purchase	210,641	25,122	100,804	-	336,567	81,588	16,769	434,924
Occupancy – rent	393,318	168,552	109,406	-	671,276	69,338	-	740,614
Occupancy – utilities	377,757	14,124	12,805	9,316	414,002	3,731	-	417,733
Building maintenance and repairs	597,851	19,408	60,347	1,349	678,955	34,976	2,768	716,699
Subcontractors	50,194	2,956,430	-	-	3,006,624	-	-	3,006,624
Program activities	377,420	73,991	1,785,763	-	2,237,174	8,855	1,106	2,247,135
Stipends	-	-	5,900	-	5,900	-	1,080	6,980
Community relations	-	-	-	-	-	6,538	-	6,538
Other taxes	14,847	1,992	-	860	17,699	11,740	30	29,469
Insurance	152,187	79,394	27,217	-	258,798	73,950	-	332,748
Interest	-	-	-	-	-	3,733	-	3,733
Bank and other fees	219	-	-	-	219	9,114	721	10,054
Miscellaneous	-	-	-	-	-	180,514	15	180,529
Total expenses as shown in the consolidated statements of activities	8,937,819	6,461,176	3,541,995	11,525	18,952,515	3,468,765	443,696	22,864,976
Other expenses:								
Legal settlement	-	-	-	380,000	380,000	-	-	380,000
Interest on deferred loan	129,551	-	-	-	129,551	-	-	129,551
Depreciation	156,748	1,755	19,083	13,276	190,862	-	-	190,862
	286,299	1,755	19,083	393,276	700,413	-	-	700,413
Total expenses	\$ 9,224,118	\$ 6,462,931	\$ 3,561,078	\$ 404,801	\$ 19,652,928	\$ 3,468,765	\$ 443,696	\$ 23,565,389

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

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024

	2024					2024		
	<i>Program Services</i>				<i>Program Services Total</i>	<i>Supporting Services</i>		<i>Total</i>
	<i>Housing and Shelter Programs</i>	<i>Community Engagement and Organizing</i>	<i>Community Services</i>	<i>Marty's Place</i>		<i>Management and General</i>	<i>Fund Development</i>	
Salaries	\$ 4,763,964	\$ 1,803,104	\$ 765,349	\$ -	\$ 7,332,417	\$ 1,337,202	\$ 220,247	\$ 8,889,866
Payroll taxes	400,360	152,282	64,960	-	617,602	113,312	18,525	749,439
Employee benefits	1,082,574	419,917	163,805	-	1,666,296	283,289	51,840	2,001,425
Staff development	15,130	52,545	4,247	-	71,922	142,926	479	215,327
Professional fees	622,128	294,061	89,002	850	1,006,041	564,477	66,144	1,636,662
Office supplies	63,955	40,348	6,992	-	111,295	54,912	614	166,821
Printing and copying	4,431	16,673	1,702	-	22,806	5,289	236	28,331
Postage	523	5,017	304	-	5,844	2,956	-	8,800
Telephone and internet	44,735	62,354	6,382	-	113,471	37,888	-	151,359
Membership and dues	-	3,744	-	-	3,744	2,462	-	6,206
Equipment purchase	280,046	25,015	11,317	-	316,378	85,949	447	402,774
Occupancy – rent	322,251	163,242	105,862	-	591,355	73,163	-	664,518
Occupancy – utilities	294,228	15,440	9,782	11,773	331,223	4,737	-	335,960
Building maintenance and repairs	614,436	25,176	66,271	310	706,193	26,144	167	732,504
Subcontractors	-	3,499,456	-	-	3,499,456	-	-	3,499,456
Program activities	480,597	110,620	1,528,888	-	2,120,105	11,322	-	2,131,427
Community relations	-	-	-	-	-	2,740	-	2,740
Other taxes	13,846	2,292	33	800	16,971	10,663	-	27,634
Insurance	107,427	26,651	9,750	-	143,828	99,565	-	243,393
Interest	-	-	-	-	-	12,415	-	12,415
Bank and other fees	228	-	-	49	277	8,271	-	8,548
Miscellaneous	-	-	-	-	-	17,041	-	17,041
Total expenses as shown in the consolidated statements of activities	9,110,859	6,717,937	2,834,646	13,782	18,677,224	2,896,723	358,699	21,932,646
Other expenses:								
Interest on deferred loan	129,550	-	-	-	129,550	-	-	129,550
Depreciation	288,927	3,590	19,083	13,276	324,876	850	-	325,726
	418,477	3,590	19,083	13,276	454,426	850	-	455,276
Total expenses	\$ 9,529,336	\$ 6,721,527	\$ 2,853,729	\$ 27,058	\$ 19,131,650	\$ 2,897,573	\$ 358,699	\$ 22,387,922

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

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 5,154,240	\$ (664,184)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	190,862	325,726
Loss on retirement of property and equipment	19,417	-
Amortization of right-of-use assets – operating lease	453,058	444,704
Interest – amortization of refinancing costs	-	1,234
(Increase) decrease in assets:		
Contributions receivable:		
Government	(4,395,739)	1,108,799
Foundations, corporations, and individuals	(3,067,026)	(345,000)
Other receivables	100,306	(147,332)
Prepaid expenses	94,487	(61,927)
Deposits and other assets	(203,099)	8,350
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	3,273,620	74,351
Payroll and related liabilities	(27,617)	193,851
Tenant security deposits	378	1,713
Deferred revenue	(22,967)	(504,292)
Operating lease liability	(438,801)	(406,667)
Interest payable	129,551	129,550
	1,260,670	158,876
Net cash provided by operating activities		
Cash flows from investing activity:		
Purchase of property and equipment	(739,666)	(66,698)
	(739,666)	(66,698)
Net cash used in investing activity		
Cash flows from financing activities:		
Payments of notes payable	(3,959)	(156,278)
Payment of construction payable	-	(59,714)
	(3,959)	(215,992)
Net cash used in financing activities		
Net increase (decrease) in cash, restricted cash, and restricted reserves	517,045	(123,814)
Cash, restricted cash, and restricted reserves, beginning of year	2,379,993	2,503,807
Cash, restricted cash, and restricted reserves, end of year	\$ 2,897,038	\$ 2,379,993

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

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Supplementary information:		
Cash paid for interest	\$ 3,733	\$ 12,415
Non-cash investing and financing activities:		
Lease assets obtained in exchange for lease obligations – operating lease	\$ 1,885,691	\$ 19,083
Cash, including restricted cash	\$ 1,915,508	\$ 1,452,961
Restricted reserves	981,530	927,032
Total cash, restricted cash, and restricted reserves shown in the consolidated statements of cash flows	\$ 2,897,038	\$ 2,379,993

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

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Mission Action, Inc. (Mission Action), previously Dolores Street Community Services, Inc., is a California not-for-profit public benefit corporation established in 1982 that nurtures individual wellness and cultivates collective power among low-income and immigrant communities to create a more just society. Dolores Street Community Services, Inc. changed its name to Mission Action, Inc. on July 30, 2024.

In January 2009, Mission Action formed a limited liability company, Dolores Hotel LLC (DOHO) to engage in owning and operating housing for the benefit of homeless and low-income persons and to assist Mission Action in achieving its corresponding tax-exempt charitable purpose. DOHO holds title to a single affordable housing property located in San Francisco, California, the Dolores Hotel (dba Casa Quezada). Mission Action is the sole member of DOHO.

In July 2009, Mission Action formed a limited liability company, Marty’s Place LLC (Marty’s Place) to engage in owning and operating a property of the same name to provide housing and support services for formerly homeless persons with HIV and AIDS. During September 2010 the donation of the property to the LLC was finalized.

Located in San Francisco, California, Mission Action’s program activities include:

Housing and Shelter Programs:

Emergency Shelter –

- ***Dolores Emergency Shelter (DSP)*** – A 108 bed emergency shelter and support services program in San Francisco’s Mission District. The shelter also includes Jazzie’s Place, the nations first LGBTQ+-focused shelter, which in October 2025 will expand by an addition 42 beds, increasing DSP’s total bed count to 150 beds.
- ***Stay Over Program*** – A cross-sector collaboration program between San Francisco Unified School District, City of San Francisco Department of Homelessness and Supportive Housing (HSH) and Mission Action located at Buena Vista Horace Mann Community School (BVHM) which connects participating families with resources and services to help them secure a more stable housing situation.

Supportive Housing –

- ***Casa Esperanza and Casa Colibri (aka Mission Inn)*** - Two Transition-Age Youth (TAY) permanent supportive housing facilities. Mission Action has been working with Mission Housing and Larkin Street Youth Services to plan, develop, build out, and make ready the two facilities for tenant move-ins starting in May 2023 with construction completed in June 2025. Casa Esperanza is located in the Mission District and Mission Inn is located in the Outer Mission/Excelsior area.
- ***Dolores Hotel (dba Casa Quezada)*** – A 52-unit residential hotel, part of the City’s Direct Access to Housing (DAH) program, that provides housing and support services for formerly homeless individuals.
- ***Richard M. Cohen Residence*** – A ten-bed, transitional housing program for formerly homeless individuals with disabling HIV or AIDS that supports residents in acquiring the skills to live independently.
- ***Mercy Housing*** – A 145-unit permanent supportive housing complex for senior individuals experiencing or at imminent risk of homelessness located at 1633 Valencia street.

