New Life Center and Subsidiary
Single Audit Reporting Package
Years Ended June 30, 2018 and 2017

New Life Center and Subsidiary

Single Audit Reporting Package
June 30, 2018 and 2017

NEW LIFE CENTER AND SUBSIDIARY
JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
New Life Center and Subsidiary

Report on Financial Statements

We have audited the accompanying consolidated financial statements of New Life Center and Subsidiary which comprise the consolidated statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Life Center and Subsidiary as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The consolidated financial statements of New Life Center and Subsidiary as of June 30, 2017, were audited by other auditors whose report dated February 7, 2018, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2019, on our consideration of New Life Center and Subsidiary'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 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 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 New Life Center and Subsidiary's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
March 27, 2019

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
Current Assets		
Cash and cash equivalents	$ 2,943,381	$ 1,687,794
Certificates of deposit		175,729
Government contracts receivable	188,604	234,521
Current maturities of pledges receivable	247,847	45,555
Thrift store inventory	68,165	67,024
Contributions receivable	26,860	
Prepaid expenses and deposits	2,434	29,288
Total Current Assets	3,477,291	2,239,911
Noncurrent Assets		
Certificates of deposit	8,686	285,591
Restricted certificate of deposit	100,000	100,000
Pledges receivable, net		
Less: current maturities and unamortized discount	75,895	527,303
Property and equipment, net	2,581,378	2,728,326
Total Noncurrent Assets	2,765,959	3,641,220
Total Assets	$ 6,243,250	$ 5,881,131

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	$ 24,113	$ 22,824
Accrued expenses and other liabilities	50,329	56,272
Total Current Liabilities	74,442	79,096
Noncurrent Liabilities		
Forgivable loans, net of discount	769,669	745,193
Total Noncurrent Liabilities	769,669	745,193
Total Liabilities	844,111	824,289
Net Assets		
Unrestricted	4,886,529	4,554,766
Temporarily restricted	512,610	502,076
Total Net Assets	5,399,139	5,056,842
Total Liabilities and Net Assets	$ 6,243,250	$ 5,881,131

The accompanying notes are an integral part of this consolidated financial statement.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support						
Contributions	$ 1,183,585	$ 327,667	$ 1,511,252	$ 910,984	$ 247,787	$ 1,158,771
Government contracts and grants	1,330,156		1,330,156	1,453,583		1,453,583
In-kind donations	224,782		224,782	311,718		311,718
Thrift store	503,597		503,597	452,998		452,998
Less: cost of goods sold	(370,846)		(370,846)	(331,804)		(331,804)
Investment income	9,515		9,515	11,514		11,514
Other income	3,462		3,462	4,438		4,438
Net assets released from restriction	317,133	(317,133)		335,269	(335,269)	
Total revenues and support	3,201,384	10,534	3,211,918	3,148,700	(87,482)	3,061,218
Expenses						
Program services	2,418,876		2,418,876	2,498,696		2,498,696
Management and general	296,416		296,416	291,979		291,979
Fundraising	154,329		154,329	173,574		173,574
Total expenses	2,869,621		2,869,621	2,964,249		2,964,249
Change in net assets	331,763	10,534	342,297	184,451	(87,482)	96,969
Net assets, beginning of year	4,554,766	502,076	5,056,842	4,370,315	589,558	4,959,873
Net assets, end of year	$ 4,886,529	$ 512,610	$ 5,399,139	$ 4,554,766	$ 502,076	$ 5,056,842

