

WEAVE Inc.

**Financial Statements
(With Supplementary Information),
Schedule of Expenditures of Federal Awards,
Internal Control and Compliance
and Independent Auditor's Reports**

September 30, 2021 and 2020

WEAVE Inc.

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Independent Auditor's Report

To the Board of Directors
WEAVE Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of WEAVE Inc., (a nonprofit organization) which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WEAVE Inc. as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures for the California Emergency Management Agency (Criminal Justice Programs) ("CalEMA") for the year ended September 30, 2021 on page 31, is presented for purposes of additional analysis as required by CalEMA, and is also not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of WEAVE Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WEAVE Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WEAVE Inc.'s internal control over financial reporting and compliance.



Sacramento, California
March 30, 2022

WEAVE Inc.

**Statements of Financial Position
September 30, 2021 and 2020**

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 2,507,917	\$ 2,054,790
Grants receivable	1,488,786	1,608,719
Inventories	180,584	181,087
Prepaid expenses	93,089	86,371
	<u>4,270,376</u>	<u>3,930,967</u>
Total current assets		
Noncurrent assets		
Investments	1,583,459	1,252,624
Property and equipment, net	8,031,113	4,571,095
Deposits	30,001	8,777
Charitable remainder trust assets	-	394,601
	<u>9,644,573</u>	<u>6,227,097</u>
Total noncurrent assets		
Total assets	<u>\$ 13,914,949</u>	<u>\$ 10,158,064</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable	\$ 305,680	\$ 158,499
Accrued liabilities	703,715	850,154
Unearned grant revenue	358,379	800,181
Current portion of long-term debt	101,215	96,680
	<u>1,468,989</u>	<u>1,905,514</u>
Total current liabilities		
Noncurrent liabilities		
Long-term debt, net of current portion	2,815,818	2,917,892
Deferred interest payable	523,726	463,726
	<u>4,808,533</u>	<u>5,287,132</u>
Total liabilities		
Commitments and contingencies		
Net assets		
Without donor restrictions	8,380,014	4,170,821
With donor restrictions	726,402	700,111
	<u>9,106,416</u>	<u>4,870,932</u>
Total net assets		
Total liabilities and net assets	<u>\$ 13,914,949</u>	<u>\$ 10,158,064</u>

See Notes to Financial Statements.

WEAVE Inc.

**Statements of Activities and Changes in Net Assets
Year Ended September 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Government grants	\$ 6,842,977	\$ 2,744,700	\$ 9,587,677
Contributions	1,818,094	1,013,981	2,832,075
Thrift store income including in-kind contributions, net of cost of sales	981,209	-	981,209
Interest and investment income	249,591	-	249,591
Service fees	384,359	-	384,359
Other income	2,847	-	2,847
Change in value of charitable remainder trust assets	-	(7,998)	(7,998)
Net assets released from restriction	3,724,392	(3,724,392)	-
Total revenues	14,003,469	26,291	14,029,760
Expenses			
Intervention programs			
Domestic violence services	1,710,061	-	1,710,061
Sexual assault services	1,534,358	-	1,534,358
Legal services	712,467	-	712,467
Victims of trafficking services	592,796	-	592,796
Residential services	2,290,879	-	2,290,879
Other programs			
Prevention services	811,504	-	811,504
Community education	34,098	-	34,098
Total program services	7,686,163	-	7,686,163
Supporting services			
Thrift stores	833,429	-	833,429
Fund development	702,687	-	702,687
Management and general	571,997	-	571,997
Total expenses	9,794,276	-	9,794,276
Increase in net assets	4,209,193	26,291	4,235,484
Net assets, beginning of year	4,170,821	700,111	4,870,932
Net assets, end of year	\$ 8,380,014	\$ 726,402	\$ 9,106,416

WEAVE Inc.

**Statements of Activities and Changes in Net Assets
Year Ended September 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Government grants	\$ 5,324,835	\$ -	\$ 5,324,835
Contributions	1,604,863	509,201	2,114,064
Thrift store income including in-kind contributions, net of cost of sales	821,727	-	821,727
Interest and investment income	93,482	-	93,482
Service fees	393,196	-	393,196
Other income	924,537	-	924,537
Change in value of charitable remainder trust assets	-	(3,192)	(3,192)
Net assets released from restriction	399,826	(399,826)	-
Total revenues	9,562,466	106,183	9,668,649
Expenses			
Intervention programs			
Domestic violence services	1,724,352	-	1,724,352
Sexual assault services	1,231,363	-	1,231,363
Legal services	634,303	-	634,303
Victims of trafficking services	503,490	-	503,490
Residential services	1,757,485	-	1,757,485
Other programs			
Prevention services	772,797	-	772,797
Community education	49,263	-	49,263
Total program services	6,673,053	-	6,673,053
Supporting services			
Thrift stores	972,144	-	972,144
Fund development	704,723	-	704,723
Management and general	527,280	-	527,280
Total expenses	8,877,200	-	8,877,200
Increase in net assets	685,266	106,183	791,449
Net assets, beginning of year	3,485,555	593,928	4,079,483
Net assets, end of year	<u>\$ 4,170,821</u>	<u>\$ 700,111</u>	<u>\$ 4,870,932</u>

See Notes to Financial Statements.

