

Hope Women's Center  
Financial Statements and  
Independent Accountants' Review Report  
December 31, 2022

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## Independent Accountants' Review Report

To the Board of Directors of  
Hope Women's Center  
Phoenix, Arizona

We have reviewed the accompanying financial statements of Hope Women's Center (the Organization, a nonprofit organization), which comprise the statement of financial position as of December 31, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our review.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Fester & Chapman, PLLC*

August 30, 2023

Hope Women's Center  
STATEMENT OF FINANCIAL POSITION  
December 31, 2022

ASSETS

Cash and cash equivalents	\$ 2,589,242
Pledges receivable	9,000
Prepaid expenses	3,375
Property and equipment, net:	
Land	298,220
Building	1,145,081
Improvements	851,003
Furniture and fixtures	18,403
Equipment	5,063
Vehicles	27,994
Less accumulated depreciation	<u>(335,213)</u>
Total property and equipment, net	<u>2,010,551</u>
Total assets	<u><u>\$ 4,612,168</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 34,909
Note payable	<u>397,622</u>
Total liabilities	432,531
Net assets without donor restrictions	<u>4,179,637</u>
Total liabilities and net assets	<u><u>\$ 4,612,168</u></u>

See accompanying notes and independent accountants' review report.

Hope Women's Center  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>
Revenue and support:	
Contributions and grants	\$ 1,591,757
Special events, net of direct benefits of \$138,071	424,495
Merchandise sales	113,404
Program income	2,550
Rental income	22,430
Investment income	<u>101</u>
Total revenue and support	2,154,737
 Expenses:	
Program services	874,229
 Supporting activities:	
General and administrative	244,390
Fundraising	<u>91,809</u>
Total activities	<u>336,199</u>
 Total expenses	<u>1,210,428</u>
 Change in net assets	944,309
 Net assets, beginning of year	<u>3,235,328</u>
 Net assets, end of year	<u><u>\$ 4,179,637</u></u>

See accompanying notes and independent accountants' review report.

Hope Women's Center  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 548,488	\$ 129,053	\$ 60,415	\$ 737,956
Payroll taxes and benefits	<u>43,251</u>	<u>17,705</u>	<u>5,126</u>	<u>66,082</u>
Total salaries and related	591,739	146,758	65,541	804,038
Advertising and promotion	7,549	4,351	5,246	17,146
Bank and merchant fees	2,817	9,892	1,893	14,602
Depreciation	53,715	2,262	565	56,542
Dues and subscriptions	1,654	1,453		3,107
Grants	23,264			23,264
Other fundraising			16,095	16,095
Insurance	3,817	36,117		39,934
Interest	26,149	1,101	276	27,526
Miscellaneous	6,610	5,991		12,601
Office	20,197	13,661	40	33,898
Postage and printing	4,538	2,326		6,864
Professional fees	27,561	9,067	206	36,834
Rent	1,140	48	12	1,200
Repairs and maintenance	25,796	1,086	272	27,154
Supplies	3,315	2,544		5,859
Travel	6,272	3,716	913	10,901
Utilities	66,953	2,818	705	70,476
Volunteer expenses	<u>1,143</u>	<u>1,199</u>	<u>45</u>	<u>2,387</u>
Total expenses	<u>\$ 874,229</u>	<u>\$ 244,390</u>	<u>\$ 91,809</u>	<u>\$ 1,210,428</u>

See accompanying notes and independent accountants' review report.

Hope Women's Center  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2022

Cash flows from operating activities:	
Change in net assets	\$ 944,309
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	56,542
Changes in:	
Pledges receivable	(4,000)
Prepaid expenses	24,928
Accounts payable and accrued expenses	<u>20,912</u>
Net cash provided by operating activities	1,042,691
Cash flows from financing activities	
Payments of long-term debt	<u>(319,561)</u>
Net cash used by financing activities	<u>(319,561)</u>
Net increase in cash	723,130
Cash, beginning of the year	<u>1,866,112</u>
Cash, end of the year	<u><u>\$ 2,589,242</u></u>
<u>Supplemental disclosures</u>	
Cash paid during the year for interest	\$ 22,480

See accompanying notes and independent accountants' review report.

Hope Women's Center  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hope Women's Center (the Organization) located in Phoenix, Arizona, is a trauma informed, non-profit organization that provides free life skills and faith based education, individual mentoring and support groups, material assistance, brief solutions focused counseling, pregnancy and parenting support, community resource referrals, advocacy, and other programs for vulnerable women and teen girls across Arizona. We have six center locations (Phoenix, Apache Junction, Camp Verde, Coolidge, Maricopa, and the West Valley) with one mission - to engage, encourage, and equip vulnerable women and teen girls with a holistic approach to meet their physical, emotional, and spiritual needs.

The significant accounting policies of the Organization follow:

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board.

*Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the restricted stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition: Merchandise sales revenue consists of sales of donated clothing and household goods at the Organization's New Life Thrift & Gift shop. Payment for these goods are due at the point in time the goods are transferred. Earned revenue is recognized in the period that the related sale takes place.



Hope Women's Center  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Organization considers short-term investments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2022, cash and cash equivalents includes \$200,819 in money market funds.

Pledges Receivable: Pledges receivable are stated at net present value of expected cash flows, less an allowance for doubtful accounts, as deemed necessary, and are recognized as contribution revenue in the year the unconditional promise to give is made. The Organization provides for losses on receivables using the allowance method. The allowance is based on experience, knowledge of the donor or grantor, the industry and other circumstances which may affect the ability of donors or grantors to meet their obligations. It is the Organization's policy to charge off uncollectible pledges receivable when management determined the receivable will not be collected. The Organization has not experienced material losses on its pledges receivable, and therefore, management has not established an allowance for uncollectibility. The Organization's pledges receivable are due in 2023.

Prepaid Expenses: Prepaid expenses consist of amounts paid in advance for events related to the subsequent year.

Property and Equipment, Net: All acquisitions of property and equipment with a cost of \$2,000 or more and an estimated life of one year or more are capitalized. Assets are stated at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is provided on the straight-line basis over the following estimated useful lives of the respective assets:

Buildings and improvements	7-39 years
Equipment, fixtures and furniture	7 years
Vehicles	5 years

Contributions: Contributions are reported in accordance with the FASB ASC subtopic of *Revenue Recognition for Not-for-Profit Entities*. Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Hope Women's Center  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED

Income Taxes: The Organization is exempt from federal and state income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

Functional Expense Allocation: The Statements of Activities and Functional Expenses report certain categories of expenses that are attributable to program and supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, interest, rent, repairs and maintenance and utilities, which are allocated on a square footage basis; payroll and related expenses are allocated on a basis of estimates of time and effort.

Advertising and Promotion: Advertising and promotional costs are expensed in the year expended.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of each fiscal year end to fund expenses without limitations:

	<u>2022</u>
Financial assets:	
Cash and cash equivalents	\$ 2,589,242
Pledges receivable	<u>9,000</u>
Total financial assets included in current assets	<u>\$ 2,598,242</u>

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization's cash and cash equivalents on deposit at financial institutions are insured in limited amounts by Federal Deposit Insurance Corporation (FDIC). Balances may at times exceed insured amounts; however the Organization attempts to manage the concentration of credit risk by maintaining deposits in multiple financial institutions. At December 31, 2022, \$2,170,963 of cash and cash equivalents exceeded FDIC limits.

Hope Women's Center  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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NOTE 4 - NOTE PAYABLE

Long-term debt consists of the following:

Note payable in monthly installments of \$2,623, including principal and interest at 4.25%, maturing in August, 2031. The loan is secured by real property. \$ 397,622

Maturities of the long-term debt at December 31, 2022, are as follows:

2023	\$ 14,494
2024	15,085
2025	15,794
2026	16,489
2027	17,213
Thereafter	<u>318,547</u>
	<u>\$ 397,622</u>

NOTE 5 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 30, 2023, the date which the financial statements were available to be issued, and has concluded that no events have occurred since the year ended December 31, 2022 that would require an adjustment to the financial statements.