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Community Engagement and Organizing:

Housing Rights –

- ***Mission Single Room Occupancy Collaborative*** – A collaboration of four agencies, coordinated and led by Mission Action, that provides outreach, tenant stabilization and community programs for very low income single room occupancy (SRO) tenants in the Mission District.
- ***Tenant Rights Counseling*** – This program provides services to tenants from across the city but with a focus on the Mission District. The program will focus on eviction prevention and educate tenants on their rights, help to provide them with documentation to keep for their records and share with landlords, and to refer them to other community resources, including housing attorneys, where applicable.

Immigrant Rights –

- ***Deportation Defense and Legal Advocacy*** – A program that provides pro bono legal defense and advocacy for immigrants facing imminent deportation from the United States. The program was combined with the Immigrant Legal & Education Program in 2016, then reestablished as a separate program during the 2018 fiscal year.
- ***Immigrant Rights Community Empowerment –***
 - ***San Francisco Immigrant Legal and Education Network*** - A network, coordinated and led by Mission Action, of thirteen agencies providing legal counseling, representation, processing, referrals, outreach, and education to San Francisco’s diverse immigrant communities.
 - ***Rapid Response Network***- Consists of 21 organizations that provide legal and education services to immigrants living in San Francisco. The primary goal of the Network is to respond immediately in the event of any immigration enforcement activity.

Worker Rights –

- ***Worker Center*** – These programs economically and politically empower their members through the provision of job referrals and other basic services, as well as engaging them in leadership development and community organizing around issues of immigrant and worker rights.
- ***Equity Pilot Co-Op*** – This program helps community members with limited income-earning potential to establish a worker-owned co-operative business.

Community Services:

- ***Aid and Subsidy Assistance Program*** – This program provides direct cash distribution or rental assistance to San Francisco residents. This aid is only made available through funding from foundations intended as direct financial support or rental subsidies from government entities.
- ***PEDAL*** – A program for promotoras to participate and provide feedback to co-develop, implement, and evaluate Promotores Program for Education in Drugs and Alcohol for Latinx.
- ***Access Point*** – A program that provides community residents experiencing housing insecurity with problem solving and housing navigation services.

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- **Food Justice**

- ***The Little Market (aka El Mercado)*** – Formerly known as Food Hub, a large-scale food pantry which provides essential and culturally appropriate groceries for individuals and families living with food insecurity. Mission Action operates the distribution as a market-style pantry on Wednesdays and Fridays, where members can select food items to prepare healthy and delicious meals for themselves and their families at home.
- ***Innovative Neighborhood Food Support*** – A program that helps community residents experiencing food insecurity with access to meals and groceries. The strategies include distributing meal vouchers to SRO tenants, food distributions to the community at-large and at Casa Quezada, specifically, and to upgrade equipment in The Women’s Building and Cohen’s kitchens.
- ***Community Centered Grocery Access LGBTQ + (aka ArcoIris)***.

Marty’s Place – A Victorian home located in the Mission District that provides cooperative housing for people with HIV/AIDS at risk of homelessness. Marty’s Place is managed by Marty’s Place Affordable Housing Corporation.

Mission Action and Subsidiaries are especially vulnerable to the inherent risks associated with revenue that is substantially dependent on government funding, public support, and contributions. The continued growth and well being of Mission Action and Subsidiaries is contingent upon successful achievement of its long-term revenue-raising goals.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of two subsidiaries, DOHO and Marty’s Place (collectively, the Subsidiaries), of which Mission Action is the sole member of these two limited liability companies. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

Accounting Method

Mission Action and Subsidiaries use the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

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Basis of Presentation

Mission Action and Subsidiaries report information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions.

- Net assets without donor restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of Mission Action and Subsidiaries.
- Net assets with donor restrictions include those assets subject to donor restrictions and for which the applicable restrictions were not met as of the end of the current reporting period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. When a donor restriction expires – that is, when a stipulated time restrictions ends, or purpose restriction is accomplished – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Mission Action and Subsidiaries have no net assets with non-expiring donor restrictions as of June 30, 2025 and 2024.

Revenue Recognition

Contributions:

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as support without donor restrictions or support with donor restrictions, depending on the absence or existence of donor-imposed restrictions as applicable. 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 consolidated statements of activities as net assets released from restrictions. Contributions restricted for the purchase of long-lived assets, are reported as without donor restriction when the assets are placed in service, unless continuing use restrictions apply.

Contributions of property and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions on how the assets are to be used are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained for the restricted purpose, Mission Action and Subsidiaries reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services are stated at their estimated fair value if they are ordinarily purchased and are of a specialized nature.

Conditional promises to give with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend are substantially met. Mission Action receives certain contributions on a reimbursement basis. Such contributions are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Mission Action has incurred expenditures in compliance with specific donor provisions. An amount of approximately \$22,620,000 and \$49,889,000 of contributions has not been recognized as of June 30, 2025 and 2024, respectively, and will be recognized when Mission Action incurs expenditures in compliance with the donor provisions. Amounts received prior to incurring qualifying expenditures, if any, are reported as deferred revenue in the consolidated statements of financial position. Deferred revenue was \$38,409 and \$61,376 as of June 30, 2025 and 2024, respectively.

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Rental Income:

Rental income is shown net of vacancy loss. Operating lease receivable deemed uncollectible are shown as reductions in rental income.

Mission Action and Subsidiaries account for the existing leases with residential tenants of their rental projects as operating leases.

Program Fees:

Program fees earned from contracts with customers are measured based on consideration specified in the contracts. The revenue is recognized monthly as work is completed and the performance obligation is satisfied.

Contributions Receivables

Unconditional contributions are recorded as support when a pledge is unconditionally communicated. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. All pledges are valued at the estimated fair present value as of June 30, 2025 and 2024.

Cash, Restricted Cash, and Restricted Reserves

Cash is defined as cash in demand deposit accounts as well as cash on hand. Restricted cash and restricted reserves are funds restricted as to their use, regardless of liquidity, such as replacement reserves, operating reserves, subsidy reserve, and tenant security deposits. Mission Action and Subsidiaries occasionally maintain cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance, including restricted cash and restricted reserves, was approximately \$2,789,000 as of June 30, 2025. Mission Action and Subsidiaries have not experienced any losses in such accounts.

Property and Equipment

Property and equipment is stated at cost of acquisition or construction, or fair value if donated. Acquisitions of property and equipment in excess of \$5,000 and building improvements in excess of \$7,500 are capitalized. The cost of maintenance and repairs is charged to expense as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets.

The useful lives of the assets are estimated as follows:

Building and improvements	10 to 40 years
Leasehold improvements	4 to 15 years
Furniture and equipment	5 to 15 years

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Mission Action and Subsidiaries review their property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of its carrying amount to the future net undiscounted cash flows expected to be generated by the property and any estimated proceeds from the eventual disposition of the property. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There were no impairment losses recognized in 2025 and 2024.

Construction in Progress

Mission Action and Subsidiaries records construction in progress as assets (construction in progress). Construction in progress is not depreciated until the completion of construction.

Refinancing Costs

Costs incurred in order to refinance a loan are stated at cost and amortized on a straight-line basis into interest expense over the term of the loan. Permanent loan costs are reported as a direct deduction from the face amount of the related debt.

Leases

The accounting standard on leases, required by accounting principles generally accepted in the United States of America, requires lessees to account for leases as either finance leases or operating leases and to recognize right-of-use (ROU) assets and corresponding lease liabilities on the consolidated statements of financial position for all leases other than leases with terms of 12 months or less. For finance leases, lessees would recognize interest expense and amortization of the ROU asset, and for operating leases, lessees would recognize straight-line total rent expense. The accounting standard also requires additional disclosures about the amount, timing, and uncertainty of cash flows arising from leases.

Mission Action and Subsidiaries account for the existing office space leases and equipment leases as operating leases. During 2025, Mission Action recognized an ROU asset and liability of \$1,885,691 in relation to a lease extension, a new lease leased space and new leased equipment. During 2024, Mission Action recognized an ROU asset and liability of \$68,786 in relation to a new lease extension for one leased space. The remaining value of the expired lease was \$49,703 and was recorded as a reduction of ROU asset and liability.

Mission Action accounts for the existing lease and property management agreement with the City and County of San Francisco as an operating lease. Due to the nominal rent amounts, ROU asset and lease liability are not recognized. However, the effect of not recognizing ROU asset and lease liability is not materially different from the result that would have been obtained had the requirement to recognize been followed.

Income Taxes

Mission Action is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and the related California code sections.

