



**New Life Center and Subsidiary**  
**Single Audit Reporting Package**  
for the Years Ended June 30, 2024 and 2023

# New Life Center and Subsidiary

Single Audit Reporting Package  
Years Ended June 30, 2024 and 2023

## New Life Center and Subsidiary

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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 consolidated statement of financial position as of June 30, 2024 and 2023, 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 consolidated financial position of New Life Center and Subsidiary as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 consolidated 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 31, 2025, 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 31, 2025

**New Life Center and Subsidiary**  
**Consolidated Statements of Financial Position**  
**June 30, 2024 and 2023**

| <u>Assets</u>                          | <u>2024</u>         | <u>2023</u>         |
|----------------------------------------|---------------------|---------------------|
| Cash and cash equivalents              | \$ 1,951,984        | \$ 1,020,977        |
| Investments                            | 2,592,894           | 2,345,958           |
| Accounts receivable                    |                     | 30,397              |
| Contributions receivable               |                     | 3,833               |
| Grants and contracts receivable        | 342,577             | 356,176             |
| Contributions receivable - land lease  | 24,844              | 25,180              |
| Thrift store inventory                 | 88,516              | 36,890              |
| Prepaid expenses and deposits          | 22,470              | 15,374              |
| Other current assets                   | 10,924              | 8,299               |
| Property and equipment, net            | 2,841,198           | 2,546,921           |
| Operating lease right of use asset     | 696,525             | 788,638             |
| Total assets                           | <u>\$ 8,571,932</u> | <u>\$ 7,178,643</u> |
| <br>                                   |                     |                     |
| <u>Liabilities</u>                     |                     |                     |
| Accounts payable                       | \$ 81,797           | \$ 32,035           |
| Accrued expenses and other liabilities | 161,599             | 161,419             |
| Forgivable loans, net of discount      | 616,510             | 587,029             |
| Operating lease liability              | 717,148             | 802,586             |
| Total liabilities                      | <u>1,577,054</u>    | <u>1,583,069</u>    |
| <br>                                   |                     |                     |
| <u>Net assets</u>                      |                     |                     |
| Without donor restrictions:            |                     |                     |
| Undesignated                           | 5,416,962           | 4,827,204           |
| With donor restrictions:               |                     |                     |
| Time restricted                        | 158,334             | 191,984             |
| Purpose restricted                     | <u>1,419,582</u>    | <u>576,386</u>      |
| Total net assets                       | <u>6,994,878</u>    | <u>5,595,574</u>    |
| Total liabilities and net assets       | <u>\$ 8,571,932</u> | <u>\$ 7,178,643</u> |

See accompanying notes to financial statements.

**New Life Center and Subsidiary**  
**Consolidated Statements of Activities**  
**For the Years Ended June 30, 2024 and 2023**

