

WEAVE Inc.

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

September 30, 2019 and June 30, 2018

WEAVE Inc.

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10
Supplementary Information	
Schedule of Expenditures of Federal Awards	23
Notes to Schedule of Expenditures of Federal Awards	25
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 <i>Government Auditing Standards</i>	26
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	28
Schedule of Findings and Questioned Costs	30
Schedule of Expenditures - California Emergency Management Agency (Criminal Justice Programs)	32

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, 2019 and June 30, 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the periods 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, 2019 and June 30, 2018, and the changes in its net assets and its cash flows for the periods 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 on pages 23 and 24 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 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 period ended September 30, 2019 on page 32, 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 January 27, 2020, 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
January 27, 2020

WEAVE Inc.

**Statements of Financial Position
September 30, 2019 and June 30, 2018**

Assets

	2019	2018
Current assets		
Cash and cash equivalents	\$ 580,095	\$ 629,182
Accounts receivable	1,497,793	666,166
Inventories	181,438	195,932
Prepaid expenses	56,551	61,201
	<hr/>	<hr/>
Total current assets	2,315,877	1,552,481
	<hr/>	<hr/>
Noncurrent assets		
Investments	1,193,599	816,025
Property and equipment, net	4,618,578	4,644,342
Deposits	17,322	12,840
Charitable remainder trust assets	397,793	396,430
	<hr/>	<hr/>
Total noncurrent assets	6,227,292	5,869,637
	<hr/>	<hr/>
Total assets	<u>\$ 8,543,169</u>	<u>\$ 7,422,118</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 185,606	\$ 90,673
Accrued liabilities	373,499	269,647
Unearned grant revenue	393,996	-
Current portion of long-term debt	92,217	87,203
	<hr/>	<hr/>
Total current liabilities	1,045,318	447,523
	<hr/>	<hr/>
Noncurrent liabilities		
Long-term debt, net of current portion	3,014,642	4,129,274
Deferred interest payable	403,726	596,226
	<hr/>	<hr/>
Total liabilities	4,463,686	5,173,023
	<hr/>	<hr/>
Net assets		
Without donor restrictions	3,485,555	1,722,781
With donor restrictions	593,928	526,314
	<hr/>	<hr/>
Total net assets	4,079,483	2,249,095
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 8,543,169</u>	<u>\$ 7,422,118</u>

See Notes to Financial Statements.

WEAVE Inc.

**Statements of Activities and Changes in Net Assets
Period Ended September 30, 2019**

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Revenues			
Government grants	\$ 6,230,480	\$ -	\$ 6,230,480
Contributions	2,254,530	502,375	2,756,905
Thrift store income including in-kind contributions, net of cost of sales	1,350,680	-	1,350,680
Interest and investment income	102,588	-	102,588
Service fees	502,962	-	502,962
Other income	30,503	-	30,503
Gain on forgiveness of debt and accrued interest	1,300,000	-	1,300,000
Change in value of charitable remainder trust assets	-	1,363	1,363
Net assets released from donor restriction	-	(436,124)	(436,124)
Total revenues	11,771,743	67,614	11,839,357
Expenses			
Intervention programs			
Domestic violence services	1,524,776	-	1,524,776
Sexual assault services	1,585,229	-	1,585,229
Legal services	777,697	-	777,697
Victims of trafficking services	652,180	-	652,180
Residential services	1,963,453	-	1,963,453
Other programs			
Prevention services	617,495	-	617,495
Community education	3,612	-	3,612
Total program services	7,124,442		7,124,442
Supporting services			
Thrift stores	1,460,510	-	1,460,510
Fund development	913,455	-	913,455
Management and general	510,562	-	510,562
Total expenses	10,008,969	-	10,008,969
Increase in net assets	1,762,774	67,614	1,830,388
Net assets, beginning of year	1,722,781	526,314	2,249,095
Net assets, end of year	\$ 3,485,555	\$ 593,928	\$ 4,079,483

WEAVE Inc.