No income tax provision has been included in the consolidated financial statements for the single member limited liability companies (LLCs) which are generally considered disregarded entities. The income and loss of the LLCs is included in the tax returns of their respective sole members. Only the annual California limited liability company minimum tax and the annual fee appear as expense in the consolidated financial statements.

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Mission Action and Subsidiaries believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements. Mission Action and Subsidiaries' federal and state information and income tax returns for the years 2021 through 2024 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

Functional Expenses Allocation

The costs of providing program services and supporting services are summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. Accordingly, certain costs are allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources. Directly identifiable expenses are charged to programs and supporting services.

NOTE 3 – RESTRICTED RESERVES

Summaries of reserve activity can be found in the supplementary information to the consolidated financial statements. The ending balance of restricted cash is summarized as follows:

	2025	2024
Richard M. Cohen Residence replacement reserve	\$ 186,753	\$ 133,889
Richard M. Cohen Residence operating reserve	179,651	284,529
DOHO replacement reserve	240,551	218,164
DOHO operating reserve	300,452	234,356
DOHO subsidy reserve	9,040	9,035
Marty's Place replacement reserve	41,321	32,304
Marty's Place operating reserve	23,762	14,755
	\$ 981,530	\$ 927,032

Richard M. Cohen Residence Replacement Reserve

In accordance with the loan agreement with the City and County of San Francisco, Mission Action is required to maintain a replacement reserve in an insured segregated account for capital improvements of the Richard M. Cohen Residence. Mission Action is required to make quarterly deposits from project income in the amounts specified in the loan agreement. The account shall be replenished in accordance with the approved capital needs assessment analysis.

Richard M. Cohen Residence Operating Reserve

In accordance with the loan agreement with the City and County of San Francisco, Mission Action is required to maintain an operating reserve in an insured segregated account to alleviate cash shortfalls resulting from unanticipated costs of the Richard M. Cohen Residence. During the initial year of operations, Mission Action was required to make monthly deposits in an annual amount equal to 5% of the annual HOPWA project income. Each year thereafter, Mission Action is required to make deposits to the operating account to achieve a minimum balance equal to three months of all project operating expenses. Mission Action may discontinue regular deposits, however, must continue to make periodic deposits into the account to maintain such minimum balance.

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Richard M. Cohen Residence Operating Account

In accordance with the loan agreement with the City and County of San Francisco (Successor Agency to the San Francisco Redevelopment Agency), Mission Action is required to hold program income related to its Richard M. Cohen Residence in a separate insured bank account. Disbursements are permitted for charges incurred in the operation in connection with utilities, real estate taxes, insurance, compensation of people connected with maintenance, administration or operation of the project, payment of required interest and principal on the loan or any other financing secured by the project, routine operating costs, any extraordinary expenses pre-approved by the City and County of San Francisco and required deposits to the replacement and operating reserve accounts.

Dolores Hotel, LLC Replacement Reserve

In accordance with the loan agreement with City and County of San Francisco, DOHO is required to maintain a replacement reserve in a segregated interest-bearing account for capital improvements of the Dolores Hotel. DOHO is required to make monthly deposits equal to the higher of the amount set forth in the agreement of \$1,517 or the amount provided in DOHO's approved 20 year capital needs assessment analysis, which may be revised every five years.

Dolores Hotel, LLC Operating Reserve

In accordance with the loan agreement with City and County of San Francisco, DOHO is required to maintain an operating reserve in a segregated interest-bearing account to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expense that vary seasonally or from month to month. DOHO is required to make monthly deposits from Dolores Hotel income into the account in the amount of 1/12th of three percent of the prior year's actual Dolores Hotel expenses. No less than annually, DOHO must make additional deposits, if necessary, to bring the balance in the account to an amount equal to 25% of the prior year's actual expenses.

Dolores Hotel, LLC Subsidy Reserve (LOSP)

In accordance with the grant agreement with City and County of San Francisco, DOHO is required to maintain a subsidy reserve in a segregated interest-bearing account to capture surplus subsidy payments made to DOHO. DOHO is required to deposit subsidy payments made to DOHO that exceeds its shortfall resulting from operating costs that exceeds project income into the subsidy reserve account. DOHO shall first use the subsidy reserve account funds to pay for shortfalls that exceed subsidy payments received, and only use the operating reserve fund to pay the remaining shortfall if subsidy reserve funds are insufficient to pay all the shortfall.

Dolores Hotel, LLC – Other Accounts

In accordance with the loan agreement with City and County of San Francisco, Mission Action is required to maintain the project income and tenant security deposits in two segregated depository accounts. Disbursements from the project income account are permitted per the agreement and the approved annual operating budget of the Dolores Hotel expenses.

Marty's Place LLC – Other Accounts

In 2022, Mission Action set up separate accounts under Marty's Place for replacement and operating reserve. Requirements for funding and withdrawals will be determined subsequent to June 30, 2025.

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NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows:

	2025		
	<i>With Donor Restrictions</i>	<i>Without Donor Restrictions</i>	<i>Total</i>
Government	\$ -	\$ 9,316,428	\$ 9,316,428
Foundations, corporations, and individuals	3,547,188	-	3,547,188
	3,547,188	9,316,428	12,863,616
Less: unamortized discount	(100,162)	-	(100,162)
Net contributions receivable	3,447,026	9,316,428	12,763,454
Due in less than one year	(1,347,188)	(9,316,428)	(10,663,616)
Due in one to five years	\$ 2,099,838	\$ -	\$ 2,099,838

	2024		
	<i>With Donor Restrictions</i>	<i>Without Donor Restrictions</i>	<i>Total</i>
Government	\$ -	\$ 4,920,689	\$ 4,920,689
Foundations, corporations, and individuals	360,000	20,000	380,000
	360,000	4,940,689	5,300,689
Due in less than one year	(360,000)	(4,940,689)	(5,300,689)
Due in one to five years	\$ -	\$ -	\$ -

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	2025			
	<i>Mission Action</i>	<i>DOHO</i>	<i>Marty's Place</i>	<i>Total</i>
Land	\$ 118,391	\$ 174,103	\$ 568,961	\$ 861,455
Building and improvements	1,473,085	4,094,981	531,039	6,099,105
Furniture and equipment	84,356	99,108	-	183,464
Leasehold improvements	2,640,683	-	-	2,640,683
	4,316,515	4,368,192	1,100,000	9,784,707
Less: accumulated depreciation	(2,888,220)	(1,513,949)	(132,760)	(4,534,929)
Total property and equipment	\$ 1,428,295	\$ 2,854,243	\$ 967,240	\$ 5,249,778

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	2024			
	<i>Mission Action</i>	<i>DOHO</i>	<i>Marty's Place</i>	<i>Total</i>
Land	\$ 118,391	\$ 174,103	\$ 568,961	\$ 861,455
Building and improvements	1,401,252	4,094,981	531,039	6,027,272
Furniture and equipment	84,356	99,108	-	183,464
Leasehold improvements	2,058,617	-	-	2,058,617
	3,662,616	4,368,192	1,100,000	9,130,808
Less: accumulated depreciation	(2,885,112)	(1,405,821)	(119,484)	(4,410,417)
Total property and equipment	\$ 777,504	\$ 2,962,371	\$ 980,516	\$ 4,720,391

Mission Action was required to use Marty's Place for a period of 10 years through September 1, 2020 as a supporting residence for indigent people living with HIV and AIDS, under the terms of a grant agreement. The purpose of the building remained the same after the termination of restrictions.

During 2023, Mission Action began two construction projects to re-roof the Richard M. Cohen Residence and remodel the Dolores Emergency Shelter. The re-roof construction project for the Richard M. Cohen Residence was completed and placed in service in June 2025. As of June 30, 2025 and 2024, the construction in progress amounted to \$659,020 and \$124,941, respectively.

Additionally, Mission Action property and equipment includes the Richard M. Cohen Residence. The information related to this property is as follows:

	2025	2024
Land	\$ 118,391	\$ 118,391
Building and improvements	1,473,085	1,401,252
	1,591,476	1,519,643
Accumulated depreciation	(952,412)	(983,238)
Total	\$ 639,064	\$ 536,405

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NOTE 6 – NOTES PAYABLE

Notes payable are secured by the property unless otherwise noted and consist of the following:

	2025		2024	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
City and County of San Francisco loan in the aggregate amount of \$4,318,347, funded by program funds from CDBG, HOME and NIG in the amounts of \$3,235,530, \$557,537 and \$525,280, respectively. The loan bears 3% simple interest, matures 55 years from recording of 1st amendment to the deed of trust, and is secured by the deed of trust to the property located at 35 Woodward Street, San Francisco. Payments of principal and interest are required in an amount equal to 100% of residual receipts of Dolores Hotel. The unpaid balance is due on maturity in 2064 and 2065. Interest expense was \$129,551 and \$129,550 for 2025 and 2024.	\$ 1,847,948	\$ 4,318,347	\$ 1,718,397	\$ 4,318,347
Forgivable non-interest bearing HOPWA loan from the City and County of San Francisco in the amount of \$372,477, maturing in 2044. The loan is secured by the deed of trust to the Richard M. Cohen residence. If Mission Action operates the Residence for fifty years for the intended purpose, the loan will be forgiven.	-	372,477	-	372,477
U.S. Small Business Administration (SBA) loan, in the original amount of \$150,000, bears 2.75% simple interest. Monthly payments of principal and interest of \$641 are required starting July 2020. The unpaid balance of principal and interest is due in July 2050. The loan is secured by property owned by Mission Action. Interest expense was \$3,733 and \$3,841 in 2025 and 2024, respectively.	-	133,604	-	137,563
Total	1,847,948	4,824,428	1,718,397	4,828,387
Less: current portion	-	(4,069)	-	(3,959)
Long-term portion	\$ 1,847,948	\$ 4,820,359	\$ 1,718,397	\$ 4,824,428

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Refinancing Costs

Costs incurred in order to refinance a pre-existing loan of \$10,773 were amortized on a straight-line basis into interest expense over the term of the loan. Interest expense for amortization of loan costs was \$1,234 in 2024. During 2024, the refinancing costs were fully amortized and written off.

