Save the Family Foundation of Arizona
and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2021

CONTENTS

FESTER & CHAPMAN PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona
Mesa, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona (the Organization, nonprofit corporations), which comprise the consolidated statement of financial position as of June 30, 2021, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 Organization's internal control over financial reporting and compliance.

Fester & Chapman, PLLC

November 17, 2021

Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS	
Current assets:	
Cash	$ 3,932,473
Grants receivable	741,892
Promises to give receivable, current portion	188,000
Prepaid expenses	2,589
Total current assets	4,864,954
Promises to give receivable, less current portion, net	3,267
Investments	2,798,254
Long-term notes receivable from affiliate	2,709,288
Property and equipment, net	10,899,965
Investment in affiliate	129,344
Deposits	2,100
Total assets	$ 21,407,172
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 124,032
Accrued expenses	219,105
Line-of-credit	471,590
Refundable advances and deferred income	236,649
Total current liabilities	1,051,376
Notes payable	1,768,411
Total liabilities	2,819,787
Net assets:	
Without donor restrictions:	
Board designated	6,048,254
Undesignated	12,322,831
Total net assets without donor restrictions	18,371,085
With donor restrictions	216,300
Total net assets	18,587,385
Total liabilities and net assets	$ 21,407,172

The accompanying notes are an integral part of these statements.

Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gain:			
Government grants	$ 3,901,377		$ 3,901,377
United Way contributions	204,500		204,500
Contributions	4,457,593	$ 25,000	4,482,593
In-kind contributions	512,297		512,297
Client and management fees	683,912		683,912
Paycheck Protection Program	529,810		529,810
Rental income	1,010,594		1,010,594
Miscellaneous	52,384		52,384
Gain on disposals of assets	831,868		831,868
Fundraising events:			
Gross fundraising events revenue	203,646		203,646
Less: direct donor benefit costs	(81,257)		(81,257)
Net fundraising events revenue	122,389		122,389
Net assets released from restrictions:			
Satisfaction of donor requirements	632,448	(632,448)	
Total revenue, support and gain	12,939,172	(607,448)	12,331,724
Expenses:			
Program services:			
Transitional Housing	350,110		350,110
Step Up	254,534		254,534
FACES	556,695		556,695
Rapid Rehousing	2,520,315		2,520,315
LIHTC Programs	338,015		338,015
A.R.M./Property Management	3,062,167		3,062,167
Total program services	7,081,836		7,081,836
Management and general	592,878		592,878
Fundraising	903,040		903,040
Total expenses	8,577,754		8,577,754
Change in net assets	4,361,418	(607,448)	3,753,970
Net assets, beginning of year	14,009,667	823,748	14,833,415
Net assets, end of year	$ 18,371,085	$ 216,300	$ 18,587,385

The accompanying notes are an integral part of these statements.

Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program Services							Supporting Services		
	Transitional Housing	Step Up	FACES	Rapid Rehousing	LIHTC Programs	A.R.M./ Property Management	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 167,134	$ 106,137	$ 276,950	$ 546,833	$ 182,332	$ 471,587	$ 1,750,973	$ 326,643	$ 472,140	$ 2,549,756
Employee related	32,624	20,003	55,018	107,204	37,780	86,910	339,539	56,502	72,742	468,783
Depreciation	6,152	4,624	16,765	17,628	6,533	457,589	509,291	12,113	25,585	546,989
Direct assistance to individuals	39,836	39,826	106,739	1,679,140	40,454	837,854	2,743,849			2,743,849
Direct unit costs	58,561	54,931				887,719	1,001,211			1,001,211
Equipment	2,945	1,766	7,959	11,956	5,797	13,135	43,558	6,310	5,660	55,528
Materials and supplies	2,345	1,578	7,017	8,806	4,085	8,797	32,628	4,642	28,581	65,851
Operating	6,863	4,958	13,540	25,822	17,270	145,360	213,813	31,319	229,560	474,692
Other program expenses	179	39	4,583	218	78	168	5,265			5,265
Professional and outside services	4,645	2,863	12,006	14,755	5,491	52,276	92,036	120,749	15,803	228,588
Interest expense						8,249	8,249	592		8,841
Space and occupancy	22,894	14,859	40,624	87,570	32,352	68,669	266,968	31,953	48,856	347,777
Travel	5,932	2,950	15,494	20,383	5,843	23,854	74,456	2,055	4,113	80,624
Total expenses	$ 350,110	$ 254,534	$ 556,695	$ 2,520,315	$ 338,015	$ 3,062,167	$ 7,081,836	$ 592,878	$ 903,040	$ 8,577,754

The accompanying notes are an integral part of these statements.

Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

Cash flows from operating activities:	
Change in net assets	$ 3,753,970
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	546,989
Gain on disposals of assets	(831,868)
Forgiveness of Paycheck Protection Program loan	(529,810)
Net loss on investments	1,746
Changes in:	
Grants receivable	(268,050)
Promises to give receivable	359,149
Prepaid expenses	16,524
Accounts payable	22,310
Accrued expenses	32,177
Refundable advances and deferred income	130,143
Net cash provided by operating activities	3,233,280
Cash flows from investing activities:	
Purchases of investments	(2,800,000)
Purchases of property and equipment	(1,243,591)
Proceeds from sales of property and equipment	952,000
Investment in affiliate	21,172
Net cash used by investing activities	(3,070,419)
Cash flows from financing activities:	
Net proceeds from lines-of-credit	226,804
Net cash provided by financing activities	226,804
Net increase in cash	389,665
Cash, beginning of the year	3,542,808
Cash, end of the year	$ 3,932,473

<u>Supplemental disclosures</u>

Cash paid during the year for interest	$ 8,841

The accompanying notes are an integral part of these statements.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal Business Activities
Save the Family Foundation of Arizona (STF) is an Arizona nonprofit corporation which provides transitional housing and permanent housing services to needy and homeless families. Primary sources of revenue are governmental funding and donations.

Affordable Rental Movement (ARM) of Save the Family Foundation of Arizona was formed in 1992 to develop permanent affordable housing rental opportunities for low income families.

STF and ARM are collectively referred to herein as the Organization.

The major programs of STF and ARM include:

Transitional Housing: Scattered-site housing units for housing homeless families for up to 24 months, providing housing and supportive services.

Step Up to Independence: In fiscal year 2019, STF began the start-up processes for a new program, Step Up to Independence (Step Up). With programmatic expansion scheduled for fiscal year 2020 and beyond, this new program model targets homeless families living doubled up in their cars and in other temporary situations currently unserved by federal government funding. For this growing population of vulnerable families, Step Up is an extended stay program, not to exceed 24 months, providing housing and supportive services.

Family, Adult and Children's Empowerment Services (FACES): Financial literacy, intervention/prevention education, workforce development, professional clothing, household furnishings, supplemental food, and client transportation. Legal, dental, and vision services are provided through volunteer attorneys and physicians.

Rapid Rehousing: Financial assistance and services to prevent individuals and families from becoming homeless, and to quickly re-house and stabilize those experiencing homelessness.

LIHTC: Supportive services are provided to low income families living in affiliated LIHTC permanent housing projects, focusing on helping families maintain stable community living and increasing their self-sufficiency.

Principles of Consolidation
ARM and STF are consolidated due to the programmatic dependence of ARM on STF to place clients into its housing units. All significant interagency accounts and transactions have been eliminated in consolidation.

Use of Estimates
In preparing financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), 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 may differ from these estimates.

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

Financial Statement Presentation

The Organization follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*, requiring the Organization to report information regarding its financial position and activities in two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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.

Government Grants

The Organization recognizes amounts received from contracts and grants as net assets without donor restrictions when conditions specified in the contracts are met. Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the contract. The Organization has contracts with various local municipalities and the US Department of Housing and Urban Development (HUD). These grants represented 29% of the Organization's revenues for the year ended June 30, 2021. Conditional promises to give are not recognized as support until the conditions are substantially met.

Concentrations

Credit Risk: Cash includes cash held in checking, savings, and money market accounts. At times, the Organization maintains cash at financial institutions in excess of the bank insured limit by the Federal Deposit Insurance Corporation (FDIC). Investments are covered under Securities Investors Protection Corporation (SIPC).

Revenue and Support: During the year ended June 30, 2021, the Organization received a one-time, contribution without donor restrictions totaling approximately $2.8 million from a private donor, which comprised 23% of total revenue and support.

