New Life Center and Subsidiary
Single Audit Reporting Package
for the Years Ended June 30, 2022 and 2021

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Years Ended June 30, 2022 and 2021

NEW LIFE CENTER AND SUBSIDIARY
YEARS ENDED JUNE 30, 2022 AND 2021
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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, 2022 and 2021, 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, 2022 and 2021, 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 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 23, 2023, 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 23, 2023

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

Assets	2022	2021
Cash and cash equivalents	$ 1,408,072	$ 1,125,119
Investments	2,150,015	2,474,082
Accounts receivable	13,844	
Contributions receivable	54,690	15,655
Grants and contracts receivable	310,801	324,322
Contributions receivable - land lease	25,516	25,852
Thrift store inventory	36,171	22,423
Prepaid expenses and deposits	88,522	45,814
Other current assets	8,501	425
Property and equipment, net	2,491,470	2,374,456
Total assets	$ 6,587,602	$ 6,408,148
Liabilities		
Accounts payable	$ 185,948	$ 63,885
Accrued expenses and other liabilities	107,971	105,773
Refundable advance	111,067	
Forgivable loans, net of discount	558,958	532,229
Total liabilities	963,944	701,887
Net assets		
Without donor restrictions:		
Undesignated	4,630,763	5,406,432
With donor restrictions:		
Time restricted	271,248	257,398
Purpose restricted	721,647	42,431
Total net assets	5,623,658	5,706,261
Total liabilities and net assets	$ 6,587,602	$ 6,408,148

See accompanying notes to financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
Revenue, support, and gains:	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Contributions	$ 528,630	$ 794,087	$ 1,322,717	$ 635,244	$ 86,676	$ 721,920
Contributions - in kind	240,945		240,945	363,141		363,141
Grants and contracts revenue	2,430,175		2,430,175	1,944,439		1,944,439
PPP Loan forgiveness				374,595		374,595
Thrift store	292,058		292,058	196,145		196,145
Less: thrift store cost of goods sold	(305,086)		(305,086)	(227,674)		(227,674)
Investment return, net	(293,060)		(293,060)	502,339		502,339
Net assets released from restrictions	101,021	(101,021)		154,901	(154,901)	
Total revenue, support, and gains	2,994,683	693,066	3,687,749	3,943,130	(68,225)	3,874,905
Expenses and losses:						
Program services	3,148,122		3,148,122	2,830,064		2,830,064
Total program expenses	3,148,122		3,148,122	2,830,064		2,830,064
Supporting services						
Management and general	363,851		363,851	313,341		313,341
Fundraising	258,379		258,379	194,859		194,859
Total supporting services	622,230		622,230	508,200		508,200
Total expenses and losses	3,770,352		3,770,352	3,338,264		3,338,264
Change in net assets	(775,669)	693,066	(82,603)	604,866	(68,225)	536,641
Net assets, beginning of year	5,406,432	299,829	5,706,261	4,801,566	368,054	5,169,620
Net assets, end of year	$ 4,630,763	$ 992,895	$ 5,623,658	$ 5,406,432	299,829	5,706,261

See accompanying notes to financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	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	$ 1,038,722	457,816	1,496,538	193,670	70,425	1,760,633	167,014	1,927,647
Employee related expenses	173,503	78,374	251,877	32,596	11,853	296,326	17,870	314,196
Total salaries and related expenses	1,212,225	536,190	1,748,415	226,266	82,278	2,056,959	184,884	2,241,843
Depreciation and amortization	187,627		187,627	14,122		201,749	24,632	226,381
Equipment rental and maintenance	44,773		44,773	3,370		48,143		48,143
Food	172,157		172,157			172,157		172,157
In-kind contribution expense	240,945		240,945			240,945		240,945
Insurance	57,464		57,464	4,325		61,789	10,672	72,461
Bad debt expense	1,043		1,043			1,043		1,043
Miscellaneous	109,364	18,211	127,575	11,163	20,731	159,469	12,833	172,302
Occupancy	227,112		227,112	17,094		244,206	56,335	300,541
Professional fees	112,064		112,064	81,501	146,022	339,587	257	339,844
Relocation assistance	77,883	60,298	138,181			138,181		138,181
Staff training	16,594		16,594			16,594		16,594
Supplies	50,778		50,778	5,034	9,348	65,160	9,046	74,206
Telephone	11,265	1,704	12,969	976		13,945	6,427	20,372
Travel	10,425		10,425			10,425		10,425
Total expenses	$ 2,531,719	$ 616,403	$ 3,148,122	$ 363,851	$ 258,379	$ 3,770,352	$ 305,086	$ 4,075,438

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
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
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 STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