Mission Action had a Northern California Community Loan Fund loan, in the original amount of \$240,000, which bore 6% simple interest. The loan required monthly principal and interest payments of \$2,020, with a balloon payment of \$138,244 due on May 18, 2024. The loan was paid in full during 2024. The loan was secured by a deed of trust on Marty's Place and a UCC-1. Interest expense was \$8,574 for 2024.

Principal payments on notes payable for the next five years are estimated as follows:

2026	\$	4,069
2027		4,182
2028		4,299
2029		4,418
2030		4,541
Thereafter		4,802,919
	\$	4,824,428

NOTE 7 – OPERATING LEASES

Mission Action leases office space, facilities for program and kitchen space, and equipment under operating leases. The leases have remaining lease terms of 1.1 to 19.7 years, some of which include options to extend the leases for up to 10 years. Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Additionally, certain agreements require Mission Action to pay for common area maintenance and storage charges. Rental expenses included in operating expenses were \$740,614 and \$664,518 in 2025 and 2024, respectively. Cash paid for amounts included in the measurement of lease liability was \$521,876 and \$485,991 in 2025 and 2024, respectively, as part of operating cash flows from the operating lease.

Mission Action entered into two lease and property management agreements related to Casa Esperanza and Mission Inn with the City and County of San Francisco ("City") with 5-year terms, which expire in 2028. Rent for the leases is equal to \$1 for the term, which was expensed in 2023. The rent has been set at a nominal amount for the specific purpose of assisting the lessee to operate and maintain the associated affordable housing complexes in accordance with the terms and other requirements as specified in the lease and property management agreements. Mission Action has elected to recognize the lease expense on a one-time basis for operating leases with nominal rent amounts, instead of recognizing the right-of-use asset and corresponding lease liability.

As of June 30, 2025, the weighted average remaining lease term and discount rate for the operating leases was 10.8 years and 3.68%, respectively. The lease asset and liability were calculated utilizing the risk-free discount rate (2.84% to 4.69%), according to Mission Action's elected policy.

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The line items in the consolidated statements of financial position which include amounts for the premises and equipment operating leases are summarized as follows:

	2025	2024
Right-of-use asset – operating lease	<u>\$ 3,862,802</u>	<u>\$ 2,430,169</u>
Total operating lease liability	3,987,643	2,540,753
Less: current portion	<u>(574,455)</u>	<u>(513,536)</u>
Long-term portion	<u>\$ 3,413,188</u>	<u>\$ 2,027,217</u>

The maturities of lease liability are estimated as follows:

	<i>Year Ending June 30,</i>
2026	\$ 574,455
2027	561,812
2028	493,982
2029	452,622
2030	464,079
Thereafter	<u>2,410,941</u>
Total lease payments	4,957,891
Less amount representing interest	<u>(970,248)</u>
Present value of lease liability	<u>\$ 3,987,643</u>

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are summarized as follows:

	2025	2024
Contributions restricted for specific programs:		
Richard M. Cohen residence	\$ 23,389	\$ 23,389
Immigrant legal & education network	4,113,294	42,007
Dolores shelter program	30,000	30,000
Stay over program	458,704	30,000
Day labor program	25,219	126,976
Community planning	-	360,000
Asylee Legal Empowerment Project (ALEP)	38,145	34,500
Housing rights	<u>489,569</u>	<u>-</u>
	<u>\$ 5,178,230</u>	<u>\$ 646,872</u>

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NOTE 9 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure that is without donor or other restriction limiting their use, within one year of the consolidated statements of financial position as of June 30, 2025 and 2024, respectively, comprise the following:

	2025	2024
Financial assets at end of year available within one year:		
Cash, including restricted cash	\$ 1,915,508	\$ 1,452,961
Contributions receivable:		
Government	9,316,428	4,920,689
Foundations, corporations, and individuals, net	2,099,838	380,000
Other receivable, net	65,052	165,358
	13,396,826	6,919,008
Less financial assets not available for general expenditures:		
Restricted funds that have been received	(1,317,534)	(286,872)
Current contributions receivable restricted for specific purpose	(1,100,000)	(360,000)
	\$ 10,979,292	\$ 6,272,136

Mission Action is substantially supported by expense-reimbursement government grants. Because these grants are required to be used in specific programs, Mission Action must maintain sufficient resources until the government funds are received 45 to 60 days after the close of a period. As a part of Mission Action's liquidity management, Mission Action structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Mission Action has two operating reserve cash accounts to help carry two of their programs for three months (see Note 3). Mission Action also receives donations to support various programs as well as the organization as a whole.

NOTE 10 – EMPLOYEE RETENTION CREDIT

With the new laws enacted in later 2020 and during 2021, Mission Action retroactively applied for the Employee Retention Credit (“ERC”) under the CARES Act during the fiscal year ended June 30, 2024 for the ERC based on wages incurred during the quarters ended June, September and December 2020 and March, June, and September 2021 by filing the 2020 and 2021 Form 941-X Adjusted Employer’s Quarterly Federal Tax Return or Claim for Refund for those quarters. During 2025, a total amount of \$1,002,257 of credits and interest was received in relation to the June, September and December 2020 filings, recorded as income in 2025. The qualifying amounts of \$2,947,337 for the total of the 1st, 2nd and 3rd quarters of calendar year 2021 were submitted to the Department of the Treasury Internal Revenue Service (IRS), but have not yet been received. Mission Action initially expected to meet the eligibility criteria and had concluded that the ERC represents a grant to be accounted for as a conditional contribution. The ERC amount is considered to be conditioned upon certain eligibility requirements and/or the incurrence of allowable qualifying expenses. Although Mission Action believes the occurrence of qualifying expenditures will result in such reimbursement, the expenditures are subject to review and/or audit under applicable administrative provisions by the IRS. The ERC amount may be subject to change based on the final approval from the IRS. For the year ended June 30, 2024, Mission Action did not recognize any revenue from the conditional contribution related to the ERC claims pending the IRS review. In December 2024, Mission Action received notice from the IRS that the ERC for 3rd quarter of calendar year end 2021 of \$988,139 was denied. Mission Action believes that it has appropriate support for their ERC application and continues to await the result of the IRS review.

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 11 – OTHER MATTERS

Legal

Mission Action is a participant in complaints related to property management and employment practices. These claims are being evaluated by legal counsel. It is indeterminate whether such claims may result in any liability. Mission Action maintains insurance coverage with respect to such claims, and management believes such coverage is sufficient to cover legal costs and provides specified coverage should a liability determination be made.

During 2025, Mission Action entered into settlement agreements for two legal matters, which resulted in settlement claims covered by insurance. In October 2025, Mission Action subsequently entered into a settlement agreement relating to property management practices for \$380,000. The settlement will be paid by Mission Action and not through insurance. The loss from the settlement agreement was accrued as of June 30, 2025, and is presented as other liability on the consolidated statement of financial position and included in other expenses on the consolidated statement of activities in 2025.