WEAVE Inc.

**Statements of Functional Expenses
Year Ended September 30, 2021**

	Intervention Programs				Other Programs			Total Program Services	Supporting Services			Total
	Domestic Violence Services	Sexual Assault Services	Legal Services	Victims of Trafficking Services	Residential Services	Prevention Services	Community Education		Thrift Stores	Fund Development	Management and General	
Personnel	\$ 1,490,248	\$ 1,075,295	\$ 592,960	\$ 440,202	\$ 1,093,076	\$ 644,657	\$ -	\$ 5,336,438	\$ 698,987	\$ 301,896	\$ 472,379	\$ 6,809,700
Cost of sales	-	-	-	-	-	-	-	-	982,215	-	-	982,215
Occupancy	11,944	9,419	4,440	2,527	404,771	9,384	-	442,485	29,748	9,750	4,354	486,337
Professional services	37,337	223,508	21,908	16,408	295,855	32,115	21,615	648,746	14,982	50,541	14,417	728,686
Depreciation	25,115	19,320	8,694	-	211,591	24,149	-	288,869	16,963	6,762	12,558	325,152
Interest expense	11,402	8,772	3,948	2	60,006	10,962	-	95,092	-	3,068	6,771	104,931
Telecommunications	28,775	27,541	10,136	12,447	30,996	13,306	-	123,201	6,324	7,534	3,060	140,119
Business insurance and taxes	1,551	3,486	3,948	2,142	3,875	2,162	-	17,164	9,760	22,128	36,580	85,632
Supplies and materials	31,474	45,417	17,401	11,076	15,286	14,754	913	136,321	9,539	32,729	3,482	182,071
Printing and photocopying	3,169	3,024	943	707	-	2,858	31	10,732	582	5,527	311	17,152
Furniture and equipment	752	344	244	428	1,164	189	177	3,298	1,430	11,861	90	16,679
Travel	2,953	2,782	904	1,567	4,184	1,834	-	14,224	6,570	3,799	154	24,747
Public relations	-	-	-	-	-	-	5,995	5,995	434	2,295	-	8,724
Computer hardware/software	29,619	21,628	10,522	7,245	13,458	15,235	-	97,707	2,594	6,849	7,435	114,585
Merchant credit card fees	887	794	391	234	587	586	-	3,479	25,112	16,127	554	45,272
Meetings and events	496	547	236	118	388	1,559	-	3,344	45	42	331	3,762
Postage and delivery	804	536	2,593	222	503	2,200	-	6,858	289	6,510	202	13,859
Volunteer and employee appreciation	1,859	1,861	857	454	1,651	1,285	-	7,967	94	477	1,199	9,737
Client emergency expenses	11,675	68,169	800	90,852	143,773	844	-	316,113	3,397	1,898	-	321,408
Membership dues and subscriptions	4,740	5,507	19,177	1,066	907	18,293	4,467	54,157	6,084	12,638	1,010	73,889
Seminar fees and related travel	5,867	7,250	7,891	2,863	2,098	1,422	-	27,391	-	1,443	846	29,680
Board expense	35	34	17	8	25	25	-	144	-	-	24	168
Outreach	-	210	-	-	-	7,000	900	8,110	495	198,813	-	207,418
Recruitment	9,359	8,914	4,457	2,228	6,685	6,685	-	38,328	-	-	6,240	44,568
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-
Total functional expenses	1,710,061	1,534,358	712,467	592,796	2,290,879	811,504	34,098	7,686,163	1,815,644	702,687	571,997	10,776,491
Less cost of sales offset against thrift store income on the statement of activities and changes in net assets	-	-	-	-	-	-	-	-	(982,215)	-	-	(982,215)
Total expenses on the statement of activities	\$ 1,710,061	\$ 1,534,358	\$ 712,467	\$ 592,796	\$ 2,290,879	\$ 811,504	\$ 34,098	\$ 7,686,163	\$ 833,429	\$ 702,687	\$ 571,997	\$ 9,794,276

WEAVE Inc.

