New Life Center and Subsidiary
Single Audit Reporting Package
for the Years Ended June 30, 2021 and 2020

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NEW LIFE CENTER AND SUBSIDIARY
YEARS ENDED JUNE 30, 2021 AND 2020
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Life Center and Subsidiary

Report on Audit of Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of New Life Center and Subsidiary (Center), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of New Life Center and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, 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 the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
March 29, 2022

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

Assets	2021	2020
Cash and cash equivalents	$ 1,125,119	$ 1,545,409
Investments	2,474,082	1,861,744
Contributions receivable	15,655	30,751
Government contracts receivable	324,322	269,027
Contributions receivable - land lease	25,852	26,188
Thrift store inventory	22,423	47,757
Prepaid expenses and deposits	45,814	78,667
Other current assets	425	
Property and equipment, net	2,374,456	2,462,096
Total assets	$ 6,408,148	$ 6,321,639
Liabilities		
Accounts payable	$ 63,885	$ 138,257
Accrued expenses and other liabilities	105,773	116,701
Refundable advance		374,595
Forgivable loans, net of discount	532,229	522,466
Total liabilities	701,887	1,152,019
Net assets		
Without donor restrictions:		
Undesignated	5,406,432	4,801,566
With donor restrictions:		
Time restricted	257,398	282,368
Purpose restricted	42,431	85,686
Total net assets	5,706,261	5,169,620
Total liabilities and net assets	$ 6,408,148	$ 6,321,639

See accompanying notes to financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
Revenue, support, and gains:	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Contributions	$ 635,244	$ 86,676	$ 721,920	$ 616,848	$ 163,327	$ 780,175
Contributions - in kind	363,141		363,141	243,803		243,803
Government contracts and grants	1,944,439		1,944,439	1,740,168		1,740,168
PPP Loan forgiveness	374,595		374,595	300,000		300,000
Thrift store	196,145		196,145	328,355		328,355
Less: thrift store cost of goods sold	(227,674)		(227,674)	(352,764)		(352,764)
Special events				116,499		116,499
Investment return, net	502,339		502,339	43,463		43,463
Net assets released from restrictions	154,901	(154,901)		184,615	(184,615)	
Total revenue, support, and gains	3,943,130	(68,225)	3,874,905	3,220,987	(21,288)	3,199,699
Expenses and losses:						
Program services	2,830,064		2,830,064	2,760,244		2,760,244
Total program expenses	2,830,064		2,830,064	2,760,244		2,760,244
Supporting services						
Management and general	313,341		313,341	307,350		307,350
Fundraising	194,859		194,859	167,774		167,774
Total supporting services	508,200		508,200	475,124		475,124
Total expenses and losses	3,338,264		3,338,264	3,235,368		3,235,368
Change in net assets	604,866	(68,225)	536,641	(14,381)	(21,288)	(35,669)
Net assets, beginning of year	4,801,566	368,054	5,169,620	4,815,947	389,342	5,205,289
Net assets, end of year	$ 5,406,432	$ 299,829	$ 5,706,261	$ 4,801,566	368,054	5,169,620

See accompanying notes to financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	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	$ 1,007,076	406,215	1,413,291	182,896	66,508	1,662,695	98,390	1,761,085
Employee related expenses	175,024	61,401	236,425	30,596	11,125	278,146	15,799	293,945
Total salaries and related expenses	1,182,100	467,616	1,649,716	213,492	77,633	1,940,841	114,189	2,055,030
Community relations								
Depreciation and amortization	187,270		187,270	14,097		201,367	23,205	224,572
Equipment rental and maintenance	40,187	163	40,350	3,037		43,387		43,387
Food	79,441		79,441			79,441		79,441
In-kind contribution expense	359,141		359,141			359,141		359,141
Insurance	47,691		47,691	3,590		51,281	10,633	61,914
Bad debt expense	8,632		8,632			8,632		8,632
Miscellaneous	77,342	10,185	87,527	7,659	14,223	109,409	16,805	126,214
Occupancy	175,829		175,829	13,234		189,063	46,820	235,883
Professional fees	71,878		71,878	52,275	93,659	217,812		217,812
Relocation assistance	10,754	26,529	37,283			37,283		37,283
Special events								
Staff training	13,462		13,462			13,462		13,462
Supplies	55,568	1,935	57,503	5,032	9,344	71,879	6,744	78,623
Telephone	11,089	1,197	12,286	925		13,211	6,222	19,433
Travel	2,047	8	2,055			2,055	3,056	5,111
Total expenses	$ 2,322,431	$ 507,633	$ 2,830,064	$ 313,341	$ 194,859	$ 3,338,264	$ 227,674	$ 3,565,938