Other

During 2025, Mission Action made a payment of \$157,600 to a vendor based on a request to pay that included bank information other than that of the vendor. The vendor was a legitimate vendor whose system was accessed to send Mission Action a claim with fraudulent ACH payment information. Attempts were made to file a claim with the bank, but the bank denied the claim as the transaction did not meet their qualification criteria. The amount is included in miscellaneous expenses in the accompanying consolidated statement of functional expenses for the year ended June 30, 2025.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 6, 2026, the date on which the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025				
	<i>Mission Action</i>	<i>DOHO</i>	<i>Marty's Place</i>	<i>Eliminations</i>	<i>Total</i>
ASSETS					
Current assets:					
Cash, including restricted cash	\$ 1,878,620	\$ 26,036	\$ 10,852	\$ -	\$ 1,915,508
Receivables:					
Contributions:					
Government	9,308,692	7,736	-	-	9,316,428
Foundations, corporations, and individuals, net – current portion	2,099,838	-	-	-	2,099,838
Related-party	399,227	-	17,753	(416,980)	-
Other, net	65,052	-	-	-	65,052
Prepaid expenses	90,939	-	-	-	90,939
Total current assets	13,842,368	33,772	28,605	(416,980)	13,487,765
Contributions receivable – foundations, corporations, and individuals, net – net of current portion	1,347,188	-	-	-	1,347,188
Restricted reserves	366,404	550,043	65,083	-	981,530
Property and equipment – net	1,428,295	2,854,243	967,240	-	5,249,778
Investments in limited liability companies	(2,475,917)	-	-	2,475,917	-
Deposits and other assets	240,811	-	-	-	240,811
Right-of-use assets – operating lease	3,862,802	-	-	-	3,862,802
Total assets	\$ 18,611,951	\$ 3,438,058	\$ 1,060,928	\$ 2,058,937	\$ 25,169,874
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable and accrued expenses	\$ 4,639,566	\$ 21,549	\$ 1,359	\$ -	\$ 4,662,474
Accrued legal settlement	-	-	380,000	-	380,000
Related-party payable	17,753	398,368	859	(416,980)	-
Payroll and related liabilities	1,712,946	-	-	-	1,712,946
Tenant security deposits	4,613	6,473	-	-	11,086
Deferred revenue	38,409	-	-	-	38,409
Notes payable – current portion	4,069	-	-	-	4,069
Operating lease liabilities – current portion	574,455	-	-	-	574,455
Total current liabilities	6,991,811	426,390	382,218	(416,980)	7,383,439
Interest payable	-	1,847,948	-	-	1,847,948
Notes payable – net of current portion	502,012	4,318,347	-	-	4,820,359
Operating lease liabilities – net of current portion	3,413,188	-	-	-	3,413,188
Total liabilities	10,907,011	6,592,685	382,218	(416,980)	17,464,934
Net assets:					
Without donor restrictions	2,526,620	-	-	-	2,526,620
With donor restrictions	5,178,320	-	-	-	5,178,320
Member's equity	-	(3,154,627)	678,710	2,475,917	-
Total net assets	7,704,940	(3,154,627)	678,710	2,475,917	7,704,940
Total liabilities and net assets	\$ 18,611,951	\$ 3,438,058	\$ 1,060,928	\$ 2,058,937	\$ 25,169,874

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2024				
	<i>Mission Action</i>	<i>DOHO</i>	<i>Marty's Place</i>	<i>Eliminations</i>	<i>Total</i>
ASSETS					
Current assets:					
Cash, including restricted cash	\$ 1,334,143	\$ 96,408	\$ 22,410	\$ -	\$ 1,452,961
Receivables:					
Contributions:					
Government	4,915,452	5,237	-	-	4,920,689
Foundations, corporations, and individuals, net	380,000	-	-	-	380,000
Related-party	585,887	-	12,737	(598,624)	-
Other, net	165,358	-	-	-	165,358
Prepaid expenses	184,321	1,105	-	-	185,426
Total current assets	<u>7,565,161</u>	<u>102,750</u>	<u>35,147</u>	<u>(598,624)</u>	<u>7,104,434</u>
Restricted reserves	418,418	461,555	47,059	-	927,032
Property and equipment – net	777,504	2,962,371	980,516	-	4,720,391
Investments in limited liability companies	(2,068,288)	-	-	2,068,288	-
Deposits and other assets	37,712	-	-	-	37,712
Right-of-use assets – operating lease	2,430,169	-	-	-	2,430,169
Total assets	<u>\$ 9,160,676</u>	<u>\$ 3,526,676</u>	<u>\$ 1,062,722</u>	<u>\$ 1,469,664</u>	<u>\$ 15,219,738</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable and accrued expenses	\$ 1,740,297	\$ 26,864	\$ 1,693	\$ -	\$ 1,768,854
Related-party payable	12,737	585,887	-	(598,624)	-
Payroll and related liabilities	1,740,563	-	-	-	1,740,563
Tenant security deposits	4,210	6,498	-	-	10,708
Deferred revenue	61,376	-	-	-	61,376
Notes payable – current portion	3,959	-	-	-	3,959
Operating lease liabilities – current portion	513,536	-	-	-	513,536
Total current liabilities	<u>4,076,678</u>	<u>619,249</u>	<u>1,693</u>	<u>(598,624)</u>	<u>4,098,996</u>
Interest payable	-	1,718,397	-	-	1,718,397
Notes payable	506,081	4,318,347	-	-	4,824,428
Operating lease liabilities – net of current portion	2,027,217	-	-	-	2,027,217
Total liabilities	<u>6,609,976</u>	<u>6,655,993</u>	<u>1,693</u>	<u>(598,624)</u>	<u>12,669,038</u>
Net assets:					
Without donor restrictions	1,903,828	-	-	-	1,903,828
With donor restrictions	646,872	-	-	-	646,872
Member's equity	-	(3,129,317)	1,061,029	2,068,288	-
Total net assets	<u>2,550,700</u>	<u>(3,129,317)</u>	<u>1,061,029</u>	<u>2,068,288</u>	<u>2,550,700</u>
Total liabilities and net assets	<u>\$ 9,160,676</u>	<u>\$ 3,526,676</u>	<u>\$ 1,062,722</u>	<u>\$ 1,469,664</u>	<u>\$ 15,219,738</u>

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATING SCHEDULES OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024

	2025				
	<i>Mission Action</i>	<i>DOHO</i>	<i>Marty's Place</i>	<i>Eliminations</i>	<i>Total</i>
Support and revenue:					
Contributions:					
Government	\$ 19,407,351	\$ 1,235,715	\$ -	\$ -	\$ 20,643,066
Foundations and corporations, net	6,628,912	-	-	-	6,628,912
Individuals	129,105	-	-	-	129,105
Rental income	151,838	61,326	22,455	-	235,619
Fundraising events	2,584	-	-	-	2,584
Development and management fees	135,827	-	-	(135,827)	-
Employee retention credit income	1,002,257	-	-	-	1,002,257
Other income	73,246	4,813	27	-	78,086
Total support and revenue	27,531,120	1,301,854	22,482	(135,827)	28,719,629
Expenses:					
Program services:					
Housing and shelter programs	7,984,161	1,089,485	-	(135,827)	8,937,819
Community engagement and organizing	6,461,176	-	-	-	6,461,176
Community services	3,541,995	-	-	-	3,541,995
Marty's Place	-	-	11,525	-	11,525
Supporting services:					
Management and general	3,468,765	-	-	-	3,468,765
Fundraising	443,696	-	-	-	443,696
Total operating expenses	21,899,793	1,089,485	11,525	(135,827)	22,864,976
Change in net assets before other expenses/losses	5,631,327	212,369	10,957	-	5,854,653
Other expenses/losses:					
Investment losses from limited liability companies	(407,629)	-	-	407,629	-
Legal settlement	-	-	(380,000)	-	(380,000)
Interest on deferred loan	-	(129,551)	-	-	(129,551)
Depreciation expense	(69,458)	(108,128)	(13,276)	-	(190,862)
Change in net assets	5,154,240	(25,310)	(382,319)	407,629	5,154,240
Net assets, beginning of year	2,550,700	(3,129,317)	1,061,029	2,068,288	2,550,700
Net assets, end of year	\$ 7,704,940	\$ (3,154,627)	\$ 678,710	\$ 2,475,917	\$ 7,704,940

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATING SCHEDULES OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024

	2024				
	<i>Mission Action</i>	<i>DOHO</i>	<i>Marty's Place</i>	<i>Eliminations</i>	<i>Total</i>
Support and revenue:					
Contributions:					
Government	\$ 19,265,303	\$ 896,302	\$ -	\$ -	\$ 20,161,605
Foundations and corporations, net	740,220	-	-	-	740,220
Individuals	552,837	-	-	-	552,837
Rental income	102,247	66,616	24,307	-	193,170
Development and management fees	82,910	-	-	(82,910)	-
Other income	72,586	3,266	54	-	75,906
Total support and revenue	<u>20,816,103</u>	<u>966,184</u>	<u>24,361</u>	<u>(82,910)</u>	<u>21,723,738</u>
Expenses:					
Program services:					
Housing and shelter programs	8,076,097	1,117,672	-	(82,910)	9,110,859
Community engagement and organizing	6,717,937	-	-	-	6,717,937
Community services	2,834,646	-	-	-	2,834,646
Marty's Place	-	-	13,782	-	13,782
Supporting services:					
Management and general	2,896,723	-	-	-	2,896,723
Fundraising	358,699	-	-	-	358,699
Total operating expenses	<u>20,884,102</u>	<u>1,117,672</u>	<u>13,782</u>	<u>(82,910)</u>	<u>21,932,646</u>
Change in net assets before other expenses/losses	(67,999)	(151,488)	10,579	-	(208,908)
Other expenses/losses:					
Investment losses from limited liability companies	(392,855)	-	-	392,855	-
Interest on deferred loan	-	(129,550)	-	-	(129,550)
Depreciation expense	(203,330)	(109,120)	(13,276)	-	(325,726)
Change in net assets	(664,184)	(390,158)	(2,697)	392,855	(664,184)
Net assets, beginning of year	<u>3,214,884</u>	<u>(2,739,159)</u>	<u>1,063,726</u>	<u>1,675,433</u>	<u>3,214,884</u>
Net assets, end of year	<u>\$ 2,550,700</u>	<u>\$ (3,129,317)</u>	<u>\$ 1,061,029</u>	<u>\$ 2,068,288</u>	<u>\$ 2,550,700</u>