**Statements of Functional Expenses
Year Ended September 30, 2020**

	Intervention Programs					Other Programs		Total Program Services	Supporting Services			Total
	Domestic Violence Services	Sexual Assault Services	Legal Services	Victims of Trafficking Services	Residential Services	Prevention Services	Community Education		Thrift Stores	Fund Development	Management and General	
Personnel	\$ 1,321,407	\$ 840,422	\$ 525,439	\$ 347,434	\$ 914,465	\$ 512,450	\$ -	\$ 4,461,617	\$ 663,688	\$ 355,722	\$ 436,778	\$ 5,917,805
Cost of sales	-	-	-	-	-	-	-	-	822,312	-	-	822,312
Occupancy	129,404	44,191	21,360	15,546	99,176	36,007	14	345,698	189,480	15,392	17,640	568,210
Professional services	36,245	116,490	15,196	13,502	129,159	30,580	24,000	365,172	20,060	97,725	12,642	495,599
Depreciation	27,832	15,904	7,157	-	202,903	15,904	-	269,700	18,748	2,386	10,338	301,172
Interest expense	17,176	9,815	4,417	-	60,000	9,815	-	101,223	-	1,472	6,380	109,075
Telecommunications	28,042	21,826	8,392	10,757	25,119	10,458	-	104,594	11,470	7,522	2,795	126,381
Business insurance and taxes	4,604	6,870	5,528	3,752	11,304	2,355	-	34,413	13,211	639	3,363	51,626
Supplies and materials	5,448	45,523	6,936	17,643	36,523	16,044	323	128,440	10,497	1,079	3,441	143,457
Printing and photocopying	6,354	3,525	761	168	6,339	11,845	47	29,039	133	3,804	259	33,235
Furniture and equipment	55,160	23,001	10,743	478	36,082	31,121	-	156,585	799	5,509	14,418	177,311
Travel	4,011	5,102	2,404	3,073	3,565	3,988	48	22,191	3,710	2,181	348	28,430
Public relations	54	42	21	10	32	43,321	11,401	54,881	-	122	29	55,032
Computer hardware/software	46,158	14,483	10,922	8,262	39,096	22,776	8,226	149,923	3,041	11,924	8,328	173,216
Merchant credit card fees	2,951	2,270	1,136	568	1,701	1,285	-	9,911	20,467	8,202	1,589	40,169
Meetings and events	2,758	2,201	1,043	576	1,634	1,176	-	9,388	216	10,147	1,461	21,212
Postage and delivery	605	362	2,004	140	336	228	-	3,675	654	5,606	89	10,024
Volunteer and employee appreciation	2,727	2,087	1,028	616	1,790	1,063	-	9,311	-	286	1,440	11,037
Client emergency expenses	7,811	35,987	349	68,308	178,685	1,435	-	292,575	9,029	5,569	-	307,173
Membership dues and subscriptions	7,647	4,269	4,416	2,035	1,040	16,348	4,629	40,384	5,661	8,088	1,113	55,246
Seminar fees and related travel	9,083	17,351	1,954	9,073	3,819	1,501	25	42,806	312	714	493	44,325
Board expense	88	68	34	17	51	34	-	292	-	-	47	339
Outreach	6	13,452	2	1	5	2	550	14,018	968	160,634	3	175,623
Recruitment	8,456	6,120	3,060	1,530	4,659	3,060	-	26,885	-	-	4,284	31,169
Bad debt expense	325	2	1	1	2	1	-	332	-	-	2	334
Total functional expenses	1,724,352	1,231,363	634,303	503,490	1,757,485	772,797	49,263	6,673,053	1,794,456	704,723	527,280	9,699,512
Less cost of sales offset against thrift store income on the statement of activities and changes in net assets	-	-	-	-	-	-	-	-	(822,312)	-	-	(822,312)
Total expenses on the statement of activities	\$ 1,724,352	\$ 1,231,363	\$ 634,303	\$ 503,490	\$ 1,757,485	\$ 772,797	\$ 49,263	\$ 6,673,053	\$ 972,144	\$ 704,723	\$ 527,280	\$ 8,877,200

See Notes to Financial Statements.

WEAVE Inc.

**Statements of Cash Flows
Years Ended September 30, 2021 and 2020**

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 4,235,484	\$ 791,449
Reconciliation of change in net assets to net cash provided by operating activities		
Net realized and unrealized gain on investments	(234,373)	(79,040)
Depreciation	325,152	301,172
Change in charitable remainder trust asset value	7,998	3,192
Gain on disposal of property and equipment	(2,531)	-
Contribution of property and equipment	(41,000)	-
Changes in		
Accounts receivable	119,933	(110,926)
Inventories	503	351
Prepaid expenses	(6,718)	(29,820)
Deposits	(21,224)	8,545
Accounts payable	20,197	14,643
Accrued liabilities	(146,439)	476,655
Unearned grant revenue	(441,802)	406,185
Accrued interest	60,000	60,000
	<u>3,875,180</u>	<u>1,842,406</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of investments	(740,572)	(792,572)
Proceeds from sale of investments	1,030,713	812,587
Purchases of property and equipment	(3,614,655)	(295,439)
	<u>(3,324,514)</u>	<u>(275,424)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Principal payments on long-term debt	(97,539)	(92,287)
	<u>(97,539)</u>	<u>(92,287)</u>
Net cash used in financing activities		
Net increase in cash and cash equivalents	453,127	1,474,695
Cash and cash equivalents, beginning of year	2,054,790	580,095
Cash and cash equivalents, end of year	<u>\$ 2,507,917</u>	<u>\$ 2,054,790</u>
Supplemental cash flow information		
Cash paid for interest	<u>\$ 44,931</u>	<u>\$ 49,075</u>
Significant noncash investing activities		
Purchases of property and equipment included in accounts payable	<u>\$ 168,734</u>	<u>\$ -</u>
Contribution of property and equipment	<u>\$ 41,000</u>	<u>\$ -</u>

See Notes to Financial Statements.

WEAVE Inc.