		2022		2021
Cash flows from operating activities:				
Change in net assets	$	(82,603)	$	536,641
Adjustments to reconcile change in net assets to net cash provided by/used for operating activities:				
Depreciation and amortization		226,381		224,572
Net (gain)/loss on investments		361,926		(458,406)
Bad debt expense		(6,120)		8,632
Long-term debt forgiven				(16,665)
Amortization of discount on loan		26,729		26,428
Change in discount on pledges receivable				(10,155)
Changes in assets and liabilities:				
Government contracts receivable		13,521		(55,295)
Accounts receivable		(13,844)		
Contributions receivable		(32,915)		16,619
Thrift store inventory		(13,748)		25,334
Refundable advance		111,067		(374,595)
Prepaid expenses and deposits		(42,708)		32,853
Contributions receivable - land lease		336		336
Accounts payable		122,063		(74,372)
Accrued expenses and other liabilities		2,198		(10,928)
Other current assets		(8,076)		(425)
Net cash provided by/used for operating activities		664,207		(129,426)
Cash flows from investing activities:				
Purchases of property and equipment		(343,395)		(136,932)
Sale (purchases) of investments		(37,859)		(153,932)
Net cash provided by/used for investing activities		(381,254)		(290,864)
Net increase/decrease in cash and cash equivalents		282,953		(420,290)
Cash and cash equivalents, beginning of year		1,125,119		1,545,409
Cash and cash equivalents, end of year	$	1,408,072	$	1,125,119

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, whereby 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 $1,408,072 and the bank balance was $1,411,784. At year end, $790,041 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 $740,492 that have not been recognized at June 30, 2022 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 $226,381 and $224,572 during the years ended June 30, 2022 and 2021, 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 $36,400.

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

New Accounting Pronouncement

During the fiscal year, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The update increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The adoption did not have a significant impact on the Organization's financial statements.

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 23, 2023, 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	$ 1,408,072
Investments	2,150,015
Accounts receivable	13,844
Contributions receivable	54,960
Government contracts receivable	310,801
Total financial assets	3,937,692
Less amounts not available to be used within one year:	
Net assets with donor restrictions	992,895
Less: Net assets with time and purpose restrictions to be met in less than a year	(776,337)
Financial assets available to meet general expenditures over the next twelve months	$ 3,721,134

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	$ 198,673
Equity securities	Level 1	1,104,116
Fixed income securities	Level 1	566,142
Real estate	Level 1	82,287
Commodities	Level 1	140,987
Contribution receivable – Beneficial Interest in Assets held by Community Foundation	Level 3	57,810
Total assets		$ 2,150,015

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	$ 70,000
Investment return, net	(12,190)
End of year	$ 57,810

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable consist of the following:

	2022	2021
Contributions receivable before unamortized discount	$ 54,690	$ 21,775
Less: Allowance for uncollectibles		(6,120)
Net contributions receivable	54,690	15,655
Amounts due in:		
Less than one year	54,690	8,000
More than one year		7,655
Total	$ 54,690	$ 15,655

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following.

	2022	2021
Land	$ 72,000	$ 72,000
Construction in progress	58,993	
Buildings	3,984,028	3,984,028
Furniture and equipment	509,276	478,400
Building improvements	1,019,038	765,635
Total property and equipment	5,643,335	5,300,063
Less: Accumulated depreciation and amortization	(3,151,865)	(2,925,607)
Net property and equipment	$ 2,491,470	$ 2,374,456

NOTE 6 – NET ASSETS

Net assets with donor restrictions were as follows:

	2022	2021
Specific Purpose		
Advocacy program	$ 697,453	$ 36,102
Children's programs	24,194	6,329
Passage of Time		
Pledges receivable	271,248	257,398
Total	$ 992,895	$ 299,829

Net assets released from donor restrictions are as follows:

	2022	2021
Satisfaction of purpose restrictions		
Advocacy program	$ 49,146	$ 84,709
Children's programs	15,725	28,557
Satisfaction of time restrictions		
Pledges receivable	36,150	41,635
Total	$ 101,021	$ 154,901

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 $210 to $477. In addition, New Life leases a building that serves as the Sunshine Valley Healing Center under a noncancelable operating lease with an expiration date in April 2027. Monthly rent for the Healing Center is $6,854.

Total rent expense was $34,937 and $12,088 during the years ended June 30, 2022 and 2021, respectively.

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

Year End:		
	2023	$ 90,672
	2024	87,435
	2025	91,818
	2026	96,408
	2027	74,979
Total		$ 441,312

NOTE 8 – DEBT

Debt outstanding consisted of the following:

Description	2022	2021
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	(191,042)	(217,771)
Net long-term debt	$ 558,958	$ 532,229

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

As of June 30, 2022, the future scheduled maturity for long-term debt is in fiscal year 2028 for $750,000.