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATING SCHEDULES OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025				
	<i>Mission Action</i>	<i>DOHO</i>	<i>Marty's Place</i>	<i>Eliminations</i>	<i>Total</i>
Cash flows from operating activities:					
Change in net assets	\$ 5,154,240	\$ (25,310)	\$ (382,319)	\$ 407,629	\$ 5,154,240
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	69,458	108,128	13,276	-	190,862
Loss on retirement of property and equipment	19,417	-	-	-	19,417
Amortization of right-of-use assets – operating lease	453,058	-	-	-	453,058
Investment losses from limited liability companies	407,629	-	-	(407,629)	-
(Increase) decrease in assets:					
Contributions receivable:					
Government	(4,393,240)	(2,499)	-	-	(4,395,739)
Foundations, corporations, and individuals	(3,067,026)	-	-	-	(3,067,026)
Related-party receivable	186,660	-	(5,016)	(181,644)	-
Other receivables	100,306	-	-	-	100,306
Prepaid expenses	93,382	1,105	-	-	94,487
Deposits and other assets	(203,099)	-	-	-	(203,099)
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	2,899,269	(5,315)	379,666	-	3,273,620
Related-party payable	5,016	(187,519)	859	181,644	-
Payroll and related liabilities	(27,617)	-	-	-	(27,617)
Tenant security deposits	403	(25)	-	-	378
Deferred revenue	(22,967)	-	-	-	(22,967)
Operating lease liability	(438,801)	-	-	-	(438,801)
Interest payable	-	129,551	-	-	129,551
Net cash provided by operating activities	1,236,088	18,116	6,466	-	1,260,670
Cash flows from investing activity:					
Purchase of property and equipment	(739,666)	-	-	-	(739,666)
Net cash used in investing activity	(739,666)	-	-	-	(739,666)
Cash flows from financing activity:					
Payments of notes payable	(3,959)	-	-	-	(3,959)
Net cash used in financing activity	(3,959)	-	-	-	(3,959)
Net increase (decrease) in cash, restricted cash and restricted reserves	492,463	18,116	6,466	-	517,045
Cash, restricted cash and restricted reserves, beginning of year	1,752,561	557,963	69,469	-	2,379,993
Cash, restricted cash and restricted reserves, end of year	\$ 2,245,024	\$ 576,079	\$ 75,935	\$ -	\$ 2,897,038
Supplementary information:					
Cash paid for interest	\$ 3,733	\$ -	\$ -	\$ -	\$ 3,733
Non-cash investing and financing activities:					
Lease assets obtained in exchange for lease obligations – operating lease	\$ 1,885,691	\$ -	\$ -	\$ -	\$ 1,885,691
Cash, including restricted cash	\$ 1,878,620	\$ 26,036	\$ 10,852	\$ -	\$ 1,915,508
Restricted reserves	366,404	550,043	65,083	-	981,530
Total cash, restricted cash, and restricted reserves shown in the consolidating schedule of cash flows	\$ 2,245,024	\$ 576,079	\$ 75,935	\$ -	\$ 2,897,038

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATING SCHEDULES OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2024				
	<i>Mission Action</i>	<i>DOHO</i>	<i>Marty's Place</i>	<i>Eliminations</i>	<i>Total</i>
Cash flows from operating activities:					
Change in net assets	\$ (664,184)	\$ (390,158)	\$ (2,697)	\$ 392,855	\$ (664,184)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation	203,330	109,120	13,276	-	325,726
Amortization of right-of-use assets – operating lease	444,704	-	-	-	444,704
Interest – amortization of refinancing costs	1,234	-	-	-	1,234
Investment losses from limited liability companies	392,855	-	-	(392,855)	-
(Increase) decrease in assets:					
Contributions receivable:					
Government	1,113,090	(4,291)	-	-	1,108,799
Foundations, corporations, and individuals	(345,000)	-	-	-	(345,000)
Related-party receivable	(175,713)	-	5,207	170,506	-
Other receivables	(147,332)	-	-	-	(147,332)
Prepaid expenses	(60,822)	(1,105)	-	-	(61,927)
Deposits and other assets	8,350	-	-	-	8,350
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	84,515	(11,017)	853	-	74,351
Related-party payable	(5,207)	175,713	-	(170,506)	-
Payroll and related liabilities	193,851	-	-	-	193,851
Tenant security deposits	1,688	25	-	-	1,713
Deferred revenue	(474,473)	(29,819)	-	-	(504,292)
Operating lease liability	(406,667)	-	-	-	(406,667)
Interest payable	-	129,550	-	-	129,550
Net cash provided by (used in) operating activities	164,219	(21,982)	16,639	-	158,876
Cash flows from investing activity:					
Purchase of property and equipment	(31,803)	(34,895)	-	-	(66,698)
Net cash used in investing activity	(31,803)	(34,895)	-	-	(66,698)
Cash flows from financing activities:					
Payments of notes payable	(156,278)	-	-	-	(156,278)
Payment of construction payable	(59,714)	-	-	-	(59,714)
Net cash used in financing activities	(215,992)	-	-	-	(215,992)
Net increase (decrease) in cash, restricted cash and restricted reserves	(83,576)	(56,877)	16,639	-	(123,814)
Cash, restricted cash and restricted reserves, beginning of year	1,836,137	614,840	52,830	-	2,503,807
Cash, restricted cash and restricted reserves, end of year	\$ 1,752,561	\$ 557,963	\$ 69,469	\$ -	\$ 2,379,993
Supplementary information:					
Cash paid for interest	\$ 12,415	\$ -	\$ -	\$ -	\$ 12,415
Non-cash investing and financing activities:					
Lease assets obtained in exchange for lease obligations – operating lease	\$ 19,083	\$ -	\$ -	\$ -	\$ 19,083
Cash, including restricted cash	\$ 1,334,143	\$ 96,408	\$ 22,410	\$ -	\$ 1,452,961
Restricted reserves	418,418	461,555	47,059	-	927,032
Total cash, restricted cash, and restricted reserves shown in the consolidating schedule of cash flows	\$ 1,752,561	\$ 557,963	\$ 69,469	\$ -	\$ 2,379,993

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
FOR RICHARD M. COHEN RESIDENCE**

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF OPERATING REVENUE

RICHARD M. COHEN RESIDENCE

YEAR ENDED JUNE 30, 2025

Rent revenue:		
5120	Gross potential tenant rents	\$ 277,518
5121	Rental assistance payments (inc. LOSP)	798,120
5140	Commercial unit rents	-
	Total rent revenue	1,075,638
Vacancies:		
5220	Apartments	150,620
5240	Stores & commercial	-
	Total vacancies	150,620
	Net rental revenue (rent revenue less vacancies)	925,018
Other revenue:		
5170	Rent revenue – garage and parking	-
5190	Miscellaneous rent revenue	-
5300	Supportive services income	-
5400	Interest revenue – project operations (from operating accounts only)	3,625
5400	Interest revenue – project operations (from all other accounts only)	9,273
5910	Laundry and vending revenue	-
5920	Tenant charges	30
5990	Miscellaneous revenue	-
	Total other revenue	12,928
	Total operating revenue	\$ 937,946

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
SCHEDULE OF OPERATING EXPENSES
RICHARD M. COHEN RESIDENCE
YEAR ENDED JUNE 30, 2025

	Management:	
6320	Management fees	\$ -
	“Above the line” asset management fee	-
	Total management expenses	<u>-</u>
	Salaries and benefits:	
6310	Office salaries	273,821
6330	Manager’s salary	80,000
6723	Employee benefits: health insurance and disability insurance	51,871
	Employee benefits: retirement and other salary/benefit expenses	34,870
6331	Administrative rent free unit	-
	Total salaries/benefit expenses	<u>440,562</u>
	Administration:	
6210	Advertising and marketing	-
6311	Office expenses	11,010
6312	Office rent	1,386
6340	Legal expense – property	6,995
6350	Audit expense	-
6351	Bookkeeping/accounting services	-
6370	Bad debts	-
6390	Miscellaneous administrative expenses	18,787
	Total administration expenses	<u>38,178</u>
	Utilities:	
6450	Electricity	11,920
6451	Water	3,212
6452	Gas	542
6453	Sewer	-
	Total utilities expenses	<u>15,674</u>
	Taxes and licenses:	
6710	Real estate taxes	-
6711	Payroll taxes	33,847
6719	Miscellaneous taxes, licenses and permits	1,818
	Total taxes and licenses expenses	<u>35,665</u>
	Insurance:	
6720	Property and liability insurance	10,200
6721	Fidelity bond insurance	-
6722	Workers’ compensation	8,655
6724	Directors and officers liabilities insurance	-
	Total insurance expenses	<u>18,855</u>