Notes to Financial Statements September 30, 2021 and 2020

Note 1 - Organization and nature of operations

WEAVE Inc. ("WEAVE") is a nonprofit corporation established in 1978 to build a community that does not tolerate sexual assault, domestic violence and sex trafficking and provides survivors with the support they need to be safe and thrive. WEAVE's vision is a community free of violence and abuse. WEAVE's programs and services include the following:

24 hour crisis intervention and support

WEAVE operates a 24 hour Support and Information Line and 24/7 Online Chat to provide emotional support, safety planning, and referrals to victims of sexual assault, domestic violence, and sex trafficking; their family and friends; and community members seeking resources.

Safe shelter and housing

WEAVE provides emergency shelter and transitional housing at two confidential locations. The Safehouse Campus is a three acre site with an 18 suite Safehouse, Children's Center, and six transitional housing cottages. Safehouse suites are spread over three wings with shared kitchens and bathrooms with each family having their own room. The Safehouse is accessible for survivors with disabilities including one wing that is ADA compliant. Five of Transitional Housing cottages are 900 square feet with two bedrooms and two bathrooms. One of the transitional housing cottages is ADA compliant and has two bedrooms and one bathroom. The Open House facility is comprised of seven one bedroom, one bathroom apartments with five used for emergency shelter and two used for transitional housing.

Counseling

WEAVE provides individual and group therapeutic counseling to help victims of sexual assault, domestic violence, and sex trafficking to heal. Counseling is provided at WEAVE's Midtown Services Center and through counselors at community partner locations throughout Sacramento County. Counseling is provided by licensed therapists and supervised MFT or MSW interns.

Legal services

WEAVE provides comprehensive legal assistance to victims of sexual assault, domestic violence and sex trafficking. Services include assistance in obtaining Domestic Violence or Civil Harassment Restraining Orders, Family Law matters, vacatur petitions, and housing and credit protections related to the victimization.

Response services

WEAVE operates three response programs providing advocacy and intervention to victims. The 24/7 Sexual Assault Response Team (SART) dispatches an advocate to provide support to a victim of sexual assault during a forensic exam and ongoing advocacy and accompaniment services. The Violence Response Team (VRT) includes advocates embedded at area law enforcement agencies. Advocates follow up with victims who have involvement with law enforcement and will respond to a domestic violence call when requested. The Anti-Trafficking Response Team (ART) provides support, advocacy, and intervention for Commercially Sexually Exploited Children and adult victims of sex trafficking.

Prevention Education

WEAVE implements school and community-based prevention education and training services throughout Sacramento County. Advocates are embedded at school sites to lead prevention education services and to refer children and parents for support and services when needed. WEAVE provides community education and professional training for adults. Education focuses on

WEAVE Inc.

Notes to Financial Statements September 30, 2021 and 2020

understanding the types of violence, indicators, and how to safely intervene if abuse is expected. Professional trainings are tailored to the audience or workplace and address reporting obligations to victims, trauma-informed responses, and how to refer victims for services. WEAVE also operates WEAVE Learn which is an online training program delivering education and training to educators and school administrators throughout the state.

Note 2 - Summary of significant accounting policies

Accounting method

WEAVE uses the accrual method of accounting which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Basis of presentation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require WEAVE to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets without donor restrictions consist of all resources of WEAVE that have not been specifically restricted by a donor.

Net assets with donor restrictions

Net assets with donor restrictions consist of cash received or other assets with donor stipulations that limit their use. Donor restrictions are stipulated by either a time restriction or a purpose restriction. Upon expiration of a time restriction or completion of a purpose restriction, 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 restriction.

Cash and cash equivalents

For financial statement purposes, WEAVE considers all investments with a maturity at purchase of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of September 30, 2021 and 2020, there is no allowance for doubtful accounts.

Inventories

Inventories consist primarily of donated thrift store goods and are stated at estimated market value at time of donation.

Investments

Investments are stated at fair value based on quoted market prices or set interest rates. Investments are intended to be held long-term.

Property and equipment

Property and equipment are stated at cost or, if donated, at fair market value as of the date of donation and depreciated using the straight-line method over estimated useful lives of five to 30

WEAVE Inc.

Notes to Financial Statements September 30, 2021 and 2020

years. Construction in process will be depreciated upon the assets being placed in service. WEAVE capitalizes all expenditures of property and equipment in excess of \$5,000.

Impairment of long-lived assets

WEAVE reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment losses have been recognized during the years ended September 30, 2021 and 2020.

Unearned grant revenue

During the years ended September 30, 2021 and 2020, WEAVE received grant proceeds from various funding sources which are subject to certain conditions as described in the grant agreements. Due to the qualifying costs having not been incurred, WEAVE has deferred recognition of the funds until those conditions have been met. As of September 30, 2021 and 2020, \$358,379 and \$800,181, respectively, is included in unearned grant revenue on the statements of financial position.

Revenue recognition

Contributions, including fundraiser proceeds and private foundation grants, are recognized in full when received or unconditionally promised, in accordance with ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Donated goods and services, including thrift store contributions, are recorded at their estimated fair market value.

Contributions accompanied by donor restrictions are initially reported as increases in net assets with donor restriction. When a restriction expires (generally, as payments are made to fulfill the donor-imposed purpose of the contribution), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

A portion of WEAVE's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned grant revenue in the statements of financial position. No amounts have been received in advance under our federal and state contracts and grants.