**Statements of Activities and Changes in Net Assets
Year Ended June 30, 2018**

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Revenues			
Government grants	\$ 3,834,228	\$ -	\$ 3,834,228
Contributions	1,982,079	304,702	2,286,781
Thrift store income including in-kind contributions, net of cost of sales	816,370	-	816,370
Interest and investment income	57,103	-	57,103
Service fees	371,580	-	371,580
Other income	1,351	-	1,351
Change in value of charitable remainder trust assets	-	(188,908)	(188,908)
Net assets released from donor restriction	-	(404,291)	(404,291)
Total revenues	7,062,711	(288,497)	6,774,214
Expenses			
Intervention programs			
Domestic violence services	1,124,699	-	1,124,699
Sexual assault services	1,118,787	-	1,118,787
Legal services	509,984	-	509,984
Victims of trafficking services	718,865	-	718,865
Residential services	1,210,427	-	1,210,427
Other programs			
Prevention services	379,786	-	379,786
Community education	9,127	-	9,127
Total program services	5,071,675		5,071,675
Supporting services			
Thrift stores	605,300	-	605,300
Fund development	703,446	-	703,446
Management and general	347,718	-	347,718
Total expenses	6,728,139	-	6,728,139
Increase (decrease) in net assets	334,572	(288,497)	46,075
Net assets, beginning of year	1,388,209	814,811	2,203,020
Net assets, end of year	\$ 1,722,781	\$ 526,314	\$ 2,249,095

See Notes to Financial Statements.

WEAVE Inc.

**Statements of Functional Expenses
Period Ended September 30, 2019**

	Intervention Programs					Other Programs		Supporting Services			
	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	Total
Personnel	\$ 1,285,218	\$ 1,139,861	\$ 637,081	\$ 405,775	\$ 974,329	\$ 428,673	\$ -	\$ 1,019,648	\$ 375,195	\$ 443,160	\$ 6,708,940
Cost of sales	-	-	-	-	-	-	-	1,350,642	-	-	1,350,642
Occupancy	33,953	57,869	13,742	23,496	201,613	9,526	-	224,043	9,059	2,005	575,306
Professional services	25,510	64,489	29,385	11,261	151,339	23,909	-	14,685	109,219	12,810	442,607
Depreciation	29,762	29,939	7,496	2,998	236,401	9,549	-	26,884	4,710	7,616	355,355
Interest expense	23,581	13,495	6,748	19	107,558	10,102	-	-	3,354	11,230	176,087
Telecommunications	38,657	46,650	16,468	16,825	35,385	13,580	-	37,061	10,951	3,818	219,395
Business insurance and taxes	5,044	9,695	6,802	4,907	12,666	1,906	-	17,938	821	2,121	61,900
Supplies and materials	12,379	56,751	14,122	27,341	42,354	62,187	47	14,457	46,398	2,567	278,603
Printing and photocopying	9,731	8,667	2,478	1,012	4,692	5,212	9	2,820	9,422	652	44,695
Furniture and equipment	5,787	4,674	5,407	6,040	10,978	5,759	-	1,079	5,564	4,367	49,655
Travel	3,400	20,001	5,048	12,408	10,061	9,277	118	7,810	2,640	1,158	71,921
Public relations	413	318	159	79	632	159	394	26	9,388	222	11,790
Computer hardware/software	22,625	20,049	8,759	8,833	9,427	7,423	1,584	3,475	1,739	5,304	89,218
Merchant credit card fees	1,110	854	427	213	679	427	-	33,183	18,158	618	55,669
Meetings and events	4,177	4,064	1,644	1,156	3,297	1,786	-	2,603	88,550	2,302	109,579
Postage and delivery	578	507	3,666	159	385	420	-	366	6,599	466	13,146
Volunteer and employee appreciation	2,916	2,463	1,108	639	1,542	1,460	-	-	145	1,559	11,832
Client emergency expenses	-	47,040	2,319	114,596	141,784	-	-	37,641	-	-	343,380
Membership dues and subscriptions	2,542	2,162	2,538	572	2,100	1,076	610	661	15,610	1,048	28,919
Seminar fees and related travel	12,242	51,615	10,319	12,513	13,259	22,213	-	5,374	3,460	4,765	135,760
Board expense	221	170	85	43	128	85	-	121	48	119	1,020
Outreach	-	104	-	347	-	870	850	10,635	192,425	-	205,231
Recruitment	4,930	3,792	1,896	948	2,844	1,896	-	-	-	2,655	18,961
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Total functional expenses	1,524,776	1,585,229	777,697	652,180	1,963,453	617,495	3,612	2,811,152	913,455	510,562	11,359,611
Less cost of sales offset against thrift store income on the statement of activities and changes in net assets	-	-	-	-	-	-	-	(1,350,642)	-	-	(1,350,642)
Total expenses on the statement of activities	\$ 1,524,776	\$ 1,585,229	\$ 777,697	\$ 652,180	\$ 1,963,453	\$ 617,495	\$ 3,612	\$ 1,460,510	\$ 913,455	\$ 510,562	\$ 10,008,969

WEAVE Inc.