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
 SCHEDULE OF OPERATING EXPENSES
 RICHARD M. COHEN RESIDENCE
 YEAR ENDED JUNE 30, 2025

	Maintenance and repairs:	
6510	Payroll	42,214
6515	Supplies	8,093
6520	Contracts	7,954
6525	Garbage and trash removal	15,294
6530	Security payroll/contract	-
6546	HVAC repairs and maintenance	-
6570	Vehicle and maintenance equipment operation and repairs	1,481
6590	Miscellaneous operating and maintenance expenses	168,819
	Total maintenance and repairs expenses	243,855
6900	Supportive services	-
	Capital and non-capital expenditures to be reimbursed from replacement reserve	(900)
	Total operating expenses	791,889
	Financial expenses:	
6820	Interest on first mortgage (or bonds) payable	-
6825	Interest on other mortgages	-
6830	Interest on notes payable (long term)	-
6840	Interest on notes payable (short term)	-
6850	Mortgage insurance premium/service charge	-
6890	Loss on derivative financial instrument	-
	Total financial expenses	-
6000	Total cost of operations before depreciation	791,889
5060	Operating profit (loss)	146,057
	Depreciation and amortization expenses	
6600	Depreciation expense	-
6610	Amortization expense	-
	Operating income (loss) after depreciation and amortization	146,057
	Net entity (income) expenses:	
7190	Investor asset management fee	-
7190	Partnership management fee	-
7190	Incentive management fee	-
7190	Bond issuer fees	-
7190	Ground lease	-
7190	Net effect on other comprehensive income from cash flow hedging	-
	Net entity expenses	-
3250	Change in total net assets from operations	\$ 146,057

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
COMPUTATION OF OPERATING CASH FLOW/SURPLUS CASH
RICHARD M. COHEN RESIDENCE
YEAR ENDED JUNE 30, 2025

Operating revenue	\$ 937,946
Less: interest earned on restricted accounts	<u>(9,273)</u>
Adjusted operating revenue	928,673
Operating expenses	<u>(791,889)</u>
Adjusted operating income	136,784
Other activities:	
Deposits to the replacement reserve	<u>(49,379)</u>
Surplus	<u><u>\$ 87,405</u></u>

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
SUMMARY OF RESERVE ACTIVITY
RICHARD M. COHEN RESIDENCE
YEAR ENDED JUNE 30, 2025

	<i>Replacement Reserve</i>	<i>Operating Reserve</i>
Balance, June 30, 2024	\$ 133,889	\$ 284,529
Required deposits	23,885	-
Additional deposits ⁽¹⁾	25,494	-
Interest earned	3,485	5,788
Withdrawals ⁽²⁾	-	(110,666)
	\$ 186,753	\$ 179,651
Balance, June 30, 2025	\$ 186,753	\$ 179,651

⁽¹⁾ During 2024, the replacement reserve was underfunded by \$25,494 which was deposited during 2025.

⁽²⁾ During 2025, withdrawals of \$110,666 were made from the operating reserve to adjust the balance to the minimum required balance. Subsequent to June 30, 2025, management confirmed that the withdrawals should not have been made and intends to subsequently refund the operating reserve for the withdrawn amount.

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
FOR DOLORES HOTEL (CASA QUEZADA)**

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
 SCHEDULE OF OPERATING REVENUE
 DOLORES HOTEL (CASA QUEZADA)
 YEAR ENDED JUNE 30, 2025

Rent revenue:		
5120	Gross potential tenant rents	\$ 61,693
5121	Rental assistance payments (inc. LOSP)	1,245,516
5140	Commercial unit rents	-
	Total rent revenue	1,307,209
Vacancies:		
5220	Apartments	10,168
5240	Stores & commercial	-
	Total vacancies	10,168
	Net rental revenue (rent revenue less vacancies)	1,297,041
Other revenue:		
5170	Rent revenue – garage and parking	-
5190	Miscellaneous rent revenue	-
5300	Supportive services income	-
5400	Interest revenue – project operations (from operating accounts only)	2,916
5400	Interest revenue – project operations (from all other accounts only)	1,887
5910	Laundry and vending revenue	-
5920	Tenant charges	10
5990	Miscellaneous revenue	-
	Total other revenue	4,813
	Total operating revenue	\$ 1,301,854

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
 SCHEDULE OF OPERATING EXPENSES
 DOLORES HOTEL (CASA QUEZADA)
 YEAR ENDED JUNE 30, 2025

	Management:	
6320	Management fees	\$ 85,811
	“Above the line” asset management fee	-
	Total management expenses	<u>85,811</u>
	Salaries and benefits:	
6310	Office salaries	245,122
6330	Manager’s salary	161,775
6723	Employee benefits: health insurance and disability insurance	71,569
	Employee benefits: retirement and other salary/benefit expenses	55,476
6331	Administrative rent free unit	-
	Total salaries/benefit expenses	<u>533,942</u>
	Administration:	
6210	Advertising and marketing	-
6311	Office expenses	24,333
6312	Office rent	-
6340	Legal expense – property	-
6350	Audit expense	-
6351	Bookkeeping/accounting services	-
6370	Bad debts	-
6390	Miscellaneous administrative expenses	2,731
	Total administration expenses	<u>27,064</u>
	Utilities:	
6450	Electricity	68,062
6451	Water	6,661
6452	Gas	7,360
6453	Sewer	-
	Total utilities expenses	<u>82,083</u>
	Taxes and licenses:	
6710	Real estate taxes	-
6711	Payroll taxes	47,969
6719	Miscellaneous taxes, licenses and permits	12,388
	Total taxes and licenses expenses	<u>60,357</u>
	Insurance:	
6720	Property and liability insurance	11,792
6721	Fidelity bond insurance	-
6722	Workers’ compensation	12,520
6724	Directors and officers liabilities insurance	-
	Total insurance expenses	<u>24,312</u>

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
 SCHEDULE OF OPERATING EXPENSES
 DOLORES HOTEL (CASA QUEZADA)
 YEAR ENDED JUNE 30, 2025

	Maintenance and repairs:	
6510	Payroll	150,841
6515	Supplies	28,899
6520	Contracts	45,833
6525	Garbage and trash removal	5,153
6530	Security payroll/contract	-
6546	HVAC repairs and maintenance	-
6570	Vehicle and maintenance equipment operation and repairs	-
6590	Miscellaneous operating and maintenance expenses	47,003
	Total maintenance and repairs expenses	<u>277,729</u>
6900	Supportive services	<u>-</u>
	Capital and non-capital expenditures to be reimbursed from replacement reserve	<u>-</u>
	Total operating expenses	<u>1,091,298</u>
	Financial expenses:	
6820	Interest on first mortgage (or bonds) payable	-
6825	Interest on other mortgages	-
6830	Interest on notes payable (long term)	-
6840	Interest on notes payable (short term)	-
6850	Mortgage insurance premium/service charge	-
6890	Loss on derivative financial instrument	-
	Total financial expenses	<u>-</u>
6000	Total cost of operations before depreciation	<u>1,091,298</u>
5060	Operating profit (loss)	<u>210,556</u>
	Depreciation and amortization expenses	
6600	Depreciation expense	-
6610	Amortization expense	-
	Operating income (loss) after depreciation and amortization	<u>210,556</u>
	Net entity (income) expenses:	
7190	Investor asset management fee	-
7190	Partnership management fee	-
7190	Incentive management fee	-
7190	Bond issuer fees	-
7190	Ground lease	-
7190	Net effect on other comprehensive income from cash flow hedging	-
	Net entity expenses	<u>-</u>
3250	Change in total net assets from operations	<u>\$ 210,556</u>

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
 COMPUTATION OF OPERATING CASH FLOW/SURPLUS CASH
 DOLORES HOTEL (CASA QUEZADA)
 YEAR ENDED JUNE 30, 2025

Operating income	\$ 1,301,854
Less: interest earned on restricted accounts	(1,887)
Adjusted operating revenue	1,299,967
 Operating expenses	 (1,091,298)
Adjusted operating income	208,669
 Other activities:	
Deposits to the replacement reserve	(21,476)
Deposits to the operating reserve	(65,125)
Withdrawals from the operating reserve subsequent to year end ⁽¹⁾	20,063
	20,063
 Surplus	 \$ 142,131

⁽¹⁾ During 2025, the operating reserve was overfunded by \$20,063 and management intends to withdraw the amounts from the operating reserve in 2026.

