

WEAVE INC

Financial Statements and
Supplementary Information

September 30, 2024 and 2023

WEAVE INC

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September 30, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors of
WEAVE INC

Opinion

We have audited the financial statements of WEAVE INC (a California nonprofit organization) (the Organization), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. 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 schedule of expenditures of federal awards 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 on March 28, 2025, our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

San Francisco, California
March 28, 2025

WEAVE INCStatements of Financial Position
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,911,524	\$ 1,689,714
Grants receivable, net	1,664,424	1,673,250
Other receivables, net	4,171	49,988
Inventories	195,051	195,051
Prepaid expenses	208,996	162,851
	<u>3,984,166</u>	<u>3,770,854</u>
Long-Term Assets		
Operating right-of-use assets	189,054	223,233
Investments	1,992,073	2,149,026
Property and equipment, net	7,127,038	7,391,903
Deposits	12,840	12,840
	<u>\$ 13,305,171</u>	<u>\$ 13,547,856</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 203,458	\$ 177,024
Accrued liabilities	667,870	591,388
Obligation under operating lease, current portion	107,506	134,155
Unearned grant revenue	162,897	391,703
Current portion of long-term debt	96,680	96,680
	<u>1,238,411</u>	<u>1,390,950</u>
Long-Term Liabilities		
Long-term debt, net of current portion	1,503,532	2,613,023
Deferred interest payable	330,000	621,226
Obligation under operating lease, noncurrent portion	85,023	92,475
	<u>3,156,966</u>	<u>4,717,674</u>
Net Assets		
Without donor restrictions	9,792,897	8,366,005
With donor restrictions	355,308	464,177
	<u>10,148,205</u>	<u>8,830,182</u>
Total liabilities and net assets	<u>\$ 13,305,171</u>	<u>\$ 13,547,856</u>

See notes to financial statements

WEAVE INC

Statement of Activities

Year Ended September 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Government grants	\$ 7,061,993	\$ -	\$ 7,061,993
Contributions	2,078,132	100,525	2,178,657
Thrift store income	992,099	-	992,099
Contributed nonfinancial assets	992,099	-	992,099
Interest and investment income	397,335	-	397,335
Service fees	371,272	-	371,272
Debt forgiveness	1,320,551	-	1,320,551
Events	105,835	-	105,835
Rental income	73,749	-	73,749
Miscellaneous revenue	26,409	-	26,409
Net assets released from restriction	209,394	(209,394)	-
	<u>13,628,868</u>	<u>(108,869)</u>	<u>13,519,999</u>
Expenses			
Program services	10,974,530	-	10,974,530
Fund development	825,430	-	825,430
Management and general	402,016	-	402,016
	<u>12,201,976</u>	<u>-</u>	<u>12,201,976</u>
Change in net assets	1,426,892	(108,869)	1,318,023
Net Assets, Beginning	<u>8,366,005</u>	<u>464,177</u>	<u>8,830,182</u>
Net Assets, Ending	<u>\$ 9,792,897</u>	<u>\$ 355,308</u>	<u>\$ 10,148,205</u>

See notes to financial statements

WEAVE INC

Statement of Activities

Year Ended September 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Government grants	\$ 6,994,710	\$ -	\$ 6,994,710
Contributions	2,224,971	257,362	2,482,333
Thrift store income	1,134,323	-	1,134,323
Contributed nonfinancial assets	1,134,323	-	1,134,323
Interest and investment income	238,398	-	238,398
Service fees	384,226	-	384,226
Other income	374,171	-	374,171
Net assets released from restriction	386,534	(386,534)	-
	<u>12,871,656</u>	<u>(129,172)</u>	<u>12,742,484</u>
Expenses			
Program services	11,583,075	-	11,583,075
Fund development	892,225	-	892,225
Management and general	305,277	-	305,277
	<u>12,780,577</u>	<u>-</u>	<u>12,780,577</u>
Change in net assets	91,079	(129,172)	(38,093)
Net Assets, Beginning	<u>8,274,926</u>	<u>593,349</u>	<u>8,868,275</u>
Net Assets, Ending	<u>\$ 8,366,005</u>	<u>\$ 464,177</u>	<u>\$ 8,830,182</u>