See accompanying notes to financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	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	$ 919,242	$ 533,975	1,453,217	188,063	$ 68,387	1,709,667	202,652	$ 1,912,319
Employee related expenses	141,910	79,436	221,346	28,645	10,416	260,407	36,809	297,216
Total salaries and related expenses	1,061,152	613,411	1,674,563	216,708	78,803	1,970,074	239,461	2,209,535
Community relations	24,060		24,060			24,060		24,060
Depreciation and amortization	160,319		160,319	12,067		172,386	22,219	194,605
Equipment rental and maintenance	38,338	3,105	41,443	3,119		44,562		44,562
Food	72,009		72,009			72,009		72,009
In-kind contribution expense	250,223		250,223			250,223		250,223
Insurance	37,719		37,719	2,839		40,558	12,585	53,143
Bad debt expense	5,837		5,837			5,837		5,837
Miscellaneous	57,819	33,489	91,308	11,056	14,838	117,202	13,179	130,381
Occupancy	168,890		168,890	12,712		181,602	47,986	229,588
Professional fees	89,150		89,150	42,309	19,643	151,102		151,102
Relocation assistance	10,171	23,432	33,603			33,603		33,603
Special events					54,490	54,490		54,490
Staff training	20,203		20,203			20,203		20,203
Supplies	63,795	10,739	74,534	5,610		80,144	5,173	85,317
Telephone	12,359		12,359	930		13,289	6,140	19,429
Travel	1,616	2,408	4,024			4,024	6,021	10,045
Total expenses	$ 2,073,660	$ 686,584	$ 2,760,244	$ 307,350	$ 167,774	$ 3,235,368	$ 352,764	$ 3,588,132

See accompanying notes to financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 536,641	$ (35,669)
Adjustments to reconcile change in net assets to net cash provided by/used for operating activities:		
Depreciation and amortization	224,572	194,605
Net (gain)/loss on investments	(458,406)	(1,018)
Bad debt expense	8,632	5,837
Long-term debt forgiven	(16,665)	(316,665)
Amortization of discount on loan	26,428	43,725
Change in discount on pledges receivable	(10,155)	(34,801)
Changes in assets and liabilities:		
Government contracts receivable	(55,295)	(139,290)
Contributions receivable	16,619	15,565
Thrift store inventory	25,334	10,297
Refundable advance	(374,595)	374,595
Prepaid expenses and deposits	32,853	(15,325)
Contributions receivable - land lease	336	336
Accounts payable	(74,372)	86,219
Accrued expenses and other liabilities	(10,928)	18,175
Other current assets	(425)	62
Net cash provided by/used for operating activities	(129,426)	206,648
Cash flows from investing activities:		
Purchases of property and equipment	(136,932)	(160,671)
Sale (purchases) of investments	(153,932)	(1,323,614)
Net cash provided by/used for investing activities	(290,864)	(1,484,285)
Net increase/decrease in cash and cash equivalents	(420,290)	(1,277,637)
Cash and cash equivalents, beginning of year	1,545,409	2,823,046
Cash and cash equivalents, end of year	$ 1,125,119	$ 1,545,409

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 $1,125,119 and the bank balance was $1,142,052. At year end, $746,667 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.

Beneficial Interest in Assets Held by Community Foundation

The Center has established a reserve fund with the Arizona Community Foundation (ACF). The fund is held and invested by ACF and allows the Center to invest for strategic initiatives while remaining accessible to the Center's Board of Directors. The fund is reported at fair value in the Statement of Financial Position, with distributions and changes in fair value recognized in the Statement of Activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions Receivable

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.

Government Contracts Receivable

Government contracts receivable consists of amounts due from the federal government. Government contracts receivable are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts is not considered necessary.

Revenue Recognition

Contributions. The Center recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Government contracts and grants. Revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenses in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the Statement of Financial Position. The Center was awarded cost-reimbursable grants of $748,484 that have not been recognized at June 30, 2021 because qualifying expenses have not yet been incurred.