|                                       | 2024                             |                            |                     | 2023                             |                            |                  |
|---------------------------------------|----------------------------------|----------------------------|---------------------|----------------------------------|----------------------------|------------------|
|                                       | Without<br>Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Without<br>Donor<br>Restrictions | With Donor<br>Restrictions | Total            |
| <b>Revenue, support, and gains:</b>   |                                  |                            |                     |                                  |                            |                  |
| Contributions                         | \$ 617,995                       | \$ 1,631,017               | \$ 2,249,012        | \$ 1,144,393                     | \$ 130,389                 | \$ 1,274,782     |
| Contributions - in kind               | 148,731                          |                            | 148,731             | 107,460                          |                            | 107,460          |
| Grants and contracts revenue          | 2,428,981                        |                            | 2,428,981           | 2,382,981                        |                            | 2,382,981        |
| Thrift store                          | 649,582                          |                            | 649,582             | 481,615                          |                            | 481,615          |
| Less: thrift store cost of goods sold | (370,249)                        |                            | (370,249)           | (339,704)                        |                            | (339,704)        |
| Other income                          | 1,767                            |                            | 1,767               |                                  |                            |                  |
| Employer retention tax credit         | 766,211                          |                            | 766,211             |                                  |                            |                  |
| Investment return, net                | 285,419                          |                            | 285,419             | 207,596                          |                            | 207,596          |
| Net assets released from restrictions | 821,471                          | (821,471)                  |                     | 354,914                          | (354,914)                  |                  |
| Total revenue, support, and gains     | <u>5,349,908</u>                 | <u>809,546</u>             | <u>6,159,454</u>    | <u>4,339,255</u>                 | <u>(224,525)</u>           | <u>4,114,730</u> |
| <b>Expenses and losses:</b>           |                                  |                            |                     |                                  |                            |                  |
| Program services                      | 3,993,453                        |                            | 3,993,453           | 3,392,041                        |                            | 3,392,041        |
| Total program expenses                | <u>3,993,453</u>                 |                            | <u>3,993,453</u>    | <u>3,392,041</u>                 |                            | <u>3,392,041</u> |
| Supporting services                   |                                  |                            |                     |                                  |                            |                  |
| Management and general                | 448,031                          |                            | 448,031             | 419,678                          |                            | 419,678          |
| Fundraising                           | 318,666                          |                            | 318,666             | 331,095                          |                            | 331,095          |
| Total supporting services             | <u>766,697</u>                   |                            | <u>766,697</u>      | <u>750,773</u>                   |                            | <u>750,773</u>   |
| Total expenses and losses             | 4,760,150                        |                            | 4,760,150           | 4,142,814                        |                            | 4,142,814        |
| <b>Change in net assets</b>           | 589,758                          | 809,546                    | 1,399,304           | 196,441                          | (224,525)                  | (28,084)         |
| <b>Net assets, beginning of year</b>  | <u>4,827,204</u>                 | <u>768,370</u>             | <u>5,595,574</u>    | <u>4,630,763</u>                 | <u>992,895</u>             | <u>5,623,658</u> |
| <b>Net assets, end of year</b>        | <u>\$ 5,416,962</u>              | <u>\$ 1,577,916</u>        | <u>\$ 6,994,878</u> | <u>\$ 4,827,204</u>              | <u>768,370</u>             | <u>5,595,574</u> |

See accompanying notes to financial statements.

**New Life Center and Subsidiary  
Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2024**

|                                     | <u>Program Services</u>                   | <u>Supporting Services</u> |                   |                                 |                   |                     |
|-------------------------------------|-------------------------------------------|----------------------------|-------------------|---------------------------------|-------------------|---------------------|
|                                     | Emergency<br>Shelter Domestic<br>Violence | Management<br>and General  | Fundraising       | Total<br>Functional<br>Expenses | Thrift Store      | Total               |
| Salaries and wages                  | \$ 1,811,983                              | \$ 234,492                 | \$ 85,270         | \$ 2,131,745                    | \$ 194,201        | \$ 2,325,946        |
| Employee related expenses           | 326,525                                   | 42,256                     | 15,366            | 384,147                         | 22,928            | 407,075             |
| Total salaries and related expenses | <u>2,138,508</u>                          | <u>276,748</u>             | <u>100,636</u>    | <u>2,515,892</u>                | <u>217,129</u>    | <u>2,733,021</u>    |
| Depreciation and amortization       | 233,033                                   | 17,540                     |                   | 250,573                         | 34,086            | 284,659             |
| Equipment rental and maintenance    | 102,502                                   | 5,095                      |                   | 107,597                         | 250               | 107,847             |
| Food                                | 121,822                                   |                            |                   | 121,822                         |                   | 121,822             |
| In-kind contribution expense        | 148,207                                   |                            |                   | 148,207                         |                   | 148,207             |
| Insurance                           | 57,804                                    | 4,351                      |                   | 62,155                          | 12,459            | 74,614              |
| Bad debt expense                    | 2,352                                     |                            |                   | 2,352                           |                   | 2,352               |
| Miscellaneous                       | 118,201                                   | 35,931                     | 23,354            | 177,486                         | 25,509            | 202,995             |
| Occupancy                           | 420,316                                   | 6,879                      |                   | 427,195                         | 58,286            | 485,481             |
| Professional fees                   | 185,360                                   | 92,986                     | 186,583           | 464,929                         |                   | 464,929             |
| Relocation assistance               | 333,543                                   |                            |                   | 333,543                         |                   | 333,543             |
| Staff training                      | 7,210                                     |                            |                   | 7,210                           |                   | 7,210               |
| Supplies                            | 104,851                                   | 8,501                      | 8,093             | 121,445                         | 15,358            | 136,803             |
| Telephone                           | 4,658                                     |                            |                   | 4,658                           | 7,172             | 11,830              |
| Travel                              | 15,086                                    |                            |                   | 15,086                          |                   | 15,086              |
| Total expenses                      | <u>\$ 3,993,453</u>                       | <u>\$ 448,031</u>          | <u>\$ 318,666</u> | <u>\$ 4,760,150</u>             | <u>\$ 370,249</u> | <u>\$ 5,130,399</u> |

See accompanying notes to financial statements.

