New Life Center and Subsidiary
Single Audit Reporting Package
For the Years Ended June 30, 2019 and 2018

New Life Center and Subsidiary

Single Audit Reporting Package
Years Ended June 30, 2019 and 2018

NEW LIFE CENTER AND SUBSIDIARY
YEARS ENDED JUNE 30, 2019 AND 2018
TABLE OF CONTENTS

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 statements of financial position as of June 30, 2019 and 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.

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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2019 and 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.

Change in Accounting Principle

As described in Note 1, the New Life Center and Subsidiary implemented the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), for the year ended June 30, 2019 and 2018, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2020, 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 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 New Life Center and Subsidiary'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 New Life Center and Subsidiary's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
March 25, 2020

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

Assets	2019	2018
Cash and cash equivalents	$ 2,723,046	$ 2,943,381
Restricted cash and cash equivalents	100,000	
Investments	537,112	108,686
Contributions receivable	17,352	323,742
Government contracts receivable	129,737	188,604
Contributions receivable - land lease	26,524	26,860
Thrift store inventory	58,054	68,165
Prepaid expenses and deposits	63,342	2,434
Other current assets	62	
Property and equipment, net	2,496,030	2,581,378
Total assets	$ 6,151,259	$ 6,243,250
Liabilities		
Accounts payable	$ 52,038	$ 24,113
Accrued expenses and other liabilities	98,526	50,329
Forgivable loans, net of discount	795,406	769,669
Total liabilities	945,970	844,111
Net assets		
Without donor restrictions:		
Undesignated	4,815,947	4,886,529
With donor restrictions:		
Time restricted	313,611	463,865
Purpose restricted	75,731	48,745
Total net assets	5,205,289	5,399,139
Total liabilities and net assets	$ 6,151,259	$ 6,243,250

See accompanying notes to financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
Revenue, support, and gains:	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Contributions	$ 749,158	$ 214,024	$ 963,182	$ 1,183,585	$ 327,667	$ 1,511,252
Contributions - in kind	250,960		250,960	224,782		224,782
Government contracts and grants	1,463,935		1,463,935	1,330,156		1,330,156
Thrift store	505,047		505,047	503,597		503,597
Less: thrift store cost of goods sold	(398,936)		(398,936)	(370,846)		(370,846)
Interest and dividends	27,633		27,633	9,515		9,515
Other income	5,731		5,731	3,462		3,462
Investment return, net	5,255		5,255			
Net assets released from restrictions	337,292	(337,292)		317,133	(317,133)	
Total revenue, support, and gains	2,946,075	(123,268)	2,822,807	3,201,384	10,534	3,211,918
Expenses and losses:						
Program services	2,631,656		2,631,656	2,418,876		2,418,876
Total program expenses	2,631,656		2,631,656	2,418,876		2,418,876
Supporting services						
Management and general	225,857		225,857	296,416		296,416
Fundraising	159,144		159,144	154,329		154,329
Total supporting services	385,001		385,001	450,745		450,745
Total expenses and losses	3,016,657		3,016,657	2,869,621		2,869,621
Change in net assets	(70,582)	(123,268)	(193,850)	331,763	10,534	342,297
Net assets, beginning of year	4,886,529	512,610	5,399,139	4,554,766	502,076	5,056,842
Net assets, end of year	$ 4,815,947	$ 389,342	$ 5,205,289	$ 4,886,529	512,610	5,399,139

See accompanying notes to financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	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	$ 821,318	$ 483,633	$ 1,304,951	$ 168,876	$ 61,410	$ 1,535,237	$ 242,986	$ 1,778,223
Employee related expenses	146,756	102,449	249,205	32,250	11,727	293,182	37,254	330,436
Total salaries and related expenses	968,074	586,082	1,554,156	201,126	73,137	1,828,419	280,240	2,108,659
Community relations	20,085		20,085			20,085		20,085
Depreciation and amortization	145,953		145,953	10,986		156,939	21,979	178,918
Equipment rental and maintenance	21,666	2,708	24,374	1,835		26,209	260	26,469
Food	75,074		75,074			75,074		75,074
In-kind contribution expense	250,960		250,960			250,960		250,960
Insurance	24,926		24,926	1,876		26,802	6,344	33,146
Bad debt expense	85,184		85,184			85,184		85,184
Miscellaneous	42,739	54,910	97,649	(26,984)	23,944	94,609	15,319	109,928
Occupancy	171,768		171,768	12,929		184,697	54,882	239,579
Professional fees	37,798		37,798	17,938	8,328	64,064		64,064
Relocation assistance	568	25,562	26,130			26,130		26,130
Special events					53,735	53,735		53,735
Staff training	13,784		13,784			13,784		13,784
Supplies	64,635	5,466	70,101	5,276		75,377	2,139	77,516
Telephone	11,621		11,621	875		12,496	4,545	17,041
Travel	17,404	4,689	22,093			22,093	13,228	35,321
Total expenses	$ 1,952,239	$ 679,417	$ 2,631,656	$ 225,857	$ 159,144	$ 3,016,657	$ 398,936	$ 3,415,593