**Statements of Functional Expenses
Year Ended June 30, 2018**

	Intervention Programs					Other Programs		Supporting Services			
	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	Total
Personnel	\$ 942,139	\$ 864,348	\$ 411,070	\$ 344,088	\$ 640,805	\$ 299,447	\$ -	\$ 412,817	\$ 307,231	\$ 276,531	\$ 4,498,476
Cost of sales	-	-	-	-	-	-	-	790,235	-	-	790,235
Occupancy	32,274	20,165	8,462	9,500	150,144	11,957	-	88,058	5,138	11,862	337,560
Professional services	27,903	39,440	32,916	8,526	22,601	9,996	-	3,551	77,125	15,739	237,797
Depreciation	13,099	10,076	5,039	2,519	198,531	5,039	-	16,655	-	7,053	258,011
Interest expense	20,370	11,653	5,827	13	90,040	8,727	-	-	2,900	8,737	148,267
Telecommunications	28,318	23,655	8,169	4,024	28,687	12,415	-	8,743	5,731	11,555	131,297
Business insurance and taxes	3,920	2,859	5,348	771	12,124	1,551	-	5,345	849	2,692	35,459
Supplies and materials	19,867	49,151	9,485	122,224	19,229	3,215	1,544	7,792	39,851	3,677	276,035
Printing and photocopying	7,630	5,368	5,608	1,227	5,209	5,610	108	106	5,844	1,028	37,738
Furniture and equipment	147	16,667	221	2,075	10,280	193	-	6,124	37,762	222	73,691
Travel	5,409	9,804	4,051	12,609	4,778	6,541	446	1,334	2,618	1,032	48,622
Public relations	23	17	9	4	13	109	2,687	270	8,163	12	11,307
Computer hardware/software	9,931	8,111	2,478	2,539	6,447	2,476	-	3,460	6,232	579	42,253
Merchant credit card fees	1,261	970	485	288	727	485	-	17,529	17,563	722	40,030
Meetings and events	1,046	5,341	444	345	1,037	553	26	894	28,943	551	39,180
Postage and delivery	380	487	1,550	53	160	191	167	8	5,365	1,373	9,734
Volunteer and employee appreciation	1,743	1,308	654	327	981	756	-	402	-	916	7,087
Client emergency expenses	867	30,608	300	200,106	11,646	300	-	26,002	-	420	270,249
Membership dues and subscriptions	1,492	1,411	2,267	578	938	588	3,915	674	9,515	570	21,948
Seminar fees and related travel	2,103	14,493	4,323	6,310	4,134	8,184	234	1,428	1,369	659	43,237
Board expense	756	581	291	145	436	291	-	113	-	407	3,020
Outreach	77	359	30	115	44	205	-	3,995	141,247	41	146,113
Recruitment	2,519	1,915	957	479	1,436	957	-	-	-	1,340	9,603
Bad debt expense	1,425	-	-	-	-	-	-	-	-	-	1,425
Total functional expenses	1,124,699	1,118,787	509,984	718,865	1,210,427	379,786	9,127	1,395,535	703,446	347,718	7,518,374
Less cost of sales offset against thrift store income on the statement of activities and changes in net assets	-	-	-	-	-	-	-	(790,235)	-	-	(790,235)
Total expenses on the statement of activities	\$ 1,124,699	\$ 1,118,787	\$ 509,984	\$ 718,865	\$ 1,210,427	\$ 379,786	\$ 9,127	\$ 605,300	\$ 703,446	\$ 347,718	\$ 6,728,139

See Notes to Financial Statements.

WEAVE Inc.