Receivables

The Organization's receivables consist primarily of amounts due from government agencies. The Organization does not require collateral for receivable balances and does not charge interest on receivables that are past due. Receivable balances are considered past due if not paid within the invoice's stated terms, which vary by agency. Management has determined all amounts to be collectable, and therefore an allowance for receivables is not deemed necessary.

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

Property and Equipment
Property and equipment are recorded at cost on the date of acquisition, or at their estimated fair value on the date of donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation of property and equipment is computed using the straight line method over the estimated useful lives of the assets, which range from five to 30 years. Amortization of leasehold improvements is computed using the straight line method over the estimated useful life of the improvements, which is the lesser of the estimated useful life or remaining term of the applicable lease. The Organization's capitalization policy requires individual assets to be capitalized if the original cost or estimated fair value on the date of donation exceeds $5,000. Maintenance and repairs are charged to expense when incurred.

Promises to Give
Unconditional promises to give that are expected to be collected within one year are recorded as promises to give at net realizable value. Unconditional promises to give that are expected to be collected in future periods are recorded using present value techniques incorporating risk-adjusted discount rates applicable to the years in which the promises to give are received. In subsequent years, amortization of the discount is included in contribution revenue in the consolidated statement of activities. Conditional promises to give are not recognized as support until the conditions are substantially met.

Promises to give are stated as unpaid balances, net of discounts, less an allowance for doubtful accounts as deemed necessary. The Organization provides for losses on promises to give using the allowance method. The allowance is based on experience, knowledge of the donors, the industry, and other circumstances which may affect the ability of donors to meet their obligations. It is the Organization's policy to charge off uncollectible promises to give when management determines collection is doubtful. Management considers receivables at June 30, 2021 to be fully collectable and, accordingly, an allowance for doubtful accounts is not deemed necessary.

Refundable Advances and Deferred Income
The Organization records refundable rental security deposits and grant funds classified as conditional contributions as refundable advances until the funds are refunded or earned and recognized as revenue. Prepaid rent is recorded as deferred revenue until the period in which the funds are earned and recognized as revenue.

Functional Expense Allocation
The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, employee related expenses, professional and outside services, equipment, materials and supplies, and operating expenses are allocated based on time and effort studies. Depreciation, space and occupancy expenses are allocated based on estimated square footage devoted to each function.

Income Taxes
Both STF and ARM are exempt from federal and state income taxes as organizations other than private foundations under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

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

Subsequent Events
The Organization has evaluated all events or transactions that occurred after June 30, 2021, through November 17, 2021, the date the Organization issued these consolidated financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. 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:

Financial assets included in current assets:	
Cash	$ 3,932,473
Grants receivable	741,892
Promises to give receivable, current portion	188,000
Total financial assets included in current assets	4,862,365
Less amounts unavailable for general expenditure within one year:	
Board designated net assets, less noncurrent investments	(3,250,000)
Net assets with donor restrictions	(216,300)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,396,065

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting from grants, contributions, and other revenues. The Organization also has three available lines-of-credit totaling $900,000 for its operating and capital needs (Note 8). In addition, the Organizations' Boards of Directors may adjust the amount of board designated net assets from time to time with a majority vote.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT

The Organization's investments are board designated for long-term purposes; therefore, they are excluded from current assets on the consolidated statement of financial postion. See Note 10.

GAAP establishes a framework for measuring fair value and expands disclosures about fair value measurements, which are determined based on assumptions that market participants would use in pricing assets and liabilities. GAAP also establishes a fair value hierarchy that distinguishes between market participant assumptions and the Organization's own assumptions about market participant assumptions.

Observable inputs are assumptions based on market data obtained from independent sources, while unobservable inputs are the Organization's own assumptions about what market participants would assume based on the best information available in the circumstance.

Level 1 inputs – A quoted price in an active market for an identical asset or liability is considered to be the most reliable evidence of fair value. All of the Organization's investments were measured using Level 1 inputs at June 30, 2021.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT - Continued

Level 2 inputs – These are observable inputs, either directly or indirectly, other than quoted prices included within Level 1. The Organization did not have any financial instruments it valued based on Level 2 inputs at June 30, 2021.