NOTE 9 – CONTRIBUTED NONFINANCIAL ASSETS

The Center received the following contributions of nonfinancial assets during the fiscal year:

Clothing and household supplies	$ 221,595
Food	14,317
Services	5,033
Total	$ 240,945

The Center receives a variety of clothing and household supplies which are managed by the Hope's Closet thrift store. The inventory is distributed in two ways: first, individuals who are utilizing the Center's services have access to all items offered at the store free of charge. Hope's Closet also sells these items to the public, and proceeds support the operations of the Center. As items are donated, they are valued based on retail values for like items.

In addition, the Center receives food donations for its residents as well as donated services, mostly for maintenance and repair services.

NOTE 10 – CONCENTRATIONS

The Center received approximately 81 and 49 percent of its unrestricted revenue from grants and contracts during the years ended June 30, 2022 and 2021, respectively. In addition, at June 30 2022, grants receivable from three donors represented approximately 83 percent of outstanding grants receivable. If the Center were to lose its grants and contracts, it would have a severe near term impact upon the Center and its operations.

The Center also received contributions from two donors which represented approximately 43 percent of total contributions.

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 $18,802 and $17,825 for the years ended June 30, 2022 and 2021, 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 financial statements of New Life Center and Subsidiary, which comprise the statement of financial position as of June 30, 2022, 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 23, 2023.

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 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 23, 2023

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, 2022. 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, 2022.

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, 2022, and have issued our report thereon dated March 23, 2023, 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.
Scottsdale, Arizona
March 23, 2023

NEW LIFE CENTER AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2021 - 6/30/2022

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	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE								
COVID-19 NATIONAL SCHOOL LUNCH PROGRAM	*10.555*	*COVID-19*	*ARIZONA DEPARTMENT OF EDUCATION*	*07-24-43-000*	*$3,835*	*$3,835*	*CHILD NUTRITION CLUSTER*	*$3,835*
CHILD AND ADULT CARE FOOD PROGRAM	*10.558*		*ARIZONA DEPARTMENT OF EDUCATION*	*07-24-43-000*	*$128,422*	*$128,422*	*N/A*	*$0*
TOTAL DEPARTMENT OF AGRICULTURE					$132,257			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
COVID-19 EMERGENCY SOLUTIONS GRANT PROGRAM	*14.231*	*COVID-19*	*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*DES-HMLS-2B21*	*$183,124*	*$183,124*	*N/A*	*$0*
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					$183,124			
DEPARTMENT OF JUSTICE								
COVID-19 CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	*16.034*	*COVID-19*	*ARIZONA CRIMINAL JUSTICE COMMISSION*	*2020-VD-BX-0309*	*$13,538*	*$13,538*	*N/A*	*$0*
SERVICES FOR TRAFFICKING VICTIMS	16.320				$139,717	$202,729	N/A	$0
SERVICES FOR TRAFFICKING VICTIMS	16.320				$63,012	$202,729	N/A	$0
CRIME VICTIM ASSISTANCE	*16.575*		*ARIZONA DEPARTMENT OF PUBLIC SAFETY*	*2020-181*	*$677,759*	*$677,759*	*N/A*	*$0*
VIOLENCE AGAINST WOMEN FORMULA GRANTS	*16.588*		*ARIZONA GOVERNOR'S OFFICE OF YOUTH, FAITH, AND FAMILY*	*ST-WSG-20-010121-14*	*$60,248*	*$60,248*	*N/A*	*$0*
TOTAL DEPARTMENT OF JUSTICE					$954,274			
DEPARTMENT OF TREASURY								
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	*21.027*	*COVID-19*	*MARICOPA COUNTY HUMAN SERVICES DEPARTMENT*	*C-22-22-157-X-00*	*$108,260*	*$109,373*	*N/A*	*$0*
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	*21.027*	*COVID-19*	*MARICOPA COUNTY HUMAN SERVICES DEPARTMENT*	*220148-RFP*	*$1,113*	*$109,373*	*N/A*	*$0*
TOTAL DEPARTMENT OF TREASURY					$109,373			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	*93.558*		*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*12025-525*	*$315,908*	*$315,908*	*N/A*	*$0*
SOCIAL SERVICES BLOCK GRANT	*93.667*		*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*12025-525*	*$62,442*	*$62,442*	*N/A*	*$0*
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					$378,350			
TOTAL EXPENDITURE OF FEDERAL AWARDS					$1,757,378			

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 7/1/2021 - 6/30/2022

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, 2022. 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, 2022

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