Statements of Cash Flows
Period Ended September 30, 2019 and
Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 1,830,388	\$ 46,075
Reconciliation of change in net assets to net cash provided by operating activities		
Net realized and unrealized gain on investments	(84,548)	(43,851)
Depreciation	355,355	258,011
Change in charitable remainder trust asset value	(1,363)	188,908
Gain on forgiveness of debt and accrued interest	(1,300,000)	-
Changes in		
Accounts receivable	(831,627)	48,101
Inventories	14,494	(26,321)
Prepaid expenses	4,650	(12,551)
Deposits	(4,482)	67
Accounts payable	53,183	(31,674)
Accrued liabilities	103,852	7,818
Unearned grant revenue	393,996	-
Deferred interest payable	107,500	90,000
Net cash provided by operating activities	<u>641,398</u>	<u>524,583</u>
Cash flows from investing activities		
Purchases of investments	(415,835)	(282,617)
Proceeds from sale of investments	122,809	343,320
Purchases of property and equipment	(287,841)	(93,046)
Net cash used in investing activities	<u>(580,867)</u>	<u>(32,343)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(109,618)	(83,361)
Net cash used in financing activities	<u>(109,618)</u>	<u>(83,361)</u>
Net increase (decrease) in cash and cash equivalents	(49,087)	408,879
Cash and cash equivalents, beginning of year	<u>629,182</u>	<u>220,303</u>
Cash and cash equivalents, end of year	<u>\$ 580,095</u>	<u>\$ 629,182</u>
Supplemental cash flow information		
Cash paid for interest	<u>\$ 68,587</u>	<u>\$ 58,001</u>
Significant noncash investing activities		
Purchases of property and equipment included in accounts payable	<u>\$ 41,750</u>	<u>\$ -</u>

See Notes to Financial Statements.

WEAVE Inc.

Notes to Financial Statements September 30, 2019 and June 30, 2018

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 Support and Information Line

WEAVE operates a 24-hour Support and Information Line to provide support and referrals to victims of domestic violence, sexual assault, sex trafficking and their families/friends as well as screen victims for entry into the Safehouse program. During the period ended September 30, 2019, WEAVE answered 16,650 calls on the 24-hour Support and Information Line.

Domestic violence services

WEAVE provides crisis intervention, therapeutic counseling, advocacy, and supportive services to domestic violence victims through its 24-hour Support and Information Line and counseling programs. 479 domestic violence victims received individual counseling and 415 victims received group counseling. 1,129 domestic violence victims were triaged for crisis related services during the period ended September 30, 2019.

Residential services

WEAVE operates a 12,000 square foot, 24-hour, 80 bed safe and confidential shelter for adult and child victims of domestic violence. During the period ended September 30, 2019, WEAVE's Safehouse provided 23,099 bed nights of safe shelter to 163 adults and 107 children. The Safehouse campus expanded in 2019 with the addition of two transitional housing cottages capable of housing up to eight victims who graduate from the Safehouse program and still require safe and confidential housing. WEAVE is a second time recipient of an Office of Violence Against Women ("OVW") transitional housing grant, which funds the cottages and partially funds an 8 unit apartment complex for emergency and transitional housing.

Sexual assault services

WEAVE offers therapeutic counseling services to sexual assault victims and operates a 24-hour Sexual Assault Response Team ("SART"). The SART team dispatches a trained advocate to the hospital to provide support to every sexual assault victim undergoing an evidentiary examination. During the period ended September 30, 2019, WEAVE's SART team responded to 366 victims and WEAVE's counseling program provided individual counseling to 179 sexual assault victims.

Youth prevention education services

WEAVE works with youth to provide a range of educational programs designed to challenge attitudes of gender, masculinity/femininity, and to help youth understand healthy relationships and indicators of abusive relationships. During the period ended September 30, 2019, WEAVE impacted more than 24,000 youth through 117 presentations and implemented a yearlong immersion program with three local schools.

Legal services

WEAVE Legal offers free and accessible legal services through a Legal Director, who is a family law attorney, staff attorneys and legal advocates who provide consultation, limited scope and full representation to individuals who have experienced domestic violence, sexual assault, and sex trafficking. During the period ended September 30, 2019, WEAVE Legal provided legal services to 909 victims, including assistance with protection orders, family court issues, and referrals to outside agencies.

WEAVE Inc.

Notes to Financial Statements September 30, 2019 and June 30, 2018

Community education

WEAVE builds awareness through community outreach, presentations, and proactive media engagement to inform the community of the impact of domestic violence and sexual assault. During the period ended September 30, 2019, WEAVE reached more than 50,000 adults through 220 educational presentations and 222 community and/or campus-wide events.