See notes to financial statements

WEAVE INC

Statement of Functional Expenses
Year Ended September 30, 2024

	<u>Intervention</u>	<u>Housing</u>	<u>Counseling</u>	<u>Prevention and Education</u>	<u>Legal Services</u>	<u>Client Services</u>	<u>IDEA</u>	<u>Thrift Stores</u>	<u>Total Program Services</u>	<u>Fund Development</u>	<u>Management and General</u>	<u>Total</u>
Personnel	\$ 911,471	\$ 1,281,121	\$ 1,042,773	\$ 749,069	\$ 629,786	\$ 701,777	\$ 803,491	\$ 1,033,700	\$ 7,153,188	\$ 376,577	\$ 286,997	\$ 7,816,762
Cost of sales	-	-	-	-	-	-	-	992,099	992,099	-	-	992,099
Occupancy	88,548	250,219	29,563	22,133	18,044	19,590	107,631	203,349	739,077	8,287	5,907	753,271
Professional services	37,951	98,376	40,987	39,623	21,170	26,123	178,761	35,722	478,713	33,270	31,441	543,424
Depreciation and amortization	15,359	312,371	16,303	12,370	7,939	11,554	11,745	8,856	396,497	5,501	25,229	427,227
Outreach	420	654	446	38	217	316	1,336	622	4,049	306,554	690	311,293
Other	25,698	59,319	34,296	21,320	11,323	14,240	15,780	58,569	240,545	24,121	17,303	281,969
Computer hardware/software	28,652	39,465	33,135	22,859	22,114	22,533	36,497	31,731	236,986	13,570	12,725	263,281
Telecommunications	26,666	47,718	22,780	16,426	13,813	15,173	18,515	33,642	194,733	6,905	6,197	207,835
Client emergency expenses	52,857	89,366	3	2	5,740	295	5,968	4	154,235	56	5	154,296
Business insurance and taxes	15,385	36,784	10,924	7,823	8,676	6,936	8,101	25,596	120,225	43,959	2,966	167,150
Supplies and materials	25,631	24,483	6,394	11,382	1,839	2,139	10,847	11,734	94,449	2,514	1,652	98,615
Interest expense	3,459	34,548	3,672	2,785	1,788	2,602	2,644	3,571	55,069	1,238	5,680	61,987
Seminar fees and related travel	17,029	8,410	3,365	9,040	6,676	3,468	3,958	2,806	54,752	1,170	3,080	59,002
Travel	9,212	5,892	2,783	4,214	2,085	2,413	5,252	8,521	40,372	1,027	1,413	42,812
Membership dues and subscriptions	477	741	516	382	10,229	365	3,696	3,135	19,541	681	731	20,953
Total expenses	\$ 1,258,815	\$ 2,289,467	\$ 1,247,940	\$ 919,466	\$ 761,439	\$ 829,524	\$ 1,214,222	\$ 2,453,657	\$ 10,974,530	\$ 825,430	\$ 402,016	\$ 12,201,976