**New Life Center and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2023**

|                                     | <u>Program Services</u>                | <u>Supporting Services</u> |                   | Total                  |                   |                     |
|-------------------------------------|----------------------------------------|----------------------------|-------------------|------------------------|-------------------|---------------------|
|                                     | Emergency Shelter<br>Domestic Violence | Management<br>and General  | Fundraising       | Functional<br>Expenses | Thrift Store      | Total               |
| Salaries and wages                  | \$ 1,479,037                           | \$ 191,405                 | \$ 69,602         | \$ 1,740,044           | \$ 170,069        | \$ 1,910,113        |
| Employee related expenses           | 289,978                                | 37,527                     | 13,646            | 341,151                | 21,247            | 362,398             |
| Total salaries and related expenses | <u>1,769,015</u>                       | <u>228,932</u>             | <u>83,248</u>     | <u>2,081,195</u>       | <u>191,316</u>    | <u>2,272,511</u>    |
| Depreciation and amortization       | 216,455                                | 16,292                     |                   | 232,747                | 26,658            | 259,405             |
| Equipment rental and maintenance    | 50,638                                 | 3,811                      |                   | 54,449                 | 1,055             | 55,504              |
| Food                                | 180,726                                |                            |                   | 180,726                |                   | 180,726             |
| In-kind contribution expense        | 107,460                                |                            |                   | 107,460                |                   | 107,460             |
| Insurance                           | 67,470                                 | 5,078                      |                   | 72,548                 | 10,901            | 83,449              |
| Miscellaneous                       | 143,840                                | 12,586                     | 23,374            | 179,800                | 34,649            | 214,449             |
| Occupancy                           | 369,234                                | 26,742                     |                   | 395,976                | 47,765            | 443,741             |
| Professional fees                   | 162,959                                | 118,516                    | 212,340           | 493,815                |                   | 493,815             |
| Relocation assistance               | 191,370                                |                            |                   | 191,370                |                   | 191,370             |
| Staff training                      | 23,362                                 |                            |                   | 23,362                 |                   | 23,362              |
| Supplies                            | 74,662                                 | 6,533                      | 12,133            | 93,328                 | 7,495             | 100,823             |
| Telephone                           | 15,777                                 | 1,188                      |                   | 16,965                 | 19,865            | 36,830              |
| Travel                              | 19,073                                 |                            |                   | 19,073                 |                   | 19,073              |
| Total expenses                      | <u>\$ 3,392,041</u>                    | <u>\$ 419,678</u>          | <u>\$ 331,095</u> | <u>\$ 4,142,814</u>    | <u>\$ 339,704</u> | <u>\$ 4,482,518</u> |

See accompanying notes to financial statements.

**New Life Center and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended June 30, 2024 and 2023**

|                                                                                                      | 2024                | 2023                |
|------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>                                                         |                     |                     |
| Change in net assets                                                                                 | \$ 1,399,304        | \$ (28,084)         |
| Adjustments to reconcile change in net assets to net cash provided by/used for operating activities: |                     |                     |
| Depreciation and amortization                                                                        | 284,659             | 259,405             |
| Net (gain)/loss on investments                                                                       | (190,343)           | (141,512)           |
| Amortization of discount on loan                                                                     | 29,481              | 28,071              |
| Changes in assets and liabilities:                                                                   |                     |                     |
| Government contracts receivable                                                                      | 13,599              | (45,375)            |
| Accounts receivable                                                                                  | 30,397              | (16,553)            |
| Contributions receivable                                                                             | 3,833               | 50,857              |
| Thrift store inventory                                                                               | (51,626)            | (719)               |
| Refundable advance                                                                                   |                     | (111,067)           |
| Prepaid expenses and deposits                                                                        | (7,096)             | 73,148              |
| Contributions receivable - land lease                                                                | 336                 | 336                 |
| Accounts payable                                                                                     | 49,762              | (153,913)           |
| Accrued expenses and other liabilities                                                               | 180                 | 53,448              |
| Other current assets                                                                                 | (2,625)             | 202                 |
| Operating lease assets and liabilities                                                               | 6,675               | 13,948              |
|                                                                                                      | <b>1,566,536</b>    | <b>(17,808)</b>     |
| <b>Cash flows from investing activities:</b>                                                         |                     |                     |
| Purchases of property and equipment                                                                  | (578,936)           | (314,856)           |
| Sale (purchases) of investments                                                                      | (56,593)            | (54,431)            |
|                                                                                                      | <b>(635,529)</b>    | <b>(369,287)</b>    |
| <b>Net cash provided by/used for investing activities</b>                                            | <b>(635,529)</b>    | <b>(369,287)</b>    |
| <b>Net increase/decrease in cash and cash equivalents</b>                                            | <b>931,007</b>      | <b>(387,095)</b>    |
| <b>Cash and cash equivalents, beginning of year</b>                                                  | <b>1,020,977</b>    | <b>1,408,072</b>    |
| <b>Cash and cash equivalents, end of year</b>                                                        | <b>\$ 1,951,984</b> | <b>\$ 1,020,977</b> |
| <b>Supplemental disclosure of cash flow information</b>                                              |                     |                     |
| Operating cash outflows from operating leases                                                        | \$ 104,945          | 100,654             |