See accompanying notes to financial statements.

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 expenses	$ 1,861,620	$ 557,256	$ 2,418,876	$ 296,416	$ 154,329	$ 2,869,621	$ 370,846	$ 3,240,467

See accompanying notes to financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (193,850)	$ 342,297
Adjustments to reconcile change in net assets to net cash provided by/used for operating activities:		
Depreciation and amortization	178,918	184,098
Net (gain)/loss on investments	(5,255)	
Bad debt expense	85,184	40,341
Long-term debt forgiven	(16,665)	(16,665)
Amortization of discount on loan	42,402	41,141
Change in discount on pledges receivable	7,946	6,479
Change in allowance for uncollectible pledges	(41,328)	4,758
Changes in assets and liabilities:		
Government contracts receivable	58,867	45,917
Contributions receivable	254,588	197,538
Thrift store inventory	10,111	(1,141)
Prepaid expenses and deposits	(60,908)	(342)
Contributions receivable - land lease	336	336
Accounts payable	27,925	1,289
Accrued expenses and other liabilities	48,197	(5,943)
Other current assets	(62)	
Net cash provided by/used for operating activities	396,406	840,103
Cash flows from investing activities:		
Purchases of property and equipment	(91,494)	(37,150)
Disposal of property and equipment	(2,076)	
Sale (purchases) of certificates of deposits	100,000	452,634
Sale (purchases) of investments	(523,171)	
Net cash provided by/used for investing activities	(516,741)	415,484
Net increase/decrease in cash and cash equivalents	(120,335)	1,255,587
Cash and cash equivalents, beginning of year	2,943,381	1,687,794
Cash and cash equivalents, end of year	$ 2,823,046	$ 2,943,381

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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.

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.

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.

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 two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Center and/or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

In preparing 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.

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.

Investments

The Center reports investments at fair value. Net investment income return is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expense.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Center to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Center maintains its cash and cash equivalents in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. At year end, the carrying amount of the Center's deposits was $2,823,046 and the bank balance was $2,842,905. At year end, $2,374,620 of the Center's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Center's investments do not represent significant concentrations of market risk inasmuch as the Center's investment portfolio is adequately diversified among issuers.

Contributions Receivable

Unconditional promises to give are recognized as revenues when the promise is received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unconditional promises to give that are expected to be collected in less than one year are reported 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.

Contributions Receivable – Land Lease

The contribution receivable—land lease is based on the 99-year land lease with the City of Goodyear and represents the fair value use of the land.

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.

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 $178,918 and $184,098 during the years ended June 30, 2019 and 2018, respectively.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences

Employees are entitled to personal time off (PTO), depending on job classification, length of service, and other factors. It is the Center's policy to recognize the cost of compensated absence when leave is earned by employees.

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, 2019 and 2018.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Donated Services and In-Kind Contributions

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Center reclassifies net assets with donor restrictions to net assets without restrictions at that time.

Volunteers contribute significant amounts of time to the Center's program services, administration, and fundraising activities; however the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed in generally accepted accounting principles.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Allocation of Expenses

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. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Professional fees	Full time equivalent
Occupancy	Square footage
Depreciation	Square footage

Advertising

The Center uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the current fiscal year, advertising costs totaled $8,908.

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. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Center's Form 990, *Return of Organization Exempt from Income Taxes*, is generally subject to examination by the Internal Revenue Service for three years after the date filed.

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.