See notes to financial statements

WEAVE INC

Statement of Functional Expenses
 Year Ended September 30, 2023

	Intervention	Housing	Counseling	Prevention and Education	Legal Services	Client Services	IDEA	Thrift Stores	Total Program Services	Fund Development	Management and General	Total
Personnel	\$ 1,508,906	\$ 1,499,188	\$ 1,110,622	\$ 748,320	\$ 790,546	\$ 502,766	\$ 437,530	\$ 1,057,639	\$ 7,655,517	\$ 381,572	\$ 194,886	\$ 8,231,975
Cost of sales	-	-	-	-	-	-	-	1,134,323	1,134,323	-	-	1,134,323
Professional services	63,829	223,407	28,538	17,392	17,811	32,283	25,773	174,973	584,006	10,677	4,804	599,487
Occupancy	111,973	146,316	45,056	33,331	30,584	26,849	72,012	52,998	519,119	28,517	32,878	580,514
Depreciation and amortization	26,645	312,499	19,341	13,535	12,987	9,506	7,400	25,472	427,385	6,253	21,705	455,343
Outreach	4,279	5,104	3,106	2,987	2,086	1,527	7,188	4,494	30,771	343,906	3,486	378,163
Client emergency expenses	48,446	61,944	38,275	25,318	25,182	34,538	13,704	50,621	298,028	22,976	12,060	333,064
Computer hardware/software	36,247	49,647	17,378	13,746	11,321	15,711	7,275	30,768	182,093	5,852	2,684	190,629
Supplies and materials	16,125	44,061	8,483	5,682	9,298	7,950	3,170	23,190	117,959	50,173	1,590	169,722
Business insurance and taxes	15,980	21,493	12,152	8,342	9,324	5,520	5,947	49,899	128,657	30,987	10,071	169,715
Telecommunications	16,315	115,794	2,407	10	2,897	2,641	3,061	19	143,144	4	15	143,163
Interest expense	30,588	26,491	7,592	5,004	2,558	3,013	10,541	16,108	101,895	3,427	8,755	114,077
Furniture and equipment	18,326	6,600	6,965	10,066	8,733	6,116	7,381	5,248	69,435	2,219	3,990	75,644
Seminar fees and related travel	7,356	38,551	5,340	3,737	3,586	2,625	2,043	1,900	65,138	1,726	5,993	72,857
Travel	5,798	35,858	3,738	2,586	2,225	3,589	2,616	8,311	64,721	1,118	803	66,642
Membership dues and subscriptions	13,936	8,250	4,697	7,590	3,513	1,897	2,436	9,577	51,896	2,052	842	54,790
Other	925	1,043	936	663	428	317	940	3,736	8,988	766	715	10,469
Total expenses	\$ 1,925,674	\$ 2,596,246	\$ 1,314,626	\$ 898,309	\$ 933,079	\$ 656,848	\$ 609,017	\$ 2,649,276	\$ 11,583,075	\$ 892,225	\$ 305,277	\$ 12,780,577

See notes to financial statements

WEAVE INCStatements of Cash Flows
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 1,318,023	\$ (38,093)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized gain on investments	(298,152)	(181,175)
Depreciation and amortization	427,227	455,343
Amortization of operating leases	160,107	146,220
Gain on debt forgiveness	(1,320,551)	-
Changes in operating assets and liabilities		
Grants receivable, net	8,826	230,060
Other receivables, net	45,817	98,741
Inventories	-	(14,451)
Prepaid expenses	(46,145)	(35,987)
Deposits	-	7,239
Accounts payable	26,434	93,455
Accrued liabilities	76,482	83,728
Unearned grant revenue	(228,806)	293,579
Deferred interest	30,000	37,500
Lease liabilities	(160,029)	(142,823)
Net cash from operating activities	<u>39,233</u>	<u>1,033,336</u>
Cash Flows From Investing Activities		
Purchase of investments	(1,430,492)	(2,143,904)
Proceeds from sale of investments	1,885,597	1,679,225
Purchase of property and equipment	<u>(162,362)</u>	<u>(232,235)</u>
Net cash from investing activities	<u>292,743</u>	<u>(696,914)</u>
Cash Flows From Financing Activities		
Principal payments on long-term debt	<u>(110,166)</u>	<u>(106,006)</u>
Net cash from financing activities	<u>(110,166)</u>	<u>(106,006)</u>
Net change in cash and cash equivalents	221,810	230,416
Cash and Cash Equivalents, Beginning	<u>1,689,714</u>	<u>1,459,298</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,911,524</u>	<u>\$ 1,689,714</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 31,986</u>	<u>\$ 35,356</u>

See notes to financial statements

WEAVE INC

Notes to Financial Statements
September 30, 2024 and 2023

1. Organization

WEAVE INC (the Organization) is a nonprofit corporation established in 1978 to promote safe and healthy relationships and support survivors of sexual assault, domestic violence, and sex trafficking. The Organization's vision is that when everyone acts, violence ends. The Organization's programs and services include the following:

Intervention

The Organization operates two programs providing advocacy and intervention to victims. The Community Response Program includes the 24/7 SART Team that dispatches an advocate to provide support to a victim of sexual assault during a forensic exam and ongoing advocacy and accompaniment services as well as community response to area hospitals and medical clinics to support victims of domestic violence and sexual assault. The Community Intervention Program includes advocates embedded at area law enforcement agencies. Advocates follow up with victims who have involvement with law enforcement and respond to a domestic violence call when requested. The Community Intervention Program also includes the Anti-Trafficking Team which provides advocacy, intervention, and supportive services for adult victims of sex trafficking and Commercially Sexually Exploited Children.

