

Hope Women's Center
Financial Statements and
Independent Accountants' Review Report
December 31, 2023 and 2022

CONTENTS

Independent Accountants' Review Report.....	1
Financial Statements:	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses.....	4-5
Statements of Cash Flows	6
Notes to Financial Statements.....	7-10

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 statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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.

August 7, 2024

Hope Women's Center
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,496,041	\$ 2,589,242
Pledges receivable		9,000
Prepaid expenses	350	3,375
Property and equipment, net:		
Land	378,220	298,220
Building	1,680,080	1,145,081
Improvements	851,003	851,003
Furniture and fixtures	18,403	18,403
Equipment	5,063	5,063
Vehicles	4,858	27,994
Less accumulated depreciation	<u>(391,072)</u>	<u>(335,213)</u>
Total property and equipment, net	<u>2,546,555</u>	<u>2,010,551</u>
Total assets	<u><u>\$ 5,042,946</u></u>	<u><u>\$ 4,612,168</u></u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 61,644	\$ 34,909
Note payable, net	<u>382,383</u>	<u>397,622</u>
Total liabilities	444,027	432,531
Net assets without donor restrictions	<u>4,598,919</u>	<u>4,179,637</u>
Total liabilities and net assets	<u><u>\$ 5,042,946</u></u>	<u><u>\$ 4,612,168</u></u>

See accompanying notes and independent accountants' review report.

Hope Women's Center
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023	2022
Revenue, support and loss:		
Contributions and grants	\$ 1,648,429	1,591,757
Special events, net of direct benefits of \$121,531 and \$138,071, respectively	317,287	424,495
Merchandise sales	102,670	113,404
Other income	495	2,550
Rental income	40,634	22,430
Interest income	591	101
Loss on sale of fixed assets	(9,045)	
Total revenue, support and loss	2,101,061	2,154,737
Expenses:		
Program services	1,100,848	874,229
Supporting activities:		
General and administrative	213,874	244,390
Fundraising	367,057	91,809
Total supporting activities	580,931	336,199
Total expenses	1,681,779	1,210,428
Change in net assets	419,282	944,309
Net assets, beginning of year	4,179,637	3,235,328
Net assets, end of year	\$ 4,598,919	\$ 4,179,637

See accompanying notes and independent accountants' review report.

Hope Women's Center
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 647,402	\$ 99,600	\$ 249,001	\$ 996,003
Payroll taxes and benefits	<u>60,601</u>	<u>9,323</u>	<u>23,308</u>	<u>93,232</u>
Total salaries and related	708,003	108,923	272,309	1,089,235
Advertising and promotion	9,985	300		10,285
Bank and merchant fees	3,535	11,167		14,702
Depreciation	62,178	2,618	655	65,451
Dues and subscriptions	1,844	3,934		5,778
Grants	26,951			26,951
Other fundraising			19,527	19,527
Insurance	41,796	1,760	440	43,996
Interest	17,918	754	189	18,861
Miscellaneous	6,736	37	9	6,782
Office	37,357	19,852		57,209
Postage and printing	5,410	2,494		7,904
Professional fees	28,976	28,640	72,472	130,088
Repairs and maintenance	62,506	2,632	658	65,796
Supplies	8,607	2,710		11,317
Travel	2,935	2,366	52	5,353
Utilities	70,864	2,984	746	74,594
Volunteer expenses	<u>5,247</u>	<u>22,703</u>		<u>27,950</u>
Total expenses	<u>\$ 1,100,848</u>	<u>\$ 213,874</u>	<u>\$ 367,057</u>	<u>\$ 1,681,779</u>

See accompanying notes and independent accountants' review report.

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

	Program Services	Management and General	Fundraising	Total
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
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 419,282	\$ 944,309
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	65,451	56,542
Amortization of debt issuance costs	465	5,046
Loss on sale of fixed assets	9,045	
Changes in:		
Pledges receivable	9,000	(4,000)
Prepaid expenses	3,025	24,928
Accounts payable and accrued expenses	26,735	20,912
Net cash provided by operating activities	533,003	1,047,737
Cash flows from investing activities:		
Proceeds from sale of fixed assets	4,500	
Purchase of land, buildings, and equipment	(615,000)	
Net cash used by investing activities	(610,500)	
Cash flows from financing activities:		
Payments of long-term debt	(15,704)	(324,607)
Net cash used by financing activities	(15,704)	(324,607)
Net (decrease) increase in cash	(93,201)	723,130
Cash, beginning of the year	2,589,242	1,866,112
Cash, end of the year	\$ 2,496,041	\$ 2,589,242
 <u>Supplemental disclosures</u>		
Cash paid during the year for interest	\$ 18,551	\$ 22,480

See accompanying notes and independent accountants' review report.

Hope Women's Center
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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, 2023

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, 2023 and 2022, cash and cash equivalents includes \$201,120 and \$200,819 in money market funds, respectively.

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. Pledges receivable of \$9,000 due at December 31, 2022, were collected 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, 2023

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, 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 at December 31:

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 2,496,041	\$ 2,589,242
Pledges receivable		9,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,496,041	\$ 2,598,242

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, 2023 and 2022, \$2,025,540 and \$2,170,963 of cash and cash equivalents exceeded FDIC limits, respectively.

Hope Women's Center
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 - NOTE PAYABLE

Long-term debt for the years ended December 31, 2023 and 2022 consists of the following:

	2023	2022
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.	\$ 384,989	\$ 400,693
Less unamortized debt issuance costs	(2,606)	(3,071)
Note payable, net	\$ 382,383	\$ 397,622

Maturities of the long-term debt at December 31, 2023, are as follows:

2024	\$ 15,140
2025	15,852
2026	16,549
2027	17,276
2028	17,997
Thereafter	302,175
	\$ 384,989

NOTE 5 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 7, 2024, 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, 2023 that would require an adjustment to the financial statements.