Level 3 inputs – These inputs are unobservable and are used to measure fair value only when observable inputs are not available. The Organization did not have any financial instruments it valued based on Level 3 inputs at June 30, 2021.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

Corporate and government bonds: Determined by the closing bid price on the last business day of the fiscal year if actively traded.

Fair value of assets measured on a recurring basis using level 1 inputs were as follows at June 30, 2021:

Short Duration U.S. Government Bond Fund	$ 2,798,254

NOTE 4 - PROMISES TO GIVE RECEIVABLE, NET

Promises to give receivable are due as follows as of June 30, 2021:

Due within one year	$ 188,000
Due within two to four years	3,300
	191,300
Discount on promises to give receivable (3.1%)	(33)
Net promises to give receivable	$ 191,267

At June 30, 2021, 78% of pledges receivable was due from one foundation.

NOTE 5 - DUE FROM AFFILIATES

Escobedo at Verde Vista, LLC
ARM has three notes receivable due from Escobedo at Verde Vista, LLC, a related party, which totaled $2,034,288 at June 30, 2021.

The first note in the amount of $543,411 bears simple interest of 4% with interest-only payments due from the borrower's available cash flows. The outstanding principal balance plus unpaid interest is due on or before July 11, 2053.

The second note in the amount of $940,877 bears no interest and the outstanding principal balance is due on or before April 25, 2053. Payments on the second note are also subject to available cash flows.

The third note in the amount of $550,000 bears simple interest of 3% with interest-only payments due from the borrower's available cash flows. The outstanding principal balance plus unpaid interest is due on or before July 31, 2053.

Valor on Eighth, LLC
ARM has one note in the amount of $675,000 due from Valor on Eighth, LLC, a related party. The note bears no interest and the outstanding principal balance is due on or before June 22, 2033. Payments on the note are also subject to available cash flows.

NOTE 6 - INVESTMENT IN AFFILIATE

Investment in affiliate consists of cash contributions to an affordable multifamily housing partnership where ARM is the general partner and has a .01% ownership interest in the affiliate. Investment value is adjusted by ARM's portion of the partnership's income/loss each year. At June 30, 2021, ARM's investment in affiliate totaled $129,344.

NOTE 7 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of June 30, 2021:

Land	$ 2,164,917
Buildings	13,174,567
Building improvements	1,279,649
Appliances	6,119
Vehicles	189,594
	16,814,846
Accumulated depreciation	(5,914,881)
Property and equipment, net	$ 10,899,965

See Note 12 regarding restrictions as to use and reversionary interests for property and equipment purchased with, or donated by, governmental agencies.

NOTE 8 - LINES-OF-CREDIT

STF has a revolving line-of-credit with a limit of $300,000 and a maturity date of November 1, 2022. Advances on the line-of-credit are payable monthly at the prime rate (3.25% at June 30, 2021). There was no balance due on this line-of-credit at June 30, 2021.

ARM has two revolving lines-of-credit: one with a $500,000 limit for the restricted use of funding property acquisitions; and one with a $100,000 credit limit for unrestricted use in general operations. Both lines have a maturity date of November 1, 2022. Advances on the lines-of-credit are payable monthly at the prime rate (3.25% at June 30, 2021). At June 30, 2021, $471,590 was due on the acquisition line-of-credit, and there was no balance due on the operating line-of-credit.

In conjunction with the line-of-credit agreements, STF and ARM have agreed to comply with certain restrictive covenants which include, among others, requirements related to debt service coverage ratio and current ratio. STF and ARM were in compliance with those covenants as of June 30, 2021. All lines-of-credit are secured by real property and equipment.

NOTE 9 - NOTES PAYABLE

Notes payable consisted of the following as of June 30, 2021:

$550,000 note payable to a financial institution including interest at 0%, with entire balance due upon maturity in February 2029. The note is secured by real property and the proceeds were passed through to an affiliate. See Notes 5 and 13.	$ 550,000
$543,411 note payable to the City of Mesa including interest at 0%, with entire balance due upon maturity in May 2034. The note is secured by real property and the proceeds were passed through to an affiliate. See Notes 5 and 13.	543,411
$675,000 note payable to a financial institution including interest at 0%, with entire balance due upon maturity in August 2033. The note is secured by real property and the proceeds were passed through to an affiliate. See Notes 5 and 13.	675,000
	$ 1,768,411

The Organization's notes payable mature during the years ending June 30, 2029 and June 30, 2034. No payments are due during the years ending June 30, 2022 through 2028.