Housing

The Organization provides emergency, transitional and permanent housing to victims of domestic violence, sexual assault and sex trafficking at multiple confidential and non-confidential locations. The WEAVE Safehouse Campus is a three-acre site with an 18 suite Safehouse, a Children's Center and six two-bedroom transitional housing cottages. Open House offers five one-bedroom emergency shelter apartments and two transitional housing apartments. Creekside Village is the Organization's permanent supportive housing program and is comprised of nine two-bedroom homes that are all ADA compliant. In addition, WEAVE leases two apartments that are available for short or longer-term stays for victims of sex trafficking.

Counseling

The Organization provides individual and group therapeutic counseling to help victims of sexual assault, domestic violence and sex trafficking to heal. Counseling is provided at the Organization'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.

Prevention and Education

The Organization implements school and community-based prevention and 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. The Organization provides community education and professional training for adults. Education focuses on 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. The Organization also operates WEAVE Learn which is an online training program delivering education and training to educators and school administrators throughout the state and counties.

Legal Services

The Organization 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 victimization.

Client Services

The Organization operates a 24-hour Support and Information Line and a 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.

IDEA

The Organization has a long-term commitment to ensuring that programs and services are welcoming and culturally responsive to all communities and the IDEA division drives the Organization's diversity, equity, inclusion and access efforts. In addition, the division manages programs and projects designed to improve access to and the efficacy of all of WEAVE's services for historically unserved, underserved and marginalized communities as well as victims living with disabilities.

2. Summary of Significant Accounting Policies

A summary of significant accounting policies applied in the preparing of the accompanying financial statements are as follows:

Basis of Accounting

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

Basis of Presentation

The net assets of the Organization are reported in groups as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions. Grants with both restrictions and conditions that are met simultaneously are reported as increases in net assets without donor restrictions.

With Donor Restrictions

Net assets received 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

The Organization considers all investments with a maturity at purchase of three months or less to be cash equivalents.

WEAVE INC

Notes to Financial Statements
September 30, 2024 and 2023

Grants Receivable

Grants receivable are receivables from government entities and other organizations and are recognized when the promise is received. Grants receivables 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 grants receivable. It is reasonably possible that management's estimate of the allowance will change. As of September 30, 2024 and 2023, grants receivable totaled \$1,664,424 and \$1,673,250, respectively. The Organization did not record any allowance for doubtful accounts at September 30, 2024. As of September 30, 2023, allowance for doubtful accounts totaled \$20,178. Management expects to collect outstanding receivables within one year. Due to the expected payment dates on the receivables, the Organization has determined that a discount is immaterial.

Inventories

Inventories consist primarily of donated thrift store goods and are stated at the lower of estimated market value at the time of donation or net realizable value.

Investments

Investments are stated at fair value based on quoted market prices. Gains and losses that result from market fluctuations are recorded in the period in which such fluctuation occurs. Gains and losses that result from the sale or maturity of investments are recorded in the period in which the sale or maturity occurs. Dividends and interest income is recorded when earned, net of management fees. Donated securities are initially reported at fair value on the date of donation.

Fair Value Measurements

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

Level 1 - inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization 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.

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 5 to 30 years. The Organization capitalizes all expenditures of property and equipment in excess of \$5,000.

Leases

At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the noncancelable lease term.

WEAVE INC

Notes to Financial Statements
September 30, 2024 and 2023

The Organization has made the following accounting policy elections with regard to its lease accounting:

- The Organization has elected the policy not to separate lease and nonlease components for its building and equipment leases.
- When the rate implicit in the lease is not determinable, rather than use the Organization's incremental borrowing rate, the Organization elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for its building and equipment leases.
- The Organization elected not to apply the recognition requirements to building leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.
- The Organization elected to account for its building leases using the portfolio approach; as such, leases that have similar commencement dates, length of terms, renewal options or other contract terms have been combined into a lease portfolio whereby the resulting accounting at the portfolio level does not differ materially from that at the individual lease level.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets 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, 2024 and 2023.

Accrued Liabilities

Accrued liabilities primarily consist of amounts due for payroll, payroll taxes, employee benefits and other operational accruals.