**See accompanying notes to financial statements.**

**New Life Center and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**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.

**New Life Center and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**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 \$1,951,984 and the bank balance was \$1,951,354. At year end, \$1,335,884 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 in as much as the Center's investment portfolio is adequately diversified among issuers.

**New Life Center and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 1 – Summary of Significant Accounting Policies**

**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.

**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.

**New Life Center and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 1 – Summary of Significant Accounting Policies**

**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 \$377,245 that have not been recognized at June 30, 2024 because qualifying expenses have not yet been incurred.

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

**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.

**New Life Center and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 1 – Summary of Significant Accounting Policies**

**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 \$284,659 and \$259,405 during the years ended June 30, 2024 and 2023, 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.

**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.

**Leases**

The Center determines if an arrangement is or contains a lease at inception. All leases are recorded on the statement of financial position except for leases with an initial term less than 12 months. Lease assets and obligations are recognized based on the present value of future lease payments over the lease terms. The Center has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments when the implicit rate is not readily determinable.

Operating lease right-of-use assets (ROU) include adjustments related to lease payments made and lease incentives received at or before the commencement date. The assets resulting from operating leases are included in right-of-use assets and the related liabilities are included in operating leases payable on the Statement of Financial Position. Finance lease assets are reported net, and the related liabilities are included in finance leases payable on the Consolidated Statement of Financial Position.

**New Life Center and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 1 – Summary of Significant Accounting Policies**

Operating lease expense is recognized on a straight-line basis over the lease term. The Center has elected to not separate lease and non-lease components for real estate and office equipment leases. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Center will exercise that option.

**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 \$38,270.

**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.

**New Life Center and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 1 – Summary of Significant Accounting Policies**

**Date of Management’s Review**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 31, 2025, 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                                                              | \$ 1,951,984        |
| Investments                                                                            | 2,592,894           |
| Government contracts receivable                                                        | <u>342,577</u>      |
| Total financial assets                                                                 | <u>4,887,455</u>    |
| Less amounts not available to be used within one year:                                 |                     |
| Net assets with donor restrictions                                                     | 1,577,916           |
| Less: Net assets with time and purpose restrictions to be met<br>in less than a year   | <u>(1,419,582)</u>  |
| Financial assets available to meet general expenditures<br>over the next twelve months | <u>\$ 4,729,121</u> |

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.

**New Life Center and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 3 – Investments and Fair Value Measurements**

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<br>Level | Fair<br>Value       |
|-----------------------------------------------------------------------------------------|--------------------|---------------------|
| Investments                                                                             |                    |                     |
| Cash                                                                                    | Level 1            | \$ 110,762          |
| Equity securities                                                                       | Level 1            | 1,465,727           |
| Fixed income securities                                                                 | Level 1            | 742,324             |
| Real estate                                                                             | Level 1            | 84,207              |
| Commodities                                                                             | Level 1            | 121,464             |
| Contribution Receivable - Beneficial Interest in<br>Assets held by Community Foundation | Level 3            | 68,410              |
| Total assets                                                                            |                    | <u>\$ 2,592,894</u> |