New Accounting Pronouncement

During the fiscal year, the Center adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Center has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through March 25, 2020, which is the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following represents the Center's financial assets at fiscal year end:

Financial assets at year end:	
Cash and cash equivalents	$ 2,723,046
Restricted cash and cash equivalents	100,000
Investments	537,112
Contributions receivable	17,352
Government contracts receivable	129,737
Total financial assets	3,507,247
Less amounts not available to be used within one year:	
Net assets with donor restrictions	91,559
Less: Net assets with time and purpose restrictions to be met in less than a year	(83,375)
Financial assets available to meet general expenditures over the next twelve months	$ 3,499,063

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value is defined as the price that the Center would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques. Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Observable inputs are those that reflect the assumptions that market participants would use in pricing the asset and are based on market data obtained from independent sources. Unobservable inputs reflect the Center's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1: Quoted prices in active markets for identical investments.

Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

The level of fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at year end are as follows:

	Hierarchy Level	Fair Value
Investments		
Equity securities	Level 1	$ 334,655
Fixed income investments	Level 1	166,156
Real estate	Level 1	8,176
Commodities	Level 1	28,125
Total assets		$ 537,112

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

Investments – Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The Center recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the current fiscal year.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable consist of the following:

	2019	2018
Contributions receivable before unamortized discount	$ 53,959	$ 393,732
Less: Unamortized discount	(30,487)	(22,541)
Total	23,472	371,191
Less: Allowance for uncollectibles	(6,120)	(47,449)
Net contributions receivable	17,352	323,742
Amounts due in:		
Less than one year	7,644	247,847
More than one year	9,708	75,895
Total	$ 17,352	$ 323,742

The discount rate used to determine the present value of contributions receivable is commensurate with the risks involved and ranged from 2.22 percent to 2.78 percent in years ended June 30, 2019 and 2018, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following.

	2019	2018
Land	$ 72,000	$ 72,000
Buildings	3,984,028	3,984,028
Furniture and equipment	377,137	400,691
Building improvements	573,860	533,268
Total property and equipment	5,007,025	4,989,987
Less: Accumulated depreciation and amortization	(2,510,995)	(2,408,609)
Net property and equipment	$ 2,496,030	$ 2,581,378

NOTE 6 – NET ASSETS

Net assets with donor restrictions were as follows:

	2019	2018
Specific Purpose		
Women's programs	$ 64,966	$ 4,999
Children's programs	10,765	43,746
Passage of Time		
Pledges receivable	313,611	463,865
Total	$ 389,342	$ 512,610

Net assets released from donor restrictions are as follows:

	2019	2018
Satisfaction of purpose restrictions		
Women's programs	$ 50,868	$ 50,150
Children's programs	15,931	46,436
Satisfaction of time restrictions		
Pledges receivable	270,493	220,547
Total	$ 337,292	$ 317,133

NOTE 7 – 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 $11,125 and $10,535 during the years ended June 30, 2019 and 2018, respectively.

The following is a schedule by years of future minimum rental payments under the leases at year end:

Year End:		
	2020	$ 9,120
	2021	9,120
	2022	8,280
Total		$ 26,520

NOTE 8 – DEBT

Debt outstanding consisted of the following:

Description	2019	2018
Note payable to City of Phoenix dated August 31, 2000, for the construction of emergency and transitional housing units; original amount of $333,300; principal to be forgiven at 5% 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.	$ 16,665	$ 33,330
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	1,066,665	1,083,330
Less: Present value discount for interest expense contribution	(271,259)	(313,661)
Net long-term debt	$ 795,406	$ 769,669

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

NOTE 8 – DEBT

The future scheduled maturities of long-term debt are as follows:

Year End:		
	2020	$ 316,665
	2021	
	2022	
	2023	
	2024	
	Thereafter	750,000
Total		$ 1,066,665

NOTE 9 – DONATED SERVICES

Donated property and equipment, materials and services with an estimated fair value of $250,960 and $225,305, were recognized as contributions during the years ended June 30, 2019 and 2018, respectively. Estimated volunteers hours of 11,780 and 8,411 were contributed throughout various programs during fiscal years 2019 and 2018, respectively. Such services have not been recorded as revenue or expense in the accompanying consolidated financial statements as a program expense.

NOTE 10 – CONCENTRATIONS

The Center received approximately 50 and 37 percent of its unrestricted revenue from federal and state grants and contracts during the years ended June 30, 2019 and 2018, 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 11 – COMMITMENTS AND CONTINGENCIES

The Center is subject to certain loss contingencies, such as litigation, arising in the normal conduct of its activities. In the opinion of management, the liability, if any, for such contingencies will not have a material effect on the Center's financial position.