Unearned Grant Revenue

The Organization received grant proceeds from various funding sources which are subject to certain conditions as described in the grant agreements. These conditions include measurable performance requirements related to supporting the evaluation and implementation of the Strengths Model, a relationship based case management approach that focuses on healing, building resilience, and increasing protective factors to support two generation domestic violence prevention outcomes for Black and Lantinx parents and children. Due to the qualifying costs having not been incurred, the Organization has deferred recognition of the funds until those conditions have been met. As of September 30, 2024 and 2023, \$162,897 and \$391,703, respectively, is included in unearned grant revenue on the statements of financial position.

Revenue Recognition

Contributions

Contributions, including fundraiser proceeds and private foundation grants, are recognized in full when received or unconditionally promised, in accordance with ASC No. 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.

WEAVE INC

Notes to Financial Statements
September 30, 2024 and 2023

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

Government Grants

A portion of the Organization'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.

Thrift Store and Service Fee Revenue

Thrift store revenue and service fee revenue are accounted for as contracts with customers. The Organization collects services fees for consulting services provided and are based on contracts. 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. For the years ended September 30, 2024 and 2023, thrift store revenue amounted to \$992,099 and \$1,134,323, respectively. Service fee revenue is recognized over time as the services are performed. For the years ended September 30, 2024 and 2023, service fee revenue amounted to \$371,272 and \$384,226, respectively.

Contributed Nonfinancial Assets

During the year ended September 30, 2024 and 2023, the Organization received donated goods of \$992,099 and \$1,134,323, respectively, which was recorded as contributions of nonfinancial assets on the statements of activities. Donated goods recognized consist of goods sold in the Organization's thrift stores. Contributed nonfinancial assets did not have any donor-imposed restrictions. Donated goods are valued and reported at estimated fair value based on current market price for similar goods.

Income Taxes

The Organization 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, 2024 and 2023. Due to its tax-exempt status, the Organization is not subject to income taxes. The Organization 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. The Organization 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 2021.

WEAVE INC

Notes to Financial Statements
September 30, 2024 and 2023

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.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through March 28, 2025, which represents the date the financial statements were available to be issued.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to current year presentation. Such reclassifications had no effect on previously ending net assets.

3. Liquidity and Availability of Financial Assets

The following represents the Organization's financial assets at September 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,911,524	\$ 1,689,714
Grants receivables, net	1,664,424	1,673,250
Other receivables, net	4,171	49,988
	<u>\$ 3,580,119</u>	<u>\$ 3,412,952</u>

The Organization'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.

4. Grants and Other Receivables

Grants and other receivables at September 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Grants receivables, net	\$ 1,664,424	\$ 1,673,250
Other receivables, net	4,171	49,988
Total	<u>\$ 1,668,595</u>	<u>\$ 1,723,238</u>

WEAVE INC

Notes to Financial Statements
September 30, 2024 and 2023

5. Property and Equipment

The cost and related accumulated depreciation and amortization of property and equipment at September 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 630,000	\$ 630,000
Building	7,895,187	7,895,187
Furniture, fixture and equipment	288,469	224,681
Vehicles	255,435	255,435
Land improvement	939,588	915,637
Building improvement	1,558,938	1,493,408
	<u>11,567,617</u>	<u>11,414,348</u>
Total	11,567,617	11,414,348
Less accumulated depreciation	<u>(4,440,579)</u>	<u>(4,022,445)</u>
Total	<u>\$ 7,127,038</u>	<u>\$ 7,391,903</u>

6. Investments

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

	<u>2024</u>	<u>2023</u>
Stocks	\$ 1,139,813	\$ 892,459
Mutual funds	146,787	126,152
Corporate bonds	705,473	637,862
Treasury bills	<u>-</u>	<u>492,553</u>
Total	<u>\$ 1,992,073</u>	<u>\$ 2,149,026</u>

WEAVE INC

Notes to Financial Statements
September 30, 2024 and 2023

7. Fair Value Measurements and Disclosures

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

	2024			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,139,813	\$ -	\$ -	\$ 1,139,813
Mutual funds	146,787	-	-	146,787
Corporate bonds	-	705,473	-	705,473
	<u>\$ 1,286,600</u>	<u>\$ 705,473</u>	<u>\$ -</u>	<u>\$ 1,992,073</u>