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<br>Community<br>Foundation |
|------------------------|-------------------------------------------|
| Beginning of year      | \$ 61,525                                 |
| Investment return, net | 6,885                                     |
| End of year            | <u>\$ 68,410</u>                          |

**New Life Center and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 4 – Property and Equipment**

Property and equipment consist of the following.

|                                                 | <u>2024</u>         | <u>2023</u>         |
|-------------------------------------------------|---------------------|---------------------|
| Land                                            | \$ 72,000           | \$ 72,000           |
| Construction in progress                        | 93,705              | 20,813              |
| Buildings                                       | 3,984,028           | 3,984,028           |
| Furniture and equipment                         | 588,938             | 565,573             |
| Building improvements                           | <u>1,798,455</u>    | <u>1,315,777</u>    |
| Total property and equipment                    | 6,537,126           | 5,958,191           |
| Less: Accumulated depreciation and amortization | <u>(3,695,928)</u>  | <u>(3,411,270)</u>  |
| Net property and equipment                      | <u>\$ 2,841,198</u> | <u>\$ 2,546,921</u> |

**Note 5 – Net Assets**

Net assets with donor restrictions were as follows:

|                           | <u>2024</u>         | <u>2023</u>       |
|---------------------------|---------------------|-------------------|
| Specific Purpose          |                     |                   |
| Advocacy program          | \$ 381,061          | \$ 538,453        |
| Children's programs       | 25,559              | 31,853            |
| Shelter                   | 1,000               |                   |
| Capital campaign          | 1,011,962           |                   |
| Hope's Closet renovations |                     | 6,080             |
| Passage of Time           |                     |                   |
| Pledges receivable        | <u>158,334</u>      | <u>191,984</u>    |
| Total                     | <u>\$ 1,577,916</u> | <u>\$ 768,370</u> |

Net assets released from donor restrictions are as follows:

|                                      | <u>2024</u>       | <u>2023</u>       |
|--------------------------------------|-------------------|-------------------|
| Satisfaction of purpose restrictions |                   |                   |
| Advocacy program                     | \$ 432,460        | \$ 257,080        |
| Children's programs                  | 43,743            | 14,850            |
| Shelter                              | 62,500            |                   |
| Capital campaign                     | 243,038           |                   |
| Hope's Closet renovations            | 6,080             | 3,720             |
| Satisfaction of time restrictions    |                   |                   |
| Pledges receivable                   | <u>33,650</u>     | <u>79,264</u>     |
| Total                                | <u>\$ 821,471</u> | <u>\$ 354,914</u> |

**New Life Center and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 6 – Leases**

New Life Center leases a building that serves as the Sunshine Valley Healing Center under a long-term noncancelable operating lease with an expiration date in April 2027 with two renewal options through 2031. Renewal options reasonably certain to be exercised are included in the determination of the right-of-use assets and lease liabilities. The lease provides for increases in future minimum annual rental payments. Operating lease cost for the year ended June 30, 2024, was \$111,595.

The following table summarizes the right of use assets and related accumulated amortization:

|                          |                   |
|--------------------------|-------------------|
| Right of use assets      | \$ 902,770        |
| Accumulated amortization | <u>(206,245)</u>  |
| Total                    | <u>\$ 696,525</u> |

The following table provides a schedule of future lease payments and other supplemental information for New Life’s operating leases as of year end:

|                                       |            |                |
|---------------------------------------|------------|----------------|
| Year End:                             |            |                |
|                                       | 2025       | \$ 109,425     |
|                                       | 2026       | 114,144        |
|                                       | 2027       | 107,996        |
|                                       | 2028       | 117,815        |
|                                       | 2029       | 117,814        |
|                                       | Thereafter | <u>215,993</u> |
| Total minimum lease payments          |            | 783,187        |
| Less: Discount to present value       |            | <u>66,039</u>  |
| Present value of lease liabilities    |            | <u>717,148</u> |
| Weighted average remaining lease term |            | 82 months      |
| Weighted average discount rate        |            | 2.55%          |

**New Life Center and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 7 – Debt**

Debt outstanding consisted of the following:

| Description                                                                                                                                                                                                                                                                                                                                                                                                                      | 2024              | 2023              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| 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                                                                                                                                                                                                                                                                                                                                                                   | <u>(133,490)</u>  | <u>(162,971)</u>  |
| Net long-term debt                                                                                                                                                                                                                                                                                                                                                                                                               | <u>\$ 616,510</u> | <u>\$ 587,029</u> |

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

As of June 30, 2024, the future scheduled maturity for long-term debt is in fiscal year 2028 for \$750,000.