Victims of sex trafficking services

WEAVE provides community outreach activities to raise awareness regarding sex trafficking in the region. WEAVE is in its third year of funding to provide services to sex trafficking victims via a Human Trafficking Victim Assistance Program grant from the Government's Office of Emergency Services ("CalOES"). Additionally, WEAVE provides supportive services to Commercially Sexually Exploited Children ("CSEC") that includes crisis intervention and stabilization, case management and advocacy. WEAVE has provided services to 170 victims of sex trafficking, this includes 125 CSEC clients and 45 adult victims between July 1, 2018 and September 30, 2019.

WEAVE operates the only 24/7 Anti-Trafficking Response Team ("ART") supporting child and adult victims of sex trafficking in Sacramento County.

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 consolidated 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, 2019 and June 30, 2018, there is no allowance for doubtful accounts.

WEAVE Inc.

Notes to Financial Statements September 30, 2019 and June 30, 2018

Inventories

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

Charitable remainder trust

The charitable remainder interests receivable from third parties are calculated at the present value of future cash flows and are based on little or no market data and require management to develop their own assumptions.

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 years. 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 period ended September 30, 2019 and the year ended June 30, 2018.

Unearned grant revenue

During the period ended September 30, 2019, WEAVE received grant proceeds from various funding sources which are subject to certain conditions as described in the grant agreements. Due to the uncertainty of meeting those conditions and the qualifying costs have not been incurred, WEAVE has deferred recognition of the funds until those conditions have been met. As of September 30, 2019, \$393,996 is included in unearned grant revenue on the statement 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*. 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 statement of activities as net assets released from restrictions.

Grants received from governments are recognized as revenue when the qualifying costs are incurred.

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 period ended September 30, 2019

WEAVE Inc.

**Notes to Financial Statements
September 30, 2019 and June 30, 2018**

and the year ended June 30, 2018. 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 2016.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services based on systematic methods.

Use of estimates

The preparation of financial statements in conformity with GAAP requires 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.

Change in accounting principle

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. WEAVE has adjusted the presentation of these statements accordingly.

Note 3 - Accounts receivable

Accounts receivable consist of the following at September 30, 2019 and June 30, 2018:

	2019	2018
Government grants	\$ 1,465,878	\$ 657,518
Other services	31,915	8,648
Total	<u>\$ 1,497,793</u>	<u>\$ 666,166</u>

WEAVE Inc.

**Notes to Financial Statements
September 30, 2019 and June 30, 2018**

Note 4 - Investments

Investments recorded at fair value consist of the following at September 30, 2019 and June 30, 2018:

	<u>2019</u>	<u>2018</u>
Sacramento Region Community Foundation	\$ 8,124	\$ 7,880
Corporate bonds	449,556	297,148
Equity securities	<u>735,919</u>	<u>510,997</u>
Total	<u>\$ 1,193,599</u>	<u>\$ 816,025</u>

Interest and net investment income consist of the following for the period ended September 30, 2019 and the year ended June 30, 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 18,040	\$ 13,252
Net realized and unrealized gains	<u>84,548</u>	<u>43,851</u>
Total	<u>\$ 102,588</u>	<u>\$ 57,103</u>

Note 5 - Property and equipment, net

Property and equipment consist of the following as of September 30, 2019 and June 30, 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 435,000	\$ 435,000
Buildings and improvements	6,631,282	6,462,406
Furniture and equipment	356,069	252,407
Vehicles	<u>148,031</u>	<u>90,978</u>
	7,570,382	7,240,791
Less accumulated depreciation	<u>(2,951,804)</u>	<u>(2,596,449)</u>
Property and equipment, net	<u>\$ 4,618,578</u>	<u>\$ 4,644,342</u>

Note 6 - Charitable remainder trust asset

Charitable remainder trust asset reflects the estimated fair value of a 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 net present value of the asset was determined using an investment return consistent with the composition of the asset portfolio, life expectancies of the lead beneficiaries, and a discount rate of 2.2% and 3.4% at September 30, 2019 and June 30, 2018, respectively. The donor did not impose any purpose restrictions on

WEAVE Inc.