	2023			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 892,459	\$ -	\$ -	\$ 892,459
Mutual funds	126,152	-	-	126,152
Corporate bonds	-	637,862	-	637,862
Treasury bills	-	492,553	-	492,553
	<u>\$ 1,018,611</u>	<u>\$ 1,130,415</u>	<u>\$ -</u>	<u>\$ 2,149,026</u>

8. Long-Term Debt

Long term debt consists of the following at September 30:

	2024	2023
Fixed-rate mortgage payable in the amount of \$1,530,000, 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, 2024 and 2023, interest expense was \$31,986 and \$35,356, respectively.	\$ 600,212	\$ 710,378
Mortgage note payable to EHAP in the amount of \$1,000,000, 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, 2024 and 2023, interest expense totaled \$30,000 and \$30,000, respectively. Accrued interest as of September 30, 2024 and 2023 is \$330,000 and \$300,000, respectively.	1,000,000	1,000,000

WEAVE INC

Notes to Financial Statements
September 30, 2024 and 2023

Mortgage note payable in the amount of \$999,325 to EHAP, secured by the transitional housing cottages, with simple interest of 3% per annum. The loan was fully forgiven on March 19, 2024. For the year ended September 30, 2023, interest expense totaled \$7,500. Accrued interest as of September 30, 2023 was \$321,226.

	-	999,325
Total	1,600,212	2,709,703
Less, current portion	(96,680)	(96,680)
Long-term debt, net	<u>\$ 1,503,532</u>	<u>\$ 2,613,023</u>

Future annual maturities of long-term debt over each of the next five years and thereafter subsequent to September 30, 2024 are as follows:

Years ending September 30,	
2025	\$ 96,680
2026	96,680
2027	96,680
2028	96,680
2029	48,340
Thereafter	1,165,152
	<u>\$ 1,600,212</u>

9. Net Assets With Donor Restrictions

Net assets with purpose-based donor restrictions for the years ended 2024 and 2023 amount to \$355,308 and \$464,177, respectively, and are included on the accompanying statements of financial position. Releases from restrictions in 2024 and 2023 amount to \$209,394 and \$386,534, respectively.

10. Leases

During the year ended September 30, 2024, the Organization's lease portfolio consists of the following operating leases:

Building

The Organization has multiple building lease agreements for retail stores and residential living space within the city of Sacramento with various commencement dates and various expiration dates through 2027. Monthly lease expense for the year ended September 30, 2024 range from \$1,125 to \$5,800.

Equipment

The Organization leases equipment from an unrelated party for \$200 per month which expires in October 2027.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

WEAVE INC

Notes to Financial Statements
September 30, 2024 and 2023

Certain of the Organization's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses the rate implicit in the lease, or if not readily available, the Organization uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassess lease classification and reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Organization made significant assumptions and judgements in applying the requirements of Topic 842. In particular, the Organization:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.
- Determined whether contracts contain embedded leases.
- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases.

The Organization does not have any material leasing transactions with related parties.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of September 30:

	<u>2024</u>	<u>2023</u>
Operating lease right-of-use assets	\$ 189,054	\$ 223,233
Operating lease liabilities:		
Current	107,506	134,155
Long-term	<u>85,023</u>	<u>92,475</u>
Total operating lease liabilities	<u>\$ 192,529</u>	<u>\$ 226,630</u>

Below is a summary of expenses incurred pertaining to leases during the years ended September 30:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 48,608	\$ 125,403
Short-term lease expense	<u>108,025</u>	<u>37,128</u>
Total lease expense	<u>\$ 156,633</u>	<u>\$ 162,531</u>

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 3.86% and 2.97%, respectively, for the years ended September 30, 2023 and 2024. As of September 30, 2024 and 2023, the weighted average remaining lease term was 1.83 and 2.63 years, respectively.

WEAVE INC

Notes to Financial Statements
September 30, 2024 and 2023

The table below summarizes the Organization's scheduled future minimum lease payments for the year ending after September 30, 2024:

Years ending September 30,	
2025	\$ 111,027
2026	64,066
2027	<u>21,004</u>
Total lease payments	196,097
Less present value discount	<u>(3,568)</u>
Total lease liabilities	192,529
Less current portion	<u>(107,506)</u>
Long-term lease liabilities	<u>\$ 85,023</u>

The following table includes supplemental cash flow and noncash information related to the leases for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 166,500	\$ 154,803
Operating lease right-of-use assets obtained in exchange for lease liabilities	\$ 125,929	\$ 23,425