Thrift store revenue and service fee revenue are accounted for as contracts with customers. Under the guidance for contracts with customers, an entity is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable considerations only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Thrift store revenue is recognized at the time of sale. Service fee revenue is recognized as the services are performed.

WEAVE Inc.

Notes to Financial Statements September 30, 2021 and 2020

Income taxes

WEAVE has applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax-exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the years ended September 30, 2021 and 2020. Due to its tax-exempt status, WEAVE is not subject to income taxes. WEAVE is required to file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the organization has no other tax positions which must be considered for disclosure. WEAVE is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2018.

Functional allocation of expenses

Expenses have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated between the functional areas based on management estimates of employees' time incurred and on resource usage.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 3 - Grants receivable

Grants receivable consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Government grants	\$ 1,474,435	1,600,411
Other services	14,351	8,308
Total	<u>\$ 1,488,786</u>	<u>1,608,719</u>

Note 4 - Investments

Investments recorded at fair value consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Sacramento Region Community Foundation	\$ 11,079	\$ 8,566
Corporate bonds	551,460	431,308
Equity securities	1,020,920	812,750
Total	<u>\$ 1,583,459</u>	<u>\$ 1,252,624</u>

WEAVE Inc.

Notes to Financial Statements September 30, 2021 and 2020

Note 5 - Property and equipment, net

Property and equipment consist of the following as of September 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 435,000	\$ 435,000
Buildings and improvements	7,111,388	6,833,273
Furniture and equipment	405,598	361,776
Vehicles	244,011	194,023
Construction in process	<u>3,378,186</u>	<u>-</u>
	11,574,183	7,824,072
Less accumulated depreciation	<u>(3,543,070)</u>	<u>(3,252,977)</u>
Property and equipment, net	<u>\$ 8,031,113</u>	<u>\$ 4,571,095</u>

Note 6 - Charitable remainder trust assets

Charitable remainder trust assets reflect the estimated fair value of an irrevocable charitable trust, held by a third-party trustee, for which WEAVE is a remainder beneficiary. The trust agreement provides payments to designated lead beneficiaries equaling the lesser of 5% of trust net assets or total trust net income, with catch-up provisions. After the trust's specified term, WEAVE's share of the remainder of trust net assets will be distributed. The value as of September 30, 2020 was determined based on the actual payout received in October 2020. The donors did not impose any purpose restrictions on WEAVE's use of the funds when eventually received. The balance of the trust as of September 30, 2021 and 2020 is \$0 and \$394,601, respectively.

Note 7 - Fair value measurements and disclosures

WEAVE measures the fair value of its investments and charitable remainder trust assets on a recurring basis in the financial statements. The following summarizes the three levels of inputs and hierarchy of fair value WEAVE uses when measuring fair value:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that WEAVE has the ability to access;
- Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 inputs are unobservable inputs for the asset or liability that are typically based on an entity's own assumptions as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

WEAVE Inc.

**Notes to Financial Statements
September 30, 2021 and 2020**

WEAVE's assets subject to fair value measurements and disclosures are classified as follows:

	September 30, 2021			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 896,150	\$ -	\$ -	\$ 896,150
Mutual funds	135,849	-	-	135,849
Corporate bonds	-	551,460	-	551,460
	<u>\$ 1,031,999</u>	<u>\$ 551,460</u>	<u>\$ -</u>	<u>\$ 1,583,459</u>
	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 725,352	\$ -	\$ -	\$ 725,352
Mutual funds	95,964	-	-	95,964
Corporate bonds	-	431,308	-	431,308
Charitable remainder interests from third parties	-	-	394,601	394,601
	<u>\$ 821,316</u>	<u>\$ 431,308</u>	<u>\$ 394,601</u>	<u>\$ 1,647,225</u>

WEAVE's charitable remainder interest receivable from a third party is classified within Level 3 of the hierarchy because determination of the present value of future cash flows is based on little or no market data and requires management to develop their own assumptions.

Changes in the Level 3 charitable remainder interest for the fiscal year end consist of the following:

	2021	2020
Beginning of period	\$ 394,601	\$ 397,793
Unrealized increase (decrease) in fair value	(7,998)	(3,192)
Receipt of disbursed funds	(386,603)	-
	<u>\$ -</u>	<u>\$ 394,601</u>

Note 8 - Long-term debt

Long-term debt consists of the following at September 30:

	2021	2020
Fixed-rate mortgage payable, secured by the 1900 K Street building, payable in \$11,980 monthly installments including interest at 4.53% per annum, maturing June 18, 2029. For the years ended September 30, 2021 and, interest expense was \$43,823 and \$49,075, respectively.	\$ 917,708	\$ 1,015,247

WEAVE Inc.