The accompanying notes are an integral part of this consolidated financial statement.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services			Supporting Services				
	Emergency Shelter Program							
	Emergency Shelter Domestic Violence	Victims of Crime Assistance	Total Program Services	Management and General	Fund-raising	Total Functional Expenses	Thrift Store	Total
Salaries and wages	$ 751,504	$ 445,092	$ 1,196,596	$ 154,853	$ 56,310	$ 1,407,759	$ 224,670	$ 1,632,429
Employee related expenses	148,560	76,259	224,819	29,094	10,580	264,493	35,564	300,057
Total salaries and related expenses	900,064	521,351	1,421,415	183,947	66,890	1,672,252	260,234	1,932,486
Community relations	19,200		19,200			19,200		19,200
Depreciation and amortization	151,044		151,044	11,369		162,413	21,685	184,098
Equipment rental and maintenance	59,659	950	60,609	4,562		65,171	644	65,815
Food	58,442		58,442			58,442		58,442
In-kind contribution expense	224,782		224,782			224,782		224,782
Insurance	25,662		25,662	1,932		27,594	5,829	33,423
Bad debt expense	40,341		40,341			40,341		40,341
Miscellaneous	18,072	1,250	19,322	32,204	12,882	64,408	14,916	79,324
Occupancy	154,285		154,285	11,613		165,898	52,325	218,223
Professional fees	89,575		89,575	42,510	19,737	151,822		151,822
Relocation assistance		6,504	6,504			6,504		6,504
Special events					54,820	54,820		54,820
Staff training	2,493	320	2,813			2,813		2,813
Supplies	78,555	20,809	99,364	7,479		106,843	2,355	109,198
Telephone	10,622		10,622	800		11,422	4,746	16,168
Travel	28,824	6,072	34,896			34,896	8,112	43,008
Total	$ 1,861,620	$ 557,256	$ 2,418,876	$ 296,416	$ 154,329	$ 2,869,621	$ 370,846	$ 3,240,467

The accompanying notes are an integral part of this consolidated financial statement.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services				Supporting Services				
	Emergency Shelter Program								
	Emergency Shelter Domestic Violence	Emergency Shelter	Victims of Crime Assistance	Total Program Services	Management and General	Fund-raising	Total Functional Expenses	Thrift Store	Total
Salaries and wages	$ 939,264	$	$ 320,778	$ 1,260,042	$ 161,139	$ 87,155	$ 1,508,336	$ 189,686	$ 1,698,022
Employee related expenses	223,355		49,168	272,523	35,106	13,422	321,051	38,139	359,190
Total salaries and related expenses	1,162,619		369,946	1,532,565	196,245	100,577	1,829,387	227,825	2,057,212
Community relations	20,408			20,408			20,408		20,408
Depreciation and amortization	196,074			196,074	15,494		211,568	13,235	224,803
Equipment rental and maintenance	48,935			48,935	3,622		52,557	170	52,727
Food	60,750			60,750			60,750		60,750
In-kind contribution expense	310,154			310,154			310,154		310,154
Insurance	24,810			24,810	1,836		26,646	5,787	32,433
Bad debt expense	33,691			33,691			33,691		33,691
Miscellaneous	23,801			23,801	40,309	16,085	80,195	12,361	92,556
Occupancy	99,722	20,000		119,722	8,887	338	128,947	54,599	183,546
Professional fees	43,963			43,963	21,000	9,308	74,271		74,271
Special events						47,266	47,266		47,266
Staff training	4,040		450	4,490			4,490	20	4,510
Supplies	47,119		1,918	49,037	3,630		52,667	2,410	55,077
Telephone	12,921			12,921	956		13,877	5,273	19,150
Travel	14,222		3,153	17,375			17,375	10,124	27,499
Total	$ 2,103,229	$ 20,000	$ 375,467	$ 2,498,696	$ 291,979	$ 173,574	$ 2,964,249	$ 331,804	$ 3,296,053

The accompanying notes are an integral part of this consolidated financial statement.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ 342,297	$ 96,969
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	184,098	224,803
Bad debt expense	40,341	33,691
Long-term debt forgiven	(16,665)	(16,665)
Amortization of discount on loan	41,141	39,942
Change in discount on pledges receivable	6,479	4,032
Change in allowance for uncollectible pledges	4,758	(35,050)
Changes in assets and liabilities:		
Government contracts receivable	45,917	(141,140)
Pledges receivable	197,538	(471,245)
Thrift store inventory	(1,141)	455
Prepaid expenses and deposits	(342)	(296)
Contributions receivable	336	
Accounts payable	1,289	20,504
Accrued expenses and other liabilities	(5,943)	(18,506)
Net cash provided by (used for) operating activities	840,103	(262,506)
Cash flows from investing activities:		
Purchases of property and equipment	(37,150)	(86,558)
Sale (purchases) of certificates of deposits	452,634	322,431
Net cash provided by investing activities	415,484	235,873
Net increase (decrease) in cash and cash equivalents	1,255,587	(26,633)
Cash and cash equivalents, beginning of year	1,687,794	1,714,427
Cash and cash equivalents, end of year	$ 2,943,381	$ 1,687,794

The accompanying notes are an integral part of this consolidated financial statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Life Center (New Life or Center) was incorporated on November 26, 1989, as an Arizona nonprofit organization. New Life promotes self-sufficiency by providing safe shelter, advocacy, and other services to victims of domestic violence and their children, who are located in Maricopa County, Arizona. New Life also promotes community awareness of the need for domestic violence services and prevention programs. A significant portion of New Life's revenue and support is derived from state and federal funds provided by the Arizona Departments of Economic Security and Public Safety.