**Notes to Financial Statements
September 30, 2019 and June 30, 2018**

WEAVE's use of the funds when eventually received. The trust and its significant terms are as follows as of September 30, 2019 and June 30, 2018:

	<u>2019</u>	<u>2018</u>	<u>Difference</u>
Hansen CRT-10% remainder interest in a unitrust established in 2000; term is the lesser of 20 years from establishment (2020) or the lives of both lead beneficiaries; term is assumed to be 20 years, based on actuarial estimates.	<u>\$ 397,793</u>	<u>\$ 396,430</u>	<u>\$ 1,363</u>

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, 2019 and June 30, 2018**

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

	September 30, 2019		
	Level 1	Level 2	Level 3
Investments*	\$ 744,043	\$ -	\$ -
Corporate bonds	-	449,556	-
Charitable remainder interests from third parties	-	-	397,793
Total	\$ 744,043	\$ 449,556	\$ 397,793

	June 30, 2018		
	Level 1	Level 2	Level 3
Investments*	\$ 518,877	\$ -	\$ -
Corporate bonds	-	297,148	-
Charitable remainder interests from third parties	-	-	396,430
Total	\$ 518,877	\$ 297,148	\$ 396,430

*Investments include stocks and mutual funds.

WEAVE's charitable remainder interests receivable from third parties are 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:

	2019	2018
Beginning of period	\$ 396,430	\$ 585,338
Unrealized decrease in fair value	1,363	(38,015)
Receipt of disbursed funds	-	(150,893)
End of period	\$ 397,793	\$ 396,430

WEAVE Inc.

**Notes to Financial Statements
September 30, 2019 and June 30, 2018**

Note 8 - Long-term debt

Long-term debt consists of the following at September 30, 2019 and June 30, 2018:

	<u>2019</u>	<u>2018</u>
Fixed-rate mortgage payable, secured by the 1900 K Street building, payable in \$11,980 monthly installments including interest at 4.78% per annum, maturing June 18, 2029. For the period ended September 30, 2019 and the year ended June 30, 2018, interest expense was \$67,085 and \$58,001, respectively.	\$ 1,107,534	\$ 1,217,152
Mortgage note payable to Department of Housing and Community Development Emergency Housing and Assistance Program ("EHAP"), secured by the Safehouse, with simple interest of 3% per annum. No monthly payments through maturity in July 2019, at which time all outstanding principal and accrued interest was forgiven. For the period ended September 30, 2019 and the year ended June 30, 2018, interest expense totaled \$32,500 and \$30,000, respectively. Accrued interest as of September 30, 2019 and June 30, 2018 is \$0 and \$267,500, respectively.	-	1,000,000
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 October 2023, 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 period ended September 30, 2019 and the year ended June 30, 2018, interest expense totaled \$37,500 and \$30,000, respectively. Accrued interest as of September 30, 2019 and June 30, 2018 is \$180,000 and \$142,500, respectively.	1,000,000	1,000,000

WEAVE Inc.

**Notes to Financial Statements
September 30, 2019 and June 30, 2018**

	<u>2019</u>	<u>2018</u>
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 May 2021, 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 period ended September 30, 2019 and the year ended June 30, 2018, interest expense totaled \$37,500 and \$30,000, respectively. Accrued interest as of September 30, 2019 and June 30, 2018 is \$223,726 and \$186,226, respectively.	<u>999,325</u>	<u>999,325</u>
Subtotal	3,106,859	4,216,477
Less current portion	<u>(92,217)</u>	<u>(87,203)</u>
Long-term debt, net	<u><u>\$ 3,014,642</u></u>	<u><u>\$ 4,129,274</u></u>

Future annual maturities of long-term debt over each of the next five years and thereafter subsequent to September 30, 2019 are as follows:

2020	\$ 92,217
2021	1,096,005
2022	101,215
2023	105,963
2024	1,110,848
Thereafter	<u>600,611</u>
	<u><u>\$ 3,106,859</u></u>

For the period ended September 30, 2019 and the year ended June 30, 2018, interest expense was \$176,087 and \$148,267, respectively.

WEAVE Inc.

**Notes to Financial Statements
September 30, 2019 and June 30, 2018**

Note 9 - Net assets with donor restrictions

Net assets with donor restrictions consist of the following at September 30, 2019 and June 30, 2018:

	<u>2019</u>	<u>2018</u>
Charitable remainder trust assets, unconditionally promised but not received (time restriction only)	\$ 397,793	\$ 396,430
Other time restricted contributions	<u>196,135</u>	<u>129,884</u>
Total	<u>\$ 593,928</u>	<u>\$ 526,314</u>

Note 10 - Operating lease obligations

WEAVE leases its thrift store buildings and some office equipment under non-cancelable operating lease agreements expiring in October 2019 through May 2023.