NOTE 10 - NET ASSETS

Net Assets Without Donor Restrictions - Board Designated
The Organization's Board designated net assets consisted of the following at June 30, 2021:

	STF	ARM	Total
Operating reserves	$ 2,638,254	$ 1,450,000	$ 4,088,254
Other projects	160,000		160,000
Infrastructure development	500,000		500,000
Equipment	300,000		300,000
Programmatic expansions	1,000,000		1,000,000
Total	$ 4,598,254	$ 1,450,000	$ 6,048,254

Net Assets With Donor Restrictions
Net assets with donor restrictions for the year ended June 30, 2021 consisted of the following:

	Beginning Balance	Contributions	Releases	Ending Balance
Purpose restrictions:				
Homeless Families Intervention Project	$ 200,000		$ (200,000)	
Rapid Rehousing	40,000		(40,000)	
Van	33,200		(33,200)	
Summer camp		$ 25,000		$ 25,000
Timing restrictions	550,548		(359,248)	191,300
	$ 823,748	$ 25,000	$ (632,448)	$ 216,300

NOTE 11 - IN-KIND CONTRIBUTIONS/EXPENSES

Donated goods and facilities are valued at their estimated fair value on the date of donation. Donated services are recognized in the consolidated financial statements at their estimated fair value if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased by donation.

In-kind contributions totaling $512,297 are reported in the consolidated statement of activities. In-kind expenses are reported in the consolidated statement of functional expenses as follows for the year ended June 30, 2021:

	Program Services	Management and General	Fundraising	Total
Professional and outside services	$ 657		$ 243	$ 900
Direct assistance to individuals	323,851			323,851
Space and occupancy	107,570	$ 22,081	31,917	161,568
Special events - materials			25,978	25,978
Total in-kind expenses	$ 432,078	$ 22,081	$ 58,138	$ 512,297

NOTE 12 - COMMITMENTS AND CONTINGENCIES

During 2011, the Organization received donated residential property from a governmental entity. Under the terms of the governmental contract, if the Organization fails to allow only low-income households to reside in the property, the title of the property will revert back to the governmental entity. This contingency is in effect through February 2031. The Organization intends to operate the property in accordance with the terms of the agreement; therefore, no liability relating to a potential future reversion of title has been recorded in the consolidated financial statements.

During the years ended June 30, 2017 and 2018, STF received Community Development Block Grant (CDBG) federal grant funding passed through the City of Mesa, Arizona (the City), to construct a conference center costing approximately $1 million, on a parcel of land that was donated to STF by the City. The agreements include restrictive covenants for the property to be used for specific programmatic purposes by certain agencies. The title on the property restricts the uses described above in perpetuity for current and future owners, unless a release from the restrictions is approved by the City.

Other properties acquired by the Organization with grant funds are encumbered with ongoing restrictions that preclude the use of the acquired properties for purposes other than transitional or permanent housing. Should such properties be sold or used for disallowed purposes, all or part of the grant funds may have to be returned.

NOTE 13 - RELATED PARTY TRANSACTIONS

ARM has three notes receivable totaling $2,034,288 due from Escobedo at Verde Vista, LLC, a related party (see Note 5).

ARM has a note receivable in the amount of $675,000 due from Valor on Eighth, LLC, a related party (see Note 5).

STF leases a building from Escobedo at Verde Vista, LLC, under a twenty-year lease expiring in 2033. The terms of the lease require STF to pay $100 as the base rent for the entire term of the lease. In addition, STF must meet specific conditions annually in order to satisfy the terms of the lease agreement. The Organization recognized $161,568 as in-kind contributions/expense during the year ended June 30, 2021, which approximates the estimated fair value of the donated facility.

NOTE 14 – CONDITIONAL CONTRIBUTIONS

The Organization received conditional contributions from federal grant awards during the fiscal year ended June 30, 2021. Conditional contributions are recorded when the donor-imposed conditions are substantially met.