Special events revenue. The Center records special events revenue when the event takes place.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 $224,572 and $194,605 during the years ended June 30, 2021 and 2020, 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.

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 $1,177.

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.

Management has evaluated the tax positions taken or expected to be taken, if any, on its exempt organization filings, and the likelihood that upon examination those positions would be sustained. Based on the results of this evaluation, management believes there are no uncertain tax positions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements Issued Not Yet Effective

In February 2016, the FASB issued ASU Update 2016-02, *Leases (Topic 842)*. The ASU will require entities to recognize assets and liabilities for both capital and operating leases with lease terms of more than 12 months on the Statement of Financial Position. This ASU is effective for fiscal years beginning after December 15, 2021. The Center is currently evaluating the effect that this pronouncement will have on its consolidated financial statements and related disclosures.

Date of Management's Review

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through March 29, 2022, 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	$ 1,125,119
Investments	2,474,082
Contributions receivable	15,655
Government contracts receivable	324,322
Total financial assets	3,939,178
Less amounts not available to be used within one year:	
Net assets with donor restrictions	64,206
Less: Net assets with time and purpose restrictions to be met in less than a year	(50,431)
Financial assets available to meet general expenditures over the next twelve months	$ 3,925,403

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.

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		
Cash	Level 1	$ 13,203
Equity securities	Level 1	1,577,491
Fixed income investments	Level 1	656,020
Real estate	Level 1	77,189
Commodities	Level 1	80,179
Contribution receivable – Beneficial Interest in Assets held by Community Foundation	Level 3	70,000
Total assets		$ 2,474,082

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

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.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows:

	Assets Held by Community Foundation
Beginning of year	
Purchases/contributions	$ 70,000
End of year	$ 70,000

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable consist of the following:

	2021	2020
Contributions receivable before unamortized discount	$ 21,775	$ 38,394
Less: Unamortized discount		(1,523)
Total	21,775	36,871
Less: Allowance for uncollectibles	(6,120)	(6,120)
Net contributions receivable	15,655	30,751
Amounts due in:		
Less than one year	8,000	8,225
More than one year	7,655	22,526
Total	$ 15,655	$ 30,751

The discount rate used to determine the present value of contributions receivable is commensurate with the risks involved and is 2.22 percent.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following.

	2021	2020
Land	$ 72,000	$ 72,000
Buildings	3,984,028	3,984,028
Furniture and equipment	478,400	383,710
Building improvements	765,635	727,958
Total property and equipment	5,300,063	5,167,696
Less: Accumulated depreciation and amortization	(2,925,607)	(2,705,600)
Net property and equipment	$ 2,374,456	$ 2,462,096

NOTE 6 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

On April 15, 2020, the Center received a Payroll Protection Program (PPP) loan under the CARES Act for $374,595. The Center received forgiveness for the loan on June 17, 2021. The Center accounted for the loan as a cost-reimbursement grant from the Federal government for which revenue is recognized when qualifying expenses are incurred and conditions for forgiveness are met. The Center recognized $374,595 of revenue for PPP loan forgiveness during the year.

NOTE 7 – NET ASSETS

Net assets with donor restrictions were as follows:

	2021	2020
Specific Purpose		
Advocacy program	$ 36,102	$ 78,977
Children's programs	6,329	6,709
Passage of Time		
Pledges receivable	257,398	282,368
Total	$ 299,829	$ 368,054

Net assets released from donor restrictions are as follows:

	2021	2020
Satisfaction of purpose restrictions		
Advocacy program	$ 84,709	$ 122,316
Children's programs	28,557	25,056
Satisfaction of time restrictions		
Pledges receivable	41,635	37,243
Total	$ 154,901	$ 184,615

NOTE 8 – 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 $12,088 and $11,509 during the years ended June 30, 2021 and 2020, respectively.

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

Year End:		
	2022	$ 8,280
Total		$ 8,280

NOTE 9 – DEBT

Debt outstanding consisted of the following:

Description	2021	2020
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	750,000	750,000
Less: Present value discount for interest expense contribution	(217,771)	(227,534)
Net long-term debt	$ 532,229	$ 522,466

The present value discount was calculated at an interest rate of 4.91 percent.