**Notes to Financial Statements
September 30, 2021 and 2020**

	2021	2020
<p>Mortgage note payable to EHAP, secured by the Open House Emergency Shelter, with simple interest of 3% per annum. No monthly payments through maturity in November 1, 2025, at which time all outstanding principal and accrued interest will be forgiven provided that WEAVE continues to operate the Open House Emergency Shelter as an emergency shelter, a transitional housing facility, or a safe haven throughout the term. For the years ended September 30, 2021 and 2020, interest expense totaled \$30,000 and \$30,000, respectively. Accrued interest as of September 30, 2021 and 2020 is \$240,000 and \$210,000, respectively.</p>	1,000,000	1,000,000
<p>Mortgage note payable in the amount of \$1,000,000 to EHAP, secured by the transitional housing cottages, with simple interest of 3% per annum. No monthly payments through maturity in November 27, 2022, at which time all outstanding principal and accrued interest will be forgiven provided that WEAVE continues to operate the Cottages as an emergency shelter, a transitional housing facility, or a safe haven throughout the term. For the years ended September 30, 2021 and 2020, interest expense totaled \$30,000 and \$30,000, respectively. Accrued interest as of September 30, 2021 and 2020 is \$283,726 and \$253,726, respectively.</p>	999,325	999,325
<p style="padding-left: 40px;">Subtotal</p>	2,917,033	3,014,572
<p style="padding-left: 40px;">Less current portion</p>	(101,215)	(96,680)
<p style="padding-left: 40px;">Long-term debt, net</p>	\$ 2,815,818	\$ 2,917,892

Future annual maturities of long-term debt over each of the next five years and thereafter subsequent to September 30, 2021 are as follows:

2022	\$	101,215
2023		1,105,288
2024		110,848
2025		1,116,133
2026		121,581
Thereafter		361,968
		\$ 2,917,033

For the years ended September 30, 2021 and 2020, interest expense was \$104,931 and \$109,075, respectively.

WEAVE Inc.

Notes to Financial Statements September 30, 2021 and 2020

WEAVE was granted a \$923,020 loan under the Paycheck Protection Program ("PPP") administered by a Small Business Administration approved partner. The loan was uncollateralized and fully guaranteed by the Federal government. WEAVE initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. WEAVE recognized the entire amount as other income for the year ended September 30, 2020.

Note 9 - Construction contract

The Organization entered into a construction contract with MarketOne Builders, Inc., in the amount of \$1,568,997, as adjusted by change orders, for the construction of nine modular units. As of September 30, 2021 and 2020, \$1,568,997 and \$0 has been incurred and is included in property and equipment on the statements of financial position. As of September 30, 2021 and 2020, \$168,734 and \$0, respectively, remains payable and is included in accounts payable on the statements of financial position.

Note 10 - Net assets with donor restriction

Net assets with donor restriction consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Charitable remainder trust assets, unconditionally promised but not received (time restriction only)	\$ -	\$ 394,601
Other time restricted contributions	<u>726,402</u>	<u>305,510</u>
Total	<u>\$ 726,402</u>	<u>\$ 700,111</u>

Note 11 - Operating lease obligations

WEAVE leases its buildings and some office equipment under noncancelable operating lease agreements expiring through 2024.

Rental expense for the years ended September 30, 2021 and 2020 was \$159,450 and \$167,059, respectively.

Future minimum lease payments for each of the next three years subsequent to September 30, 2021 are as follows:

2022	\$ 125,774
2023	109,734
2024	74,700

Note 12 - Contributed goods and services

WEAVE receives donated clothing and household items for resale or for use in the shelter. As of September 30, 2021 and 2020, corresponding estimated values of \$981,712 and \$822,312, respectively, are recognized as contributions and once sold is recorded as thrift store income in the financial statements.

WEAVE Inc.

**Notes to Financial Statements
September 30, 2021 and 2020**

Volunteers donated approximately 1,533 hours during the fiscal year ended September 30, 2021 to WEAVE to assist in administration, fundraising, and program activities. The value of this donated time is not recognized in the accompanying financial statements because it does not meet the criteria for recognition under ASC 958-605.

Note 13 - Retirement plan

WEAVE sponsors an employee retirement plan under IRC §401(k). All employees of at least 21 years of age, who have completed at least one year of service, including at least 1,000 hours, are eligible to participate. Employer contributions are discretionary and vest at 20% per year beginning with completion of one year of service. Employee contributions are subject to limits by the IRC. Total plan costs were \$3,217 and \$1,034 for the years ended September 30, 2021 and 2020, respectively. Employer contributions to the employee retirement plan for the years ended September 30, 2021 and 2020 were \$50,243 and \$41,455, respectively.

Note 14 - Overhead percentage

WEAVE measures the ratio of its supporting service expenses to its total revenues, exclusive of thrift store activities, as of September 30, 2021 and 2020 are as follows:

	2021		2020	
	Amounts	% of Total Revenues	Amounts	% of Total Revenues
Supporting service expenses				
Fund development	\$ 702,687	5.4%	\$ 704,723	8.0%
Management and general	571,997	4.4%	527,280	6.0%
Total supporting services, net	\$ 1,274,684	9.8%	\$ 1,232,003	13.9%
Total revenues				
Total unrestricted revenues	\$ 14,003,469		\$ 9,562,466	
Temporarily restricted contributions	3,758,681		509,201	
Less releases temporarily restricted contributions	(3,724,392)		(399,826)	
Less net thrift store income	(981,209)		(821,727)	
Total revenues, net	\$ 13,056,549		\$ 8,850,114	

WEAVE Inc.

