

**Central Arizona Shelter Services, Inc.**

**Financial Statements**

**June 30, 2024 and 2023**

**Central Arizona Shelter Services, Inc.**  
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**June 30, 2024 and 2023**

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## Independent Auditor's Report

The Board of Directors  
Central Arizona Shelter Services, Inc.  
Phoenix, Arizona

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Central Arizona Shelter Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial positions of Central Arizona Shelter Services, Inc. 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 Central Arizona Shelter Services, Inc. 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 opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Arizona Shelter Services, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Central Arizona Shelter Services, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Arizona Shelter Services, Inc.'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 August 12, 2025, on our consideration of Central Arizona Shelter Services, Inc.'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 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 Central Arizona Shelter Services, Inc.'s internal control over financial reporting and compliance.

Snyder & Brown CPAs, PLLC

Tempe, Arizona  
August 12, 2025

**Central Arizona Shelter Services, Inc.**  
**Statements of Financial Position**  
**June 30, 2024 and June 30, 2023**

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Current assets:		
Cash	\$ 3,435,237	\$ 1,452,513
Investments	161,898	1,325,286
Grants and contracts receivable	2,620,688	2,698,050
Prepaid expenses	112,053	78,363
Other assets	660,730	23,414
Total current assets	6,990,606	5,577,626
Noncurrent assets:		
Right-of-use operating assets, net	239,873	399,788
Right-of-use finance assets, net	102,803	127,476
Property and equipment, net	19,818,482	14,292,981
Total noncurrent assets	20,161,158	14,820,245
Total assets	\$ 27,151,764	\$ 20,397,871
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 656,244	\$ 681,122
Accrued payroll	81,978	69,661
Deferred revenues	785,436	164,100
Current portion of operating lease liability	167,552	157,035
Current portion of finance lease liability	23,249	21,789
Total current liabilities	1,714,459	1,093,707
Noncurrent liabilities:		
Accrued vacation	133,783	252,393