11. Contributed Nonfinancial Assets

The Organization receives donated clothing and household items for resale or for use in the shelter. The value of inventory held at the thrift stores are estimated based on the nature of the item. At September 30, 2024 and 2023, total inventory that has not been sold amounts to \$195,051 in both years. As of September 30, 2024 and 2023, corresponding estimated values of \$992,099 and \$1,134,323, respectively, are recognized as contributions at the point of sale and is recorded as thrift store income in the financial statements. Volunteers donated approximately 3,134 and 1,436 hours during the fiscal years ended September 30, 2024 and 2023, respectively, to the Organization 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 No. 958-605.

12. Retirement Plan

The Organization 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 \$26,142 and \$3,295 for the years ended September 30, 2024 and 2023, respectively. Employer contributions to the employee retirement plan for the years ended September 30, 2024 and 2023 were \$129,424 and \$130,742, respectively.

WEAVE INC

Notes to Financial Statements
September 30, 2024 and 2023

13. Concentrations

Credit Risk

The Organization maintains cash in bank deposit accounts which, at times, may exceed federally insured limits (currently \$250,000 per depositor). The Organization has not experienced any losses in such accounts.

Investment Risk

The Organization invests in various types of investments. Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. At times, certain investment balances may exceed the institutions' insured limits. The Organization attempts to limit its credit risk associated with investments through diversification and by utilizing the expertise and processes of outside investment managers.

Funding Sources

Government contract revenue consists primarily of amounts from a limited number of federal, state and county agencies. During the year ended September 30, 2024 and 2023, 20% of government grant revenue was from two agencies and 10% of government grant revenue was from one agency, respectively. At September 30, 2024 and 2023, 41% of government grants was from 3 agencies and 10% of government grants was from 1 agency, respectively.

14. Contingencies

The Organization'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 the Organization's financial statements as a whole.

**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***

Independent Auditors' Report

To the Board of Directors of
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 (*Government Auditing Standards*), the financial statements of WEAVE INC (the Organization), which comprise the statement of financial position as of September 30, 2024 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated March 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 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*.

WEAVE INC's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

San Francisco, California
March 28, 2025

**Report on Compliance
for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Directors of
WEAVE INC

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited WEAVE INC's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended September 30, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended September 30, 2024.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal programs. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subject to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal controls over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002, to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subject to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

The image shows a handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

San Francisco, California
March 28, 2025

WEAVE INCSchedule of Expenditures of Federal Awards
Year Ended September 30, 2024

Federal Grantor/Pass-through Grantor/Program	Assistance Listing Number	Pass-Through Identifying Number	Total Federal Expenditures
United States Department of Justice			
Passed through from the California Emergency Management Agency:			
Crime Victim Assistance	16.575	DV23 38 1196	\$ 538,052
Crime Victim Assistance	16.575	RC23 36 1196	691,591
Crime Victim Assistance	16.575	UV23 02 1196	153,767
Crime Victim Assistance	16.575	UV22 01 1196	53,906
Crime Victim Assistance	16.575	XS23 06 1196	67,307
Crime Victim Assistance	16.575	XS22 05 1196	10,154
Crime Victim Assistance	16.575	XY23 03 1196	135,760
Crime Victim Assistance	16.575	XY22 02 1196	45,252
Crime Victim Assistance	16.575	XL23 01 1196	101,116
Crime Victim Assistance	16.575	XL22 05 1196	96,339
Crime Victim Assistance	16.575	XD23 02 1196	218,872
Crime Victim Assistance	16.575	KA23 06 1196	195,242
Crime Victim Assistance	16.575	XE23 01 1196	168,714
Crime Victim Assistance	16.575	XE22 05 1196	44,784
Crime Victim Assistance	16.575	XH23 02 1196	241,595
Crime Victim Assistance	16.575	XH22 01 1196	98,457
Total Crime Victim Assistance			<u>2,860,908</u>
Passed through from the Office of Violence Against Women:			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	15OVW-23-GG-02570-ICJR	189,376
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2020-WE-AX-009, SSO	<u>34,720</u>
Total Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			<u>224,096</u>
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	15JOVW-22-GG-03190-TRAN	<u>170,934</u>
Total Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault			<u>170,934</u>
Legal Assistance for Victims	16.524	15JOVW-22-GG-00273-LEGA	<u>167,181</u>
Total Legal Assistance for Victims			<u>167,181</u>
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	15JOVW-23-GK-00737-DISA	<u>120,318</u>
Total Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities			<u>120,318</u>
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	15JOVW-21-GG-00635-CY	<u>162,308</u>
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>162,308</u>
Total United States Department of Justice			<u>3,705,745</u>
United States Department of Health and Human Services			
Passed through California Department of Public Health			
Injury Prevention and Control Research and State and Community Based Programs	93.136	18-10730, A02	73,996
Injury Prevention and Control Research and State and Community Based Programs	93.136	18-10730, A02	<u>69,455</u>
Total Injury Prevention and Control Research and State and Community Based Programs			<u>143,451</u>