Notes to Financial Statements September 30, 2021 and 2020

Note 15 - Availability and liquidity

The following represents WEAVE's financial assets at September 30, 2021:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,507,917	\$ 2,054,790
Receivables	<u>1,488,786</u>	<u>1,608,719</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,996,703</u>	<u>\$ 3,663,509</u>

WEAVE's financial assets are intended to be sufficient to meet its general expenditures, liabilities and other obligations as they become due. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit, or used as part of income generating programs.

Note 16 - Concentration of credit risk

WEAVE maintains its cash balances in bank deposit accounts. At times, these balances may exceed the federal insurance limits; however, WEAVE has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at September 30, 2021.

Note 17 - Contingencies

WEAVE's government funding is subject to audit by granting agencies. Although such audits could generate expense disallowances under terms of the grants, management believes that any required reimbursements would not be material to WEAVE's financial statements as a whole.

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state, and local authorities leading to an overall decline in economic activity. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. As of September 30, 2021, the global pandemic is still ongoing. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the Organization.

Note 18 - Subsequent events

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statement. Subsequent events which provide evidence about conditions that existed after the statement of financial position date, require disclosure in the accompanying notes. Management evaluated the activity of the WEAVE through March 30, 2022 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

Supplementary Information

WEAVE Inc.

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021**

Federal Grantor/ (Pass-through Grantor)/ Program or Cluster Title	Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures	Passed Through to Subrecipients
United States Department of Justice Passed through from Office of Violence Against Women				
Legal Assistance for Victims	16.524	2015-WL-AX-0022	\$ 208,323	\$ -
Total Legal Assistance for Victims			<u>\$ 208,323</u>	<u>\$ -</u>
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities				
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	2017-FW-AX-K007	\$ 133,238	\$ -
Total Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities			<u>\$ 133,238</u>	<u>\$ -</u>
Passed through from the California Emergency Management Agency				
Federal Victims of Crime Act	16.575	DV 20 35 1196	\$ 336,689	\$ -
Federal Victims of Crime Act	16.575	RC 19 31 1196	660,104	-
Federal Victims of Crime Act	16.575	UV 20 03 1196	123,765	-
Federal Victims of Crime Act	16.575	UV 19 02 1196	42,494	-
Federal Victims of Crime Act	16.575	XS 20 03 1196	76,638	-
Federal Victims of Crime Act	16.575	XS 19 02 1196	35,505	-
Federal Victims of Crime Act	16.575	XL 20 03 1196	140,986	-
Federal Victims of Crime Act	16.575	XL 19 02 1196	98,515	-
Federal Victims of Crime Act	16.575	XD 19 02 1196	99,374	-
Federal Victims of Crime Act	16.575	XD 20 03 1196	239,108	-
Federal Victims of Crime Act	16.575	KA 19 03 1196	161,549	-
Federal Victims of Crime Act	16.575	XE 20 03 1196	144,136	-
Federal Victims of Crime Act	16.575	XE 19 02 1196	68,019	-
Federal Victims of Crime Act	16.575	XH 20 02 1196	214,964	-
Federal Victims of Crime Act	16.575	XH 19 02 1196	69,478	-
Federal Victims of Crime Act	16.575	KU 19 01 1196	86,642	-
Federal Victims of Crime Act	16.575	XH 20 03 1231	19,372	-
Federal Victims of Crime Act	16.575	XH 19 02 1231	5,475	-
Total Crime Victim Assistance			<u>\$ 2,622,813</u>	<u>\$ -</u>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program Passed through: City of Elk Grove	16.590	2018-WE-AX-0006	170,728	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	C-13-473	57,243	-
Total Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			<u>\$ 227,971</u>	<u>\$ -</u>

WEAVE Inc.

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021**

Federal Grantor/ (Pass-through Grantor)/ Program or Cluster Title	Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures	Passed Through to Subrecipients
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault				
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2015-WH-AX-0065	\$ 140,778	\$ -
Total Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault			<u>\$ 140,778</u>	<u>\$ -</u>
Consolidated And Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies				
Consolidated And Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies	16.888	2018-CY-AX-0006	\$ 293,523	\$ -
Total Consolidated And Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies			<u>\$ 293,523</u>	<u>\$ -</u>
Total United States Department of Justice			<u>\$ 3,626,646</u>	<u>\$ -</u>
United States Department of the Treasury				
Coronavirus Relief Fund				
Passed through from the City of Sacramento				
City of Sacramento COVID	21.019	2020-2014	\$ 408,498	\$ -
HomeKey WEAVE Housing Village	21.019	2020-3077	1,358,462	-
Passed through: California Department of Housing and Community Development:				
HomeKey - WEAVE Housing Village HCD	21.019	20-HK-00114	1,350,000	-
Total Coronavirus Relief Fund			<u>\$ 3,116,960</u>	<u>\$ -</u>
Total United States Department of the Treasury			<u>\$ 3,116,960</u>	<u>\$ -</u>
Department of Health and Human Services				
Injury Prevention and Control Research and State and Community Based Programs				
Injury Prevention and Control Research and State and Community Based Programs	93.136	18-10730	\$ 62,476	\$ -
Injury Prevention and Control Research and State and Community Based Programs	93.136	18-10730	39,139	-
Total Injury Prevention and Control Research and State and Community Based Programs			<u>\$ 101,615</u>	<u>\$ -</u>
Total Department of Health and Human Services			<u>\$ 101,615</u>	<u>\$ -</u>

WEAVE Inc.