**Note 8 – In-Kind Contributions**

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

|                                 | 2024              | 2023              |
|---------------------------------|-------------------|-------------------|
| Clothing and household supplies | \$ 127,578        | \$ 95,784         |
| Food                            | 7,472             | 9,164             |
| Services                        | 13,681            | 2,512             |
| Total                           | <u>\$ 148,731</u> | <u>\$ 107,460</u> |

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.

**New Life Center and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 9 – Concentrations**

The Center received approximately 45 and 55 percent of its unrestricted revenue from grants and contracts during the years ended June 30, 2024 and 2023, respectively. In addition, at June 30, 2024, grants receivable from four donors represented approximately 86 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 one donor which represented approximately 11 percent of total contributions.

**Note 10 – 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 11 – 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 \$20,100 and \$20,444 for the years ended June 30, 2024 and 2023, respectively.

**Single Audit Section**

**Independent Auditor’s 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**

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 consolidated statement of financial position as of June 30, 2024, and the related consolidated 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 31, 2025.

**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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Life Center and Subsidiary’s internal control. Accordingly, we do not express an opinion on the effectiveness of New Life Center and Subsidiary’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item FS-2024-001 that we consider to be a significant deficiency.

### **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*.

### **New Life Center and Subsidiary's Response to Finding**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 31, 2025

**Independent Auditor’s Report on Compliance for Each Major Federal Program,  
Report on Internal Control Over Compliance and  
Report on the Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

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, 2024. 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, 2024.

***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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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 consolidated financial statements of New Life Center and Subsidiary as of and for the year ended June 30, 2024, and have issued our report thereon dated March 31, 2025, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
March 31, 2025

**New Life Center and Subsidiary**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

| <u>Federal/Pass-Through/Agency</u>                                                                                      | <u>AL<br/>Number</u> | <u>Federal Award<br/>Number</u> | <u>Expenditures<br/>and Transfers</u> | <u>Total<br/>Expenditures<br/>and Transfers</u> |
|-------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------------------|---------------------------------------|-------------------------------------------------|
| <b><u>U.S. Department of Agriculture</u></b>                                                                            |                      |                                 |                                       |                                                 |
| Passed through Arizona Department of Education:<br>Child and Adult Care Food Program                                    | 10.558               | 07-24-43-000                    | \$                                    | \$ <u>34,193</u>                                |
| <b>Total U.S. Department of Agriculture</b>                                                                             |                      |                                 |                                       |                                                 |
| <b><u>U.S. Department of Housing and Urban Development</u></b>                                                          |                      |                                 |                                       |                                                 |
| Passed through City of Goodyear:<br>CDBG-Entitlement Grants Cluster:<br>Community Development Block Grant               | 14.218               | 22-6740                         |                                       | <u>327,091</u>                                  |
| <b>Total U.S. Department of Housing and Urban Development</b>                                                           |                      |                                 |                                       |                                                 |
| <b><u>U.S. Department of Treasury</u></b>                                                                               |                      |                                 |                                       |                                                 |
| Passed through Maricopa County Human Services Department:<br>COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027               | C-22-22-157-X-00                |                                       | <u>587,579</u>                                  |
| <b>Total U.S. Department of Treasury</b>                                                                                |                      |                                 |                                       |                                                 |
| <b><u>U.S. Department of Justice</u></b>                                                                                |                      |                                 |                                       |                                                 |
| Passed through Arizona Department of Public Safety:<br>Crime Victim Assistance                                          | 16.575               | VOCA15POVC-21-GG-00612-ASSI     |                                       | 576,886                                         |
| Passed through Arizona Governor's Office of Youth, Faith, and Family:<br>Violence Against Women Formula Grants          | 16.588               | ST-WSG-20-010121-14             | 106,427                               |                                                 |
| Violence Against Women Formula Grants                                                                                   | 16.588               | CTR045476                       | <u>84,736</u>                         |                                                 |
| Total ALN 16.588                                                                                                        |                      |                                 |                                       | 191,163                                         |
| Direct Program:<br>Services for Trafficking Victims                                                                     | 16.320               | 2019-VT-BX-101                  | 6,038                                 |                                                 |
| Services for Trafficking Victims                                                                                        | 16.320               | 2020-VT-BX-0035                 | <u>205,918</u>                        |                                                 |
| Total ALN 16.320                                                                                                        |                      |                                 |                                       | <u>211,956</u>                                  |
| <b>Total U.S. Department of Justice</b>                                                                                 |                      |                                 |                                       |                                                 |
| <u>980,005</u>                                                                                                          |                      |                                 |                                       |                                                 |
| <b><u>U.S. Department of Health and Human Services</u></b>                                                              |                      |                                 |                                       |                                                 |
| Passed through Arizona Department of Economic Security:<br>Temporary Assistance for Needy Families                      | 93.558               | 12025-525                       |                                       | 297,943                                         |
| Social Services Block Grant                                                                                             | 93.667               | 12025-525                       |                                       | 74,304                                          |
| Family Violence Prevention and Services                                                                                 | 93.671               | 12025-525                       |                                       | <u>165,638</u>                                  |
| <b>Total U.S. Department of Health and Human Services</b>                                                               |                      |                                 |                                       |                                                 |
| <u>537,885</u>                                                                                                          |                      |                                 |                                       |                                                 |
| <b>Total Expenditures of Federal Awards</b>                                                                             |                      |                                 | \$                                    | <u><u>2,466,753</u></u>                         |