As of June 30, 2021, the future scheduled maturity for long-term debt is in fiscal year 2028 for $750,000.

NOTE 10 – DONATED SERVICES

Donated property and equipment, materials and services with an estimated fair value of $363,141 and $243,803, were recognized as contributions during the years ended June 30, 2021 and 2020, respectively. Estimated volunteers hours of 9,915 and 13,645 were contributed throughout various programs during fiscal years 2021 and 2020, respectively. Such services have not been recorded as revenue or expense in the accompanying consolidated financial statements as a program expense.

NOTE 11 – CONCENTRATIONS

The Center received approximately 49 and 54 percent of its unrestricted revenue from federal and state grants and contracts during the years ended June 30, 2021 and 2020, 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 12 – 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 13 – 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 $17,825 and $17,275 for the years ended June 30, 2021 and 2020, 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

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 consolidated financial statements of New Life Center and Subsidiary, which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2022.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
March 29, 2022

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

Board of Directors
New Life Center and Subsidiary

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Life Center and Subsidiary's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of New Life Center and Subsidiary's major federal programs for the year ended June 30, 2021. 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.

In our opinion, New Life Center and Subsidiary complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to New Life Center and Subsidiary's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on New Life Center and Subsidiary's compliance based on our audit.

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

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

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

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

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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 New Life Center and Subsidiary as of and for the year ended June 30, 2021, and have issued our report thereon dated March 29, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed 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.
Scottsdale, Arizona
March 29, 2022

NEW LIFE CENTER AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2020 - 6/30/2021

Federal Awarding Agency/Program Title	*Federal CFDA Number*	*Additional Award Identification (Optional)*	*Name of Funder Pass-Through Entity*	*Identifying Number Assigned By Funder Pass-Through Entity*	*Total Amount Provided to Sub-Recipients*	*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*		*$56,353*	*$56,353*	*N/A*	*$0*
TOTAL DEPARTMENT OF AGRICULTURE						$56,353			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
COVID-19 EMERGENCY SOLUTIONS GRANT PROGRAM	*14.231*	*COVID-19*	*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*DES-HMLS-2B21*		*$88,725*	*$88,725*	*N/A*	*$0*
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						$88,725			
DEPARTMENT OF JUSTICE									
COVID-19 CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	*16.034*	*COVID-19*	*ARIZONA CRIMINAL JUSTICE COMMISSION*	*2020-VD-BX-0309*		*$30,378*	*$30,378*	*N/A*	*$0*
SERVICES FOR TRAFFICKING VICTIMS	16.320					$97,403	$109,184	N/A	$0
SERVICES FOR TRAFFICKING VICTIMS	16.320					$11,781	$109,184	N/A	$0
CRIME VICTIM ASSISTANCE	*16.575*		*ARIZONA DEPARTMENT OF PUBLIC SAFETY*	*2018-311*		*$182,825*	*$546,866*	*N/A*	*$0*
CRIME VICTIM ASSISTANCE	*16.575*		*ARIZONA DEPARTMENT OF PUBLIC SAFETY*	*2020-181*		*$364,041*	*$546,866*	*N/A*	*$0*
VIOLENCE AGAINST WOMEN FORMULA GRANTS	*16.588*		*ARIZONA GOVERNOR'S OFFICE OF YOUTH, FAITH, AND FAMILY*	*ST-WSG-20-010121-14*		*$13,629*	*$13,629*	*N/A*	*$0*
TOTAL DEPARTMENT OF JUSTICE						$700,057			
DEPARTMENT OF HEALTH AND HUMAN SERVICES									
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	*93.558*		*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*17-178652*		*$315,876*	*$315,876*	*N/A*	*$0*
SOCIAL SERVICES BLOCK GRANT	*93.667*		*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*17-178652*		*$62,442*	*$62,442*	*N/A*	*$0*
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES						$378,318			
TOTAL EXPENDITURE OF FEDERAL AWARDS						$1,223,453			

Please Note:
Italicized award lines indicate pass-through funding

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 7/1/2020 - 6/30/2021

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, 2021. The information in the Schedule is presented in accordance with the 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). 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 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.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

NEW LIFE CENTER AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

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:

Assistance Listing 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*: No

Findings and Questioned Costs Related to Federal Awards: No

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