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021**

Federal Grantor/ (Pass-through Grantor)/ Program or Cluster Title	Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures	Passed Through to Subrecipients
Department of Homeland Security Passed through from the Sacramento Regional Emergency Food and Shelter Board Program	97.024	32-0824-00-023	\$ 161,367	\$ -
Total Department of Homeland Security			<u>\$ 161,367</u>	<u>\$ -</u>
Total expenditures of federal awards			<u>\$ 7,006,588</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

WEAVE Inc.

**Notes to Schedule of Expenditures of Federal Awards
September 30, 2021**

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal grant activity of WEAVE Inc. ("WEAVE") under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of WEAVE, it is not intended to and does not present the financial position, changes in net assets or cash flows of WEAVE.

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 costs principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect cost rate

WEAVE has elected to use the 10-percent de minimis cost rate allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
WEAVE Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WEAVE Inc. ("WEAVE"), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WEAVE's 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 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Sacramento, California
March 30, 2022

Independent Auditor's Report on Compliance for the Major Federal Program and
on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
WEAVE Inc.

Report on Compliance for the Major Federal Program

We have audited WEAVE Inc.'s ("WEAVE") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on WEAVE's major federal program for the year ended September 30, 2021. WEAVE's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for WEAVE's major federal program based on our audit of the types of compliance requirements referred to above. 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about WEAVE's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of WEAVE's compliance.

Opinion on the Major Federal Program

In our opinion, WEAVE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of WEAVE is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered WEAVE's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of WEAVE's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Sacramento, California
March 30, 2022

WEAVE Inc.

Schedule of Findings and Questioned Costs
September 30, 2021

A. Summary of Auditor's Results

Financial Statements

- 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

- 2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes X No

 - b. Significant deficiency(ies) identified? Yes X None reported

- 3. Noncompliance material to financial statements noted? Yes X No

Federal Awards

- 4. Internal control over major federal programs:
 - a. Material weakness(es) identified? Yes X No

 - b. Significant deficiency(ies) identified? Yes X None reported

- 5. Type of auditor's report issued on compliance for major federal programs: Unmodified

- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? Yes X No

- 7. Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund

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

- 9. Auditee qualified as low-risk auditee X Yes No

WEAVE Inc.

**Schedule of Findings and Questioned Costs
September 30, 2021**

B. Findings - Financial Statements Audit

No matters reported.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

No matters reported.

WEAVE Inc.

**Schedule of Expenditures
California Emergency Management Agency (Criminal Justice Programs)
Year Ended September 30, 2021**

Grant Number	Grant Period	Personnel Services	Operating Expenses	Cash Total	Less State Portion	Federal Portion	Match Portion	Total Cash + Match
DV 20 35 1196	10/1/2020 - 9/30/2021	\$ 422,092	\$ 115,495	\$ 537,587	\$ (200,898)	\$ 336,689	\$ -	\$ 537,587
RC 19 31 1196	10/1/2019 - 9/30/2020	541,730	118,374	660,104	-	660,104	-	660,104
UV20 03 1196	1/1/2021 - 12/31/2021	101,567	22,198	123,765	-	123,765	-	123,765
UV 19 02 1196	1/1/2020 - 12/31/2020	35,662	6,832	42,494	-	42,494	-	42,494
XS 20 03 1196	1/1/2021 - 12/31/2021	59,681	16,957	76,638	-	76,638	-	76,638
XS 19 02 1196	1/1/2020 - 12/31/2020	18,932	16,573	35,505	-	35,505	-	35,505
XL20 03 1196	1/1/2021 - 12/31/2021	112,701	28,285	140,986	-	140,986	-	140,986
XL 19 02 1196	1/1/2020 - 12/31/2020	48,133	50,382	98,515	-	98,515	-	98,515
XD 19 02 1196	1/1/2020 - 12/31/2020	46,369	53,005	99,374	-	99,374	-	99,374
XD 20 03 1196	1/1/021 - 12/31/2021	119,807	119,301	239,108	-	239,108	-	239,108
KA 19 03 1196	10/1/2020 - 9/30/2021	127,180	34,369	161,549	-	161,549	-	161,549
XE 20 03 1196	1/1/2021 - 12/31/2021	117,185	26,951	144,136	-	144,136	-	144,136
XE 19 02 1196	1/1/2020 - 12/31/2020	53,918	14,101	68,019	-	68,019	-	68,019
XH 20 02 1196	1/1/2021 - 12/31/2021	130,351	84,613	214,964	-	214,964	-	214,964
XH 19 02 1196	1/1/2020 - 12/31/2020	45,818	23,660	69,478	-	69,478	-	69,478
KU 19 01 1196	4/1/2020 - 6/30/2021	57,749	28,893	86,642	-	86,642	-	86,642
		<u>\$ 2,038,875</u>	<u>\$ 759,989</u>	<u>\$ 2,798,864</u>	<u>\$ (200,898)</u>	<u>\$ 2,597,966</u>	<u>\$ -</u>	<u>\$ 2,798,864</u>

See Independent Auditor's Report.



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