Hope's Closet, LLC was organized on January 29, 2009. Hope's Closet operates a retail store for the sale to the public of donated clothing and household items in conjunction with and in support of New Life's service to victims of domestic violence and their families.

The more significant accounting policies are described below.

A. Basis of Accounting

The consolidated financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

B. Basis of Presentation

The consolidated financial statements of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The Center is required to report information regarding its financial position and activities according to three classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on related investments for general purposes. The Center has no permanently restricted net assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

D. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The costs are allocated based on salary and square footage percentages.

E. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of New Life Center and Hope's Closet, LLC. All significant intercompany transactions and balances have been eliminated in consolidation.

F. Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

G. Donated Materials and Services

Donated property, equipment, materials, and services are recognized as contributions at their estimated values on the date of receipt. The Center utilizes volunteer services in several areas of operations. Volunteer services that require special skills and otherwise need to be purchased by the program are recorded as support and expense in the accompanying consolidated financial statements.

H. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Concentrations of Credit Risk

Financial instruments that potentially expose the Center to concentrations of credit risk consist primarily of cash. The Center places its cash with high-credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit. At various times throughout the year, the Center's cash balances may exceed the federally insured limits. Management believes there are no unusual risks associated with the current depository institutions.

J. Government Contracts Receivable

Government contracts receivable consist primarily of amounts due from various agencies and are unsecured. Accounts receivable are stated at the amount management expects to collect. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management provides for probable, uncollectible amounts through a charge to operations and an increase to a valuation allowance based on the assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collections efforts are written off through a charge to the valuation allowance and a decrease in accounts receivable. Management believes that no allowance for doubtful accounts is necessary at June 30, 2018 and 2017.

K. Thrift Store Inventories

Inventory consists of used clothing, household goods, and other items donated by the public for sale at the thrift store. The fair value or market value of contributed merchandise when received is defined as the excess of retail sales value over the cost of goods sold. Donated goods are believed to have little or no value until they are processed and made available for sale. The value of the inventory is computed based upon the estimated retail value.

L. Pledges Receivable

Pledges receivable represent unconditional promises to give that are acknowledged in writing by donating parties prior to June 30, but not transmitted to the Center until after that date. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give that are expected to be collected in less than one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. The discounts on those amounts are computed using interest rates determined by management, applicable to the years in which the promises are received. Accretion of the discounts is included in contribution support. The allowance for doubtful accounts is based on management's assessment of the collectability of specific donor accounts. If there is deterioration in a major donor's pledge, management's estimates of the recoverability of amounts promised could be adversely affected.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Property and Equipment

All acquisitions of property and equipment with a cost in excess of $1,000 and all expenses for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from 5 to 30 years. Depreciation expense was $184,098 and $224,803 during the years ended June 30, 2018 and 2017, respectively.

N. Impairment of Long-Lived Assets

The Center reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

O. Advertising

Advertising costs are expensed as incurred.

P. Income Tax Status

New Life Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. Accordingly, no provision for federal or state income taxes has been made in the accompanying consolidated financial statements.

Hope's Closet, LLC is a limited liability company incorporated in the state of Arizona, which is a pass-through entity. All income or loss of this entity is reported at New Life's level.

Income determined to be unrelated business taxable income (UBIT) would be taxable. Management believes that the Center has no uncertain tax positions as of June 30, 2018 and 2017.

Q. Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying 2018 consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

R. Subsequent Events

Subsequent events have been evaluated through March 27, 2019, which is the date the financial statements were available to be issued.

NOTE 2 – CERTIFICATES OF DEPOSIT

At June 30, 3017, the Center had $461,320 in certificates of deposit which includes accrued interest. These certificates of deposit have maturity dates ranging from 12 months to 24 months, earning interest from 0.30 percent to 1.250 percent.