**New Life Center and Subsidiary**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

**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, 2024. 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 Indirect Cost Rate**

The auditee did use the de minimis indirect 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, 2024**

**Summary of Auditor's Results:**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: Yes
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: 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:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
|----------------------------------|-------------------------------------------|
| 16.575                           | Crime Victim Assistance                   |

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

Auditee qualified as low-risk auditee: Yes

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

**Findings and Questioned Costs Related to Federal Awards: No**

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

**New Life Center and Subsidiary  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024**

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

**Finding Number:** FS-2024-001

**Repeat Finding:** Yes FS-2023-001

**Type of Finding:** Significant Deficiency

**Description:** Internal Controls over Accounting Records and Schedule of Expenditures  
of Federal Awards

Criteria

Management is responsible for establishing and maintaining internal controls over its accounting records that are adequate to ensure that all financial activities are properly processed, supported, and recorded in the proper period. In accordance with 2 CFR Part 200.510, New Life Center is responsible for the design and implementation of internal controls over the preparation of the Schedule of Expenditures of Federal Awards (SEFA) each fiscal year.

Condition

New Life Center did not have adequate internal controls over the year-end close out process, including the preparation of the SEFA.

Cause

The grant was recorded in the accounting records as a local grant.

Effect

Adjustments were necessary to properly state the SEFA at year-end. Additionally, errors in the SEFA affect the accuracy of the information reported to the federal government in New Life Center's data collection form. An inaccurate SEFA can result in the incorrect identification of major federal programs to be tested.

Context

The SEFA as originally prepared was understated by \$327,091 as the Center did not properly include the Community Development Block Grant (CDBG). The sample was not intended to be, and was not, a statistically valid sample.

Recommendation

New Life Center should strengthen its controls over the year-end close out process, including preparation of the SEFA.

Views of Responsible Officials

See Corrective Action Plan.



March 31, 2025

To Whom It May Concern:

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

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Bismark Annor  
Chief Financial Officer

**New Life Center and Subsidiary  
Corrective Action Plan  
Year Ended June 30, 2024**

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

Finding Number: FS-2024-001

Contact Person: Bismark Annor

Anticipated Completion Date: April 30, 2025

Planned Corrective Action: The planned corrective action addresses an oversight in the preparation of the Schedule of Expenditures of Federal Awards (SEFA). The SEFA is a critical component of the single audit process for organizations receiving federal funds. The issue identified was that a key fund, specifically the Community Development Block Grant (CDBG) of \$327,091 passed through from the City of Goodyear, was not included in the main SEFA but documented separately. To rectify this issue, the following corrective action has been taken:

- The CDBG fund has now been included in the SEFA and properly documented
- A complete SEFA has been created, incorporating all relevant federal funds
- A process for comprehensive documentation has now been established for future audits

The process of documentation is now in place for all future edits.

**New Life Center and Subsidiary  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2024**

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

Finding Number: FS-2023-001

Status: Not corrected. See current year finding FS-2024-001.

Planned Corrective Action: The documented SEFA process did not address if grants were not coded correctly as federal grants within the accounting system. The process has been updated to address this.