Rental expenses for the period ended September 30, 2019 and the year ended June 30, 2018 are \$209,986 and \$157,396, respectively.

Future minimum lease payments for each of the next four years subsequent to September 30, 2019 are as follows:

2020	\$ 65,705
2021	53,843
2022	46,364
2023	29,442

Note 11 - Contributed goods and services

WEAVE receives donated clothing and household items for resale or for use in the shelter. As of September 30, 2019 and June 30, 2018, corresponding estimated values of \$1,350,642 and \$790,235, respectively, are recognized as contributions and once sold is recorded as thrift store income in the financial statements.

Volunteers donated approximately 34,659 hours during the period ended September 30, 2019 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 12 - 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 \$1,925 and \$1,875 for the period ended September 30, 2019 and the year ended June 30, 2018, respectively. Employer contributions to the employee retirement plan for the period ended September 30, 2019 and the year ended June 30, 2018 were \$31,995 and \$21,928, respectively.

WEAVE Inc.

**Notes to Financial Statements
September 30, 2019 and June 30, 2018**

Note 13 - Overhead percentage

WEAVE measures the ratio of its supporting service expenses to its total revenues, exclusive of thrift store activities, during the period ended September 30, 2019 and the year ended June 30, 2018 are as follows:

	2019		2018	
	Amounts	% of Total Revenues	Amounts	% of Total Revenues
Supporting service expenses				
Fund development	\$ 913,455	9.9%	\$ 703,446	11.4%
Management and general	510,562	5.6%	347,718	5.7%
Total supporting services, net	<u>\$ 1,424,017</u>	<u>15.5%</u>	<u>\$ 1,051,164</u>	<u>17.1%</u>
Total revenues				
Total unrestricted revenues	\$ 11,771,743		\$ 7,062,711	
Donor restricted contributions	502,375		304,702	
Less releases from donor restricted contributions	(436,124)		(404,291)	
Less forgiveness of debt	(1,300,000)		-	
Less net thrift store income	<u>(1,350,680)</u>		<u>(816,370)</u>	
Total revenues, net	<u>\$ 9,187,314</u>		<u>\$ 6,146,752</u>	

Note 14 - Availability and liquidity

The following represents WEAVE's financial assets at September 30, 2019:

Cash and cash equivalents	\$ 580,095
Receivables	1,497,793
Inventories	181,438
Other current assets	<u>56,551</u>
Total current financial assets	2,315,877
Less amounts not available to be used within one year	
Current liabilities	<u>1,045,318</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,270,559</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.

WEAVE Inc.

**Notes to Financial Statements
September 30, 2019 and June 30, 2018**

Note 15 - 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, 2019.

Note 16 - Contingency

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.

Note 17 - 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 statement of financial position. 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 January 27, 2020, 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 the financial statements.

Supplementary Information

WEAVE Inc.

**Schedule of Expenditures of Federal Awards
Period ended September 30, 2019**

Federal Grantor/ (Pass-through Grantor)/ Program Title	Federal CFDA 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 Emergency Food and Shelter National Board Program	97.024	32-0824-00-023	\$ 30,195	\$ -	
Total Department of Homeland Security			\$ 30,195	\$ -	
United States Department of Justice Passed through from Office of Violence Against Women Legal Assistance for Victims Legal Assistance for Victims	16.524 16.524	2015-WL-AX-0022 2015-WL-AX-0022	\$ 57,614 215,446	\$ - -	
Total Legal Assistance for Victims			\$ 273,060	\$ -	
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	\$ 149,565	\$ -	
Total Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities			\$ 149,565	\$ -	
Passed through from the California Emergency Management Agency Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance Crime Victim Assistance	16.575 16.575 16.575 16.575 16.575 16.575 16.575 16.575 16.575 16.575 16.575 16.575 16.575 16.575 16.575 16.575	* * * * * * * * * * * * * * * *	XH18011196 DV18331196 RC18311196 XV15011196 XS16011196 KU16011196 XL16011196 RC17301196 KA17011196 DV17321196 KD17011196 XE18011196 XH18011231 KU18011196	\$ 145,598 325,872 734,335 261,695 99,141 131,696 339,776 197,337 288,893 58,695 381,985 83,601 3,988 54,032	\$ - - - - - - - - - - - - - - -
Total Crime Victim Assistance			\$ 3,106,644	\$ -	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590 16.590	C-13-473 2018-WE-AX-0006	\$ 72,178 113,157	\$ - -	
Total Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			\$ 185,335	\$ -	
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-AX0065	\$ 142,547	\$ -	
Total Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault			\$ 142,547	\$ -	

WEAVE Inc.