The restricted certificate of deposit in the amount of $100,000 at June 30, 2018 and 2017 is reserved for operations and replacement under the State of Arizona's Arizona Department of Housing forgivable loan. This certificate of deposit has a maturity date of 25 months, with continuous renewal, earning interest at 1.242 percent. This $100,000 is to be restricted for 20 years until the loan has been forgiven. The restricted certificate of deposit has accrued interest of $8,686.

Certificates of deposits are recorded at cost, which approximate fair value.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	2018	2017
Pledges receivable before amortized discount	$ 393,732	$ 631,610
Less: Unamortized discount	(22,541)	(16,062)
Total	371,191	615,548
Less: Allowance for uncollectibles	(47,449)	(42,690)
Net pledges receivable	$ 323,742	$ 572,858
Amounts due in:		
Less than one year	$ 247,847	$ 45,555
One to five years	145,885	586,055
Total	$ 393,732	$ 631,610

The discount rate used to determine the present value of the pledges receivable balance is the interest rate appropriate for the expected repayment term. The discount rate ranges from 2.78 percent to 1.17 percent in years ended June 30, 2018 and 2017, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following.

	2018	2017
Land	$ 72,000	$ 72,000
Buildings	3,984,028	3,984,028
Furniture and equipment	400,691	383,948
Building improvements	533,268	512,860
Total property and equipment	4,989,987	4,952,836
Less accumulated depreciation and amortization	(2,408,609)	(2,224,510)
Net property and equipment	$ 2,581,378	$ 2,728,326

NOTE 5 – OPERATING LEASE COMMITMENTS

New Life Center leases land from the City of Goodyear for one dollar per year and has recorded the fair value of the use of the land. New Life leases equipment under noncancelable operating leases with expiration dates ranging through June 2022. Monthly rent for the equipment ranges from $73 to $477.

Total rent expense was $10,535 and $3,438 during the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments under the operating leases are as follows:

Year End:		
	2019	$ 9,120
	2020	9,120
	2021	9,120
	2022	8,280
Total		$ 35,640

NOTE 6 – FORGIVABLE LOANS

Forgivable loans consist of the following:

Description	2018	2017
Note payable to City of Phoenix dated August 31, 2000, (money received prior to June 30, 2000), for the construction of emergency and transitional housing units; original amount of $333,300; principal to be forgiven at five percent per year over 20 years beginning with the first year provided the housing is used exclusively for the operation of an emergency and transitional housing program; interest free; secured by a deed of trust on real property.	$ 33,330	$ 49,995
Note payable to State of Arizona, Department of Commerce dated February 18, 2000, for the construction of emergency and transitional housing units; original amount of $300,000; principal to be forgiven on the 20th anniversary of the effective date of the contract (February 18, 2020) provided the housing is used exclusively for the operation of an emergency and transitional housing program; interest free; secured by a deed of trust on real property.	300,000	300,000
Note payable to State of Arizona, Department of Housing dated September 28, 2007, for the construction of emergency and transitional housing units; total amount to equal $750,000; principal to be forgiven on the maturity date of January 31, 2028, provided the housing is used exclusively for the operation of an emergency and transitional housing program; interest free; secured by a deed of trust on real property.	750,000	750,000
Total long-term debt	1,083,330	1,099,995
Less: Present value discount on interest expense contribution	(313,661)	(354,802)
Long-term maturities of forgivable notes payable	$ 769,669	$ 745,193

NOTE 6 – FORGIVABLE LOANS

The present value discount was calculated at interest rates of 6.23 percent and 4.91 percent.

Future maturities of forgivable loans are as follows:

Year End:	Amount
2019	$ 16,665
2020	316,665
2021	
2022	
2023	
Thereafter	750,000
Total	$ 1,083,330

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for future use for the following restricted purposes:

	2018	2017
Time restricted	$ 463,865	$ 489,430
Women's programs	4,999	7,442
Children's programs	43,746	5,204
Total	$ 512,610	$ 502,076

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

	2018	2017
Time restricted	$ 220,547	$ 265,693
Women's programs	50,150	32,700
Children's programs	46,436	36,876
Total	$ 317,133	$ 335,269

NOTE 8 – DONATED MATERIALS SERVICES

Donated property and equipment, materials and services with an estimated fair value of $225,305 and $311,718, were recognized as contributions during the years ended June 30, 2018 and 2017, respectively. Estimated volunteers hours of 8,411 and 8,540 were contributed throughout various programs during fiscal years 2018 and 2017, respectively. Such services have not been recorded as revenue or expense in the accompanying consolidated financial statements as a program expense.