Certain conditions are required to be met by the Organization in order to earn these amounts. As of June 30, 2021, amounts awarded but not yet earned totaled $2,266,659. While management believes that the Organization will meet these conditions, they had not been met as of the year ended June 30, 2021. Accordingly, no amounts have been recorded for these conditional contributions in these financial statements.

SUPPLEMENTARY INFORMATION

Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2021

	Save the Family Foundation of Arizona	A.R.M. of Save the Family Foundation of Arizona	Eliminations	Total
ASSETS				
Current assets:				
Cash	$ 2,327,160	$ 1,605,313		$ 3,932,473
Grants receivable	196,288	566,051	$ (20,447)	741,892
Promises to give receivable, current portion	188,000			188,000
Prepaid expenses	2,589			2,589
Total current assets	2,714,037	2,171,364	(20,447)	4,864,954
Promises to give receivable, less current portion	3,267			3,267
Investments	2,798,254			2,798,254
Long-term notes receivable from affiliate		2,709,288		2,709,288
Property and equipment, net	1,464,249	9,435,716		10,899,965
Investment in affiliate		129,344		129,344
Deposits	2,100			2,100
Total assets	$ 6,981,907	$ 14,445,712	$ (20,447)	$ 21,407,172
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 55,241	$ 89,238	$ (20,447)	$ 124,032
Accrued expenses	198,782	20,323		219,105
Line-of-credit		471,590		471,590
Refundable advances and deferred income	117,988	118,661		236,649
Total current liabilities	372,011	699,812	(20,447)	1,051,376
Notes payable, less current portion		1,768,411		1,768,411
Total liabilities	372,011	2,468,223	(20,447)	2,819,787
Net assets:				
Without donor restrictions:				
Board designated	4,598,254	1,450,000		6,048,254
Undesignated	1,795,342	10,527,489		12,322,831
Total net assets without donor restrictions	6,393,596	11,977,489		18,371,085
Net assets with donor restrictions	216,300			216,300
Total net assets	6,609,896	11,977,489		18,587,385
Total liabilities and net assets	$ 6,981,907	$ 14,445,712	$ (20,447)	$ 21,407,172

The accompanying notes are an integral part of these statements.

Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	Save the Family Foundation of Arizona		A.R.M. of Save the Family Foundation of Arizona			
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Eliminations	Total
Revenue, support, and gain:						
Government grants	$ 2,226,762		$ 1,674,615			$ 3,901,377
United Way contributions	204,500					204,500
Contributions	4,457,227	$ 25,000	366			4,482,593
In-kind contributions	468,355		43,942			512,297
Client and management fees	789,391		475,659		$ (581,138)	683,912
Paycheck Protection Program	507,500		22,310			529,810
Rental income	1,422		1,009,172			1,010,594
Miscellaneous	37,005		15,379			52,384
Gain on disposals of assets			831,868			831,868
Fundraising events:						
Gross fundraising events revenue	203,646					203,646
Less: direct donor benefit costs	(81,257)					(81,257)
Net fundraising events revenue	122,389					122,389
Net assets released from restrictions:						
Satisfaction of donor requirements	632,448	(632,448)				
Total revenue, support, and gain	9,446,999	(607,448)	4,073,311		(581,138)	12,331,724
Expenses:						
Salaries	2,390,063		159,693			2,549,756
Employee related	445,553		23,230			468,783
Depreciation	99,178		447,811			546,989
Direct assistance to individuals	1,914,061		932,426		(102,638)	2,743,849
Direct unit costs	113,427		887,784			1,001,211
Equipment	50,464		5,064			55,528
Materials and supplies	63,299		2,552			65,851
Operating	348,916		125,776			474,692
Other expenses	5,265					5,265
Professional and outside services	225,656		481,432		(478,500)	228,588
Interest expense	554		8,287			8,841
Space and occupancy	347,777					347,777
Travel	68,225		12,399			80,624
Total expenses	6,072,438		3,086,454		(581,138)	8,577,754
Change in net assets	3,374,561	(607,448)	986,857			3,753,970
Net assets, beginning of year	3,019,035	823,748	10,990,632			14,833,415
Net assets, end of year	$ 6,393,596	$ 216,300	$ 11,977,489	$	$	$ 18,587,385

The accompanying notes are an integral part of these statements.