**Schedule of Expenditures of Federal Awards
Period ended September 30, 2019**

Federal Grantor/ (Pass-through Grantor)/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures	Passed Through to Subrecipients
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		\$ 72,309	\$ -
Total Consolidated And Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies			\$ 72,309	\$ -
Total United States Department of Justice			\$ 3,929,460	\$ -
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	14-10673	\$ 51,580	\$ -
Injury Prevention and Control Research and State and Community Based Programs	93.136	14-10673	48,737	-
Total Injury Prevention and Control Research and State and Community Based Programs			\$ 100,317	\$ -
Children's Justice Grants to States				
Children's Justice Grants to States	93.643	EI18011196	\$ 139,688	\$ -
Total Children's Justice Grants to States			\$ 139,688	\$ -
Total Department of Health and Human Services			\$ 240,005	\$ -
Total Expenditures of Federal Awards			\$ 4,199,660	\$ -

*Tested as major program

See Notes to Schedule of Expenditures of Federal Awards.

WEAVE Inc.

**Notes to Schedule of Expenditures of Federal Awards
September 30, 2019**

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal grant activity of WEAVE Inc. ("WEAVE") 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 ("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, the amounts presented in this Schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements 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. WEAVE has elected to use the 10-percent de minimis cost rate allowed under the Uniform Guidance when applicable.

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, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the period then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2020.

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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
January 27, 2020

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 period ended September 30, 2019. 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 the 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 period ended September 30, 2019.

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



Sacramento, California
January 27, 2020

WEAVE Inc.

Schedule of Findings and Questioned Costs
September 30, 2019

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
16.575	Crime Victim Assistance

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, 2019**

B. Findings - Financial Statements Audit

NONE

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

NONE

WEAVE Inc.

**Schedule of Expenditures
California Emergency Management Agency (Criminal Justice Programs)
Period Ended September 30, 2019**

Grant Number	Grant Period	Personnel Services	Operating Expenses	Cash Total	Less State Portion	Federal Portion	Match Portion	Total Cash + Match
DV 17 32 1196	10/1/2017-9/30/2018	\$ 45,921	\$ 22,420	\$ 68,341	\$ (9,646)	\$ 58,695	\$ 36,315	\$ 104,656
DV 18 33 1196	10/1/2018-9/30/2019	417,976	188,308	606,284	(280,412)	325,872	28,041	634,325
RC 17 30 1196	10/1/2017-9/30/2018	124,825	72,512	197,337	-	197,337	15,000	212,337
RC 18 31 1196	10/1/2018-9/30/2019	528,389	205,946	734,335	-	734,335	30,494	764,829
XV 15 01 1196	4/1/2016 - 12/31/2019	207,841	53,854	261,695	-	261,695	33,442	295,137
XS 16 01 1196	7/1/2016 - 12/31/2019	72,210	26,931	99,141	-	99,141	16,526	115,667
XL 16 01 1196	7/1/2016 - 12/31/2019	245,357	94,419	339,776	-	339,776	31,393	371,169
KU 16 01 1196	4/1/2017 - 8/31/2018	22,654	109,042	131,696	-	131,696	34,000	165,696
KD 17 01 1196	10/1/2017-12/31/2019	147,199	234,786	381,985	-	381,985	60,500	442,485
KA 17 01 1196	10/1/2017-9/30/2019	196,256	92,637	288,893	-	288,893	14,021	302,914
KU 18 01 1196	10/1/2018-3/31/2020	36,846	17,186	54,032	-	54,032	4,338	58,370
XE 18 01 1196	1/1/2019-12/31/2019	60,430	23,171	83,601	-	83,601	7,168	90,769
XH 18 01 1196	1/1/2019-12/31/2019	76,169	69,429	145,598	-	145,598	15,000	160,598
		<u>\$ 2,182,073</u>	<u>\$ 1,210,641</u>	<u>\$ 3,392,714</u>	<u>\$ (290,058)</u>	<u>\$ 3,102,656</u>	<u>\$ 326,238</u>	<u>\$ 3,718,952</u>



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