NOTE 9 – CONCENTRATIONS

The Center received approximately 37 and 42 percent of its unrestricted revenue from federal and state grants and contracts during the years ended June 30, 2018 and 2017, respectively. If the Center were to lose its government grants and contracts, it would have a severe near term impact upon the Center and its operations.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Compliance - The Center participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. Accordingly, the Center's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Center's management expects such amounts, if any, to be immaterial.

Lawsuits - The Center is periodically involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Center's financial position, change in net assets, or liquidity, since any potential claims will be covered by insurance.

NOTE 11 – RETIREMENT PLAN

The Center sponsors a 401(k) profit sharing plan, established January 1, 2008, for the benefit of its employees. The Center, at their discretion, can make matching contributions of up to four percent of eligible pay. The Center made matching contributions of $12,300 and $22,417 for the years ended June 30, 2018 and 2017, respectively.

SINGLE AUDIT SECTION

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 Auditor's Report

The Board of Directors
New Life Center and Subsidiary

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 New Life Center and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated March 27, 2019.

Internal Control Over Financial Reporting

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

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.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
March 27, 2019

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Independent Auditor's Report

The Board of Directors
New Life Center and Subsidiary

Report on Compliance for Each Major Federal Program

We have audited New Life Center and Subsidiary's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of New Life Center and Subsidiary's major federal programs for the year ended June 30, 2018. New Life Center and Subsidiary's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of New Life Center and Subsidiary's major federal programs 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 New Life Center and Subsidiary'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 each major federal program. However, our audit does not provide a legal determination of New Life Center and Subsidiary's compliance.

Opinion on Each Major Federal Program
In our opinion, New Life Center and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance
Management of New Life Center and Subsidiary 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 New Life Center and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 New Life Center and Subsidiary'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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the consolidated financial statements of the of New Life Center and Subsidiary as of and for the year ended June 30, 2018, have issued our report thereon dated March 27, 2019, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
March 27, 2019

NEW LIFE CENTER AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures and Transfers	Total Expenditures and Transfers
U.S. Department of Health and Human Services				
Passed through Arizona Department of Economic Security:				
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	12025-525	$	$ 466,695
Social Services Block Grant	93.667	12025-525		15,882
Total U.S. Department of Health and Human Services				482,577
U.S. Department of Justice				
Passed through Arizona Department of Public Safety:				
Crime Victim Assistance	16.575	2015-428	35,990	
Crime Victim Assistance	16.575	2015-429	34,519	
Crime Victim Assistance	16.575	2018-311	478,136	548,645
U.S. Department of Agriculture				
Passed through Arizona Department of Education:				
Child and Adult Care Food Program	10.558	07-24-43-000		75,853
Total Expenditures of Federal Awards				$ 1,107,075

See accompanying notes to schedule.

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of New Life Center and Subsidiary under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the New Life Center and Subsidiary, it is not intended to and does not present the financial position, changes in net position or cash flows of the New Life Center and Subsidiary.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the applicable Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2018 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word "unknown" were used.

NOTE 4 – INDIRECT COST RATE

The New Life Center and Subsidiary has elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

NEW LIFE CENTER AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:
- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

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

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
16.575	Crime Victim Assistance

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

Auditee qualified as low-risk auditee: Yes

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: Yes

March 27, 2019

To Whom It May Concern:

The accompanying Summary Schedule of Prior Audit Findings has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The status for each finding included in the prior year audit's Schedule of Findings and Questioned Costs has been provided.

Sincerely,

Myriah Mhoon
Chief Executive Officer

NEW LIFE CENTER AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018

Status of Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding Number: 2017-001
Status: Fully corrected.

Status of Findings and Questioned Costs Related to Federal Awards

Finding Number: 2017-002
Program Name/CFDA Title: Victim of Crime Assistance
CFDA Number: 16.575
Status: Fully corrected.