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
SUMMARY OF RESERVE ACTIVITY
DOLORES HOTEL (CASA QUEZADA)
YEAR ENDED JUNE 30, 2025

	<i>Replacement Reserve</i>	<i>Operating Reserve ⁽¹⁾</i>	<i>LOSP Subsidy Reserve</i>
Balance, June 30, 2024	\$ 218,164	\$ 234,356	\$ 9,035
Required deposits ⁽¹⁾	21,476	65,125	-
Interest earned	911	971	5
Balance, June 30, 2025	<u>\$ 240,551</u>	<u>\$ 300,452</u>	<u>\$ 9,040</u>

⁽¹⁾ During 2025, the operating reserve was overfunded by \$20,063 and management intends to withdraw the amount from the operating reserve subsequent to June 30, 2025.

LINDQUIST
VON HUSEN
& JOYCE llp

Certified Public Accountants

CHARLOTTE SIEW-KUN TAY
CATHY L. HWANG
RITA B. DELA CRUZ
SCOTT K. SMITH
CRISANTO S. FRANCISCO
JOE F. HUIE
KYLE F. GANLEY

SHERMAN G. LEONG

Board of Directors
Mission Action, Inc.
San Francisco, California

**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**

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 consolidated financial statements of Mission Action, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 6, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Mission Action, Inc. and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mission Action, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Mission Action, Inc. and Subsidiaries' 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mission Action, Inc. and Subsidiaries' consolidated financial statements are free from 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 consolidated financial statements. 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 Mission Action, Inc. and Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mission Action, Inc. and Subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lindquist, von Husen and Joyce LLP

March 6, 2026

LINDQUIST
VON HUSEN
& JOYCE llp

Certified Public Accountants

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Board of Directors
Mission Action, Inc.
San Francisco, California

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mission Action, Inc. and Subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mission Action, Inc. and Subsidiaries' major federal programs for the year ended June 30, 2025. Mission Action, Inc. and Subsidiaries' 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, Mission Action, Inc. and Subsidiaries 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, 2025.

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 Mission Action, Inc. and Subsidiaries 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 Mission Action, Inc. and Subsidiaries' 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 provision of contracts or grant agreements applicable to Mission Action, Inc. and Subsidiaries' 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 express an opinion on Mission Action, Inc. and Subsidiaries' 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 compliance 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 Mission Action, Inc. and Subsidiaries' 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 Mission Action, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mission Action, Inc. and Subsidiaries' 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 Mission Action, Inc. and Subsidiaries' 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 a 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 in internal control over compliance 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.

Lindquist, von Husen and Joyce LLP

March 6, 2026

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

<i>Federal Grantor/Pass-Through Grantor/ Program Title</i>	<i>Assistance Listing Number</i>	<i>Agency or Pass-Through Number</i>	<i>Federal Expenditures</i>	<i>Expenditures to Subrecipients</i>
<u>Department of Housing and Urban Development:</u>				
CDBG – Entitlement Grants Cluster:				
Community Development Block				
Grants/Entitlement Grants (CDBG):				
Pass-through awards from the City and				
County of San Francisco:				
Prior year loan for which				
continuing compliance is				
required	14.218	N/A	\$ 3,235,530	\$ -
Pass-through awards from the				
City and County of San				
Francisco – capital grant	14.218	N/A	94,560	-
Total CDBG – Entitlement			3,330,090	-
Grants Cluster				
Economic Development Initiative – Special Project,				
Neighborhood Initiative and Miscellaneous				
Grants:				
Pass-through loan from the City and County of				
San Francisco in prior year for which				
continuing compliance is required:	14.251	N/A	525,280	-
HOME Investment Partnerships Program:				
Pass-through loan from the City and County of				
San Francisco in prior year for which				
continuing compliance is required	14.239	N/A	557,537	-
Housing Opportunities for Persons with AIDS				
(HOPWA):				
Pass-through awards from the City and County				
of San Francisco	14.241	CAH22F003	399,481	-
Pass-through loan from the City and County of				
San Francisco in prior year for which				
continuing compliance is required	14.241	N/A	372,477	-
Pass-through awards from the City and County				
of San Francisco – capital grant	14.241	N/A	63,040	-
Total HOPWA			834,998	-

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

<i>Federal Grantor/Pass-Through Grantor/ Program Title</i>	<i>Assistance Listing Number</i>	<i>Agency or Pass-Through Number</i>	<i>Federal Expenditures</i>	<i>Expenditures to Subrecipients</i>
Section 8 Project-Based Cluster:				
Section 8 Moderate Rehabilitation Single Room Occupancy: Pass-through awards from the SF Housing Authority	14.249	CA001SROO010	112,442	-
Total Section 8 Project-Based Cluster			112,442	-
Total Department of Housing and Urban Development			5,360,347	-
<u>Department of Health and Human Services:</u>				
HIV Formula Grants:				
Pass-through awards from the SF Department of Public Health	93.917	N/A	176,113	-
Pass-through awards from the SF Department of Public Health	93.917	HCA016/1100	64,926	-
Total HIV Formula Grants			241,039	-
Total Department of Health and Human Services			241,039	-
<u>Department of Homeland Security:</u>				
Emergency Food and Shelter National Board Program:				
Pass-through awards from United Way Bay Area	97.024	N/A	7,500	-
Total Department of Homeland Security			7,500	-
TOTAL FEDERAL AWARDS			\$ 5,608,886	\$ -

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant and loan activities of Mission Action, Inc. and Subsidiaries and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements. The purpose of the Schedule is to present a summary of those activities of Mission Action, Inc. and Subsidiaries for the year ended June 30, 2025, which have been financed by the U.S. Government. For purposes of the Schedule, federal awards include all federal assistance entered into directly and indirectly between Mission Action, Inc. and Subsidiaries and the federal government. Mission Action, Inc. and Subsidiaries did not elect to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – PRIOR YEARS' EXPENDITURES

The accompanying Schedule of Expenditures of Federal Awards includes \$4,690,824 in expenditures from prior years for which continuing compliance is required.

NOTE 4 – YEAR-END LOAN BALANCES

The loan balances outstanding at year-end are summarized as follows:

Community Development Block Grant Program	\$ 3,235,530
HOME Investment Partnerships Program	557,537
Housing Opportunities for Persons with AIDS Program	372,477
Economic Development Initiative – Special Project	<u>525,280</u>
Total	<u>\$ 4,690,824</u>

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X No

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance? _____ Yes X No

Identification of major programs: Name of Federal Program or Cluster

AL #14.218 CDBG – Entitlement Grants Cluster

AL #14.241 HOPWA– Entitlement Grants Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II – Financial Statement Findings

None noted.

Section III – Federal Awards Findings and Questioned Costs

None noted.

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025

Finding No. 2024-001 – Prior Period Adjustment Material to the Financial Statements

Condition:

This finding was a material weakness stating that the Organization recorded the cost of improvements related to Casa Esperanza and Mission Inn during the years 2022 and 2023 as leasehold improvements, amounting to \$2,789,981 which should have been recorded as advances to CCSF instead. This resulted in a corresponding increase in revenue and depreciation expense of \$2,544,590 and \$396,164, respectively during 2023. The balance of net assets was also overstated by \$245,391 as of June 30, 2022 as a result of the error.

Recommendation:

The auditor recommended that management should consider evaluating its existing internal controls over contracts and agreements, including conducting thorough review of the unique scenarios and nature of transactions to ensure that they are properly recorded and accounted for.

Current Status:

The recommendation was adopted for the fiscal year 2025.

Corrective Action Taken to Date:

Management concurred with the recommendation and existing controls over contracts and agreements to identify any unusual transactions that may result.

Remaining Corrective Actions:

Management should continue its implementation of the planned enhanced review of contracts and agreements. They should continue to focus on accurately determining and identifying the contracts for any unique scenarios and nature of transactions to ensure that they are properly recorded and accounted for.

MISSION ACTION, INC. AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2025

Finding No. 2024-002 – Proposed Auditor Adjustments Material to the Financial Statements

Condition:

The finding was a material weakness stating that the Organization recorded various conditional contributions in the amount of \$913,791 as deferred revenue which should have been recorded as revenue instead as of June 30, 2024.

Recommendation:

The auditor recommended that management should consider revising their current policies and procedures to ensure all conditional contributions are recorded in the appropriate accounting period when the conditions are substantially met and establish a more effective channel of timely communication with their outside accountants.

The Organization administers a wide variety of complex programs, which are generally funded by government grants, or contributions from private foundations, corporate sponsors and other public sources. There should be an effective process whereby program managers and senior management meet and discuss grants as they are awarded to determine the appropriate accounting treatment, and then to timely communicate decisions with their outside accounting firm. This process should be extended to those types of awards that would qualify as a fiscal agency arrangement, which has its own unique accounting requirements.

Current Status:

The recommendation was adopted for the fiscal year 2025.

Corrective Action Taken to Date:

Management concurred with the recommendation and updated their internal review procedures, which included the review of contributions for conditions for proper revenue recognition. Some cash received for conditional contributions have been initially recognized as deferred revenue for further assessment of revenue recognition to facilitate proper accounting treatment.

Remaining Corrective Actions:

Management should continue its implementation of the planned enhanced contract revenue review. They should continue to focus on accurately determining and identifying the contracts for any performance obligations and conditions and recognizing revenue upon the satisfaction of these obligations and conditions.