NOTE 12 – EMPLOYEE BENEFIT PLANS

Tax-deferred Annuity 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 $16,601 and $12,300 for the years ended June 30, 2019 and 2018, 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 the New Life Center and Subsidiary, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise New Life Center and Subsidiary's basic financial statements, and have issued our report thereon dated March 25, 2020.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item FS-2019-001 that we consider to be a significant deficiency.

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 Standard*s.

New Life Center and Subsidiary's Response to Finding

New Life Center and Subsidiary's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. New Life Center and Subsidiary's response was not subjected to the 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 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. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
March 25, 2020

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, 2019. 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 the requirements of 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, 2019.

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

New Life Center and Subsidiary's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. New Life Center and Subsidiary's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

New Life Center and Subsidiary's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. New Life Center and Subsidiary's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

New Life Center and Subsidiary is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. New Life Center and Subsidiary's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on it.

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 financial statements of the New Life Center and Subsidiary as of and for the year ended June 30, 2019, and have issued our report thereon dated March 25, 2020, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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 taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
March 25, 2020

NEW LIFE CENTER AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2018 - 6/30/2019

Federal Awarding Agency/Program Title	*Federal CFDA Number*	*Name of Funder Pass-Through Entity*	*Identifying Number Assigned By Funder Pass-Through Entity*	*Federal Expenditures*	*Federal Program Total*	*Cluster Name*	*Cluster Total*
DEPARTMENT OF AGRICULTURE							
CHILD AND ADULT CARE FOOD PROGRAM	*10.558*	*ARIZONA DEPARTMENT OF EDUCATION*	*07-24-43-000*	*$69,951*	*$69,951*	*N/A*	*$0*
TOTAL DEPARTMENT OF AGRICULTURE				$69,951			
DEPARTMENT OF JUSTICE							
CRIME VICTIM ASSISTANCE	*16.575*	*ARIZONA DEPARTMENT OF PUBLIC SAFETY*	*2018-311*	*$685,252*	*$685,252*	*N/A*	*$0*
TOTAL DEPARTMENT OF JUSTICE				$685,252			
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	*93.558*	*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*12025-525*	*$315,871*	*$315,871*	*TANF CLUSTER*	*$315,871*
SOCIAL SERVICES BLOCK GRANT	*93.667*	*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*12025-525*	*$62,400*	*$62,400*	*N/A*	*$0*
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				$378,271			
TOTAL EXPENDITURE OF FEDERAL AWARDS				$1,133,474			

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

NEW LIFE CENTER AND SUBSIDIARY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2018 - 6/30/2019

Significant Accounting Policies Used in Preparing the SEFA

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, 2019. 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 Center, it is not intended to and does not present the financial position, changes in net position or cash flows of the Center. Expenditures reported on the Schedule are reported on the modified 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.

10% De Minimis Cost Rate
The auditee used the de minimis cost rate.

Catalog of Federal Domestic Assistance Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2019 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.

NEW LIFE CENTER AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

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

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:
- Significant deficiency(ies) identified: Yes
- 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: Yes

Identification of major programs:

CFDA Number	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*: Yes

Findings and Questioned Costs Related to Federal Awards: Yes

Summary Schedule of Prior Audit Findings required to be reported: No

FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Finding Number: FS-2019-001
Repeat Finding: No
Type of Finding: Significant Deficiency
Description: Accounting Records

CRITERIA
Center management is responsible for establishing and maintaining internal controls that include ensuring year-end adjustments are properly recorded in the accounting records in accordance with generally accepted accounting principles (GAAP).

CONDITION
The Center did not have proper internal controls over its year-end close-out procedures.

CAUSE
The Center experienced turnover in key positions during the year.

EFFECT
Audit adjustments were necessary to properly state the Center's financial statements at year-end.

CONTEXT
The following errors were noted in the Center's financial statements:

- An inventory of Hope's Closet was not performed as of year-end.
- For the City of Phoenix, Arizona Department of Commerce and Arizona Department of Housing loans, the prior year amortization of the discount of $41,141 was recorded rather than the current year amount of $42,402.
- The amortization of $336 for the land lease agreement with the City of Goodyear was not recorded at year-end.
- The present value discount on pledges calculation was made using the entire outstanding balance of pledges rather than just the current year.
- The write off of current year pledges was recorded against bad debt expense rather than revenue.
- The allowance for doubtful accounts was recorded prior to the write off of old balances.
- A journal entry was erroneously reversed resulting in negative pledges receivable.

RECOMMENDATION
The Center should implement controls to ensure that upon attrition or changing of positions, all year-end adjustments are completed.

VIEWS OF RESPONSIBLE OFFICIALS
See Corrective Action Plan.

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2019-001
Repeat Finding: No
Program Name/CFDA Title: Crime Victim Assistance
CFDA Number: 16.575
Federal Agency: U.S. Department of Justice
Federal Award Number: 2018-311
Pass-Through Agency: Arizona Department of Public Safety
Questioned Costs: N/A
Type of Finding: Noncompliance, Significant Deficiency
Compliance Requirement: Reporting

CRITERIA
The Center is required to submit monthly financial reports.

CONDITION
The Center did not have adequate internal controls in place to ensure the accounting records agreed to the amounts reported on the monthly financial reports.

CAUSE
The Center experienced turnover in key positions during the year and reconciliation processes were not performed timely.

EFFECT
The Center was not in compliance with federal requirements and the Center had to make corrections to accounting records.

CONTEXT
The Center did not perform a reconciliation of its accounting records to ensure they agreed to the monthly financial reports submitted to the grantor. As a result, the accounting records did not agree to the monthly financial reports by $80,359. However, subsequent to year end, the Center performed the reconciliation and updated its records and it was determined that the monthly reports submitted were proper.

RECOMMENDATION
The Center should ensure that the accounting records agree to the amounts reported on the monthly financial reports.

VIEWS OF RESPONSIBLE OFFICIALS
See Corrective Action Plan.

new life CENTER

a refuge from domestic violence

March 25, 2020

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The names of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

Sincerely,

Myriah Mhoon
Chief Executive Officer

New Life Center | PO Box 5005 | Goodyear, AZ 85338 | (623) 932-4404 | (623) 536-1147 *fax* | www.newlifectr.org

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

Finding Number: FS-2019-001
Contact Persons: Myriah Mhoon, David Villasenor
Anticipated Completion Date: September 30, 2020
Planned Corrective Action: Turnover in key finance personnel, along with a lack of documented finance procedures resulted in inconsistencies when performing year-end close-out of the financial records. New Life Center had the same Finance Director for over 23 years, whose tenure ended more than halfway through fiscal year 2019. There were no known documented procedures that were retained by the Finance Director. The replacement Finance Director worked for only three months, resigning just days before the end of fiscal year 2019. To help provide continuity, New Life Center hired a reputable accounting firm to perform essential finance functions until a replacement could be hired. In the absence of written documentation, the accounting firm relied on research of prior transactions and reasonable accounting practices to perform these functions.

- Written Finance Procedures will be created that will include Year-End Close-Out Procedures with instructions for ensuring accurate year-end entries including instructions to ensure that a year-end physical count of Hope's Closet physical inventory be performed.
- These procedures will be accessible to New Life Center leadership on a shared network drive.
- Written Finance Procedures will be updated annually to reflect meaningful changes that may have occurred since the most recent update.
- The performance of a year-end physical inventory of Hope's Closet will be added to the Retail Services Manager job description.

Findings and Questioned Costs Related to Federal Awards

Finding Number: 2019-001
Program Name/CFDA Title: Crime Victim Assistance
CFDA Number: 16.575
Contact Person: Myriah Mhoon, David Villasenor
Anticipated Completion Date: July 15, 2020
Planned Corrective Action: Turnover in key finance personnel, along with a lack of documented finance procedures resulted in inconsistencies when performing year-end close-out of the financial records. New Life Center had the same Finance Director for over 23 years, whose tenure ended more than halfway through fiscal year 2019. There were no known documented procedures that were retained by the Finance Director. The replacement Finance Director worked for only three months, resigning just days before the end of fiscal year 2019. To help provide continuity, New Life Center hired a reputable accounting firm to perform essential finance functions until a replacement could be hired. In the absence of written documentation, the accounting firm relied on research of prior transactions and reasonable accounting practices to perform these functions.

- Periodic reconciliation between the DPS VOCA grant financial reports and the general ledger will be performed.
- Periodic adjustments to grant financial reports and/or the general ledger will be performed to ensure that the accounting records agree to the annual total amounts reported on the grant financial reports.