WEAVE INCSchedule of Expenditures of Federal Awards
Year Ended September 30, 2024

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Identifying Number</u>	<u>Total Federal Expenditures</u>
Family Violence Prevention and Services/Discretionary	93.592	90EVO0468-03-00	24,125
Family Violence Prevention and Services/Discretionary	93.592	90EVO0468-04-00	700,082
Family Violence Prevention and Services/Discretionary	93.592	90EVO495-01-00	<u>153,819</u>
Total Family Violence Prevention and Services/Discretionary			<u>878,026</u>
Congressional Directives	93.493	1CE1HS46927-01-00	<u>10,743</u>
Total Congressional Directives			<u>10,743</u>
Total United States Department of Health and Human Services			<u>1,032,220</u>
United States Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	Phase ARPA-R	<u>80,720</u>
Total Emergency Food and Shelter National Board Program			<u>80,720</u>
Total United States Department of Homeland Security			<u>80,720</u>
Total expenditures of federal awards			<u>\$ 4,818,685</u>

WEAVE INC

Notes to Schedule of Expenditures of Federal Awards
September 30, 2024

1. Basis of Presentation

The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of WEAVE INC (the Organization) under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Assistance Listing Numbers and pass-through entity identification numbers are presented where available.

3. Indirect Cost Rate

The Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

WEAVE INC

Schedule of Findings and Questioned Costs
September 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance? yes X no

Auditee qualified as low-risk auditee? X yes no

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

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.590	Office of Violence Against Women
93.592	Family Violence Prevention and Services – Grants for Battered Women’s Shelters Discretionary Grants

Section II – Findings for Financial Statements

Finding 2024-001: Journal Entries – Material Weakness in Internal Controls over Financial Reporting

Criteria: All journal entries made by the Organization should be reviewed and approved by authorized personnel.

Condition: All journal entries posted by the Director of Finance were not reviewed and approved.

Cause: During 2024, the Organization’s CFO, who was authorized to approve and review journal entries, left the Organization. As a result, the Organization lacked personnel to approve and review the Director of Finance’s journal entries.

Effect or Potential Effect: The lack of oversight increases the risk of management override of controls, where unauthorized or fraudulent entries can be made without detection. Lack of an approval process increases the difficulty in tracing the origin of journal entries, and the Organization may be unable to investigate discrepancies or errors.

Recommendation: The Organization should implement internal controls to approve and review all journal entries.

Management’s Response: While journal entries made by the Director of Finance were not individually approved, this weakness was mitigated through the CEO’s quarterly review of the financial statements, monthly bank statements and monthly bank reconciliation reviews for any significant and unusual transactions.

Section III – Federal Award Findings and Questioned Costs

Finding 2024-002: Allowable Costs – Significant Deficiency in Internal Control over Compliance

Criteria: The Organization should have an approval and review process in place to review timesheets for the all personnel within the Organization including the CEO.

Condition: Certain time sheets for the CEO lacked the proper approval and review documentation.

Cause: The CEO does not have a direct supervisor. Instead the Organization’s payroll department reviews the CEO’s time sheet, however, the documentation of the review is not applied on a consistent basis.

Effect or Potential Effect: The Organization could potentially mistake costs charged to federal programs.

Recommendation: The Organization should review and approve payroll costs charged to its federal grants including timesheets of the highest level of personnel within the Organization.

Management’s Response: Our Chief People Officer is now reviewing and approving the CEO’s timesheets on a consistent basis.

Section IV – Summary of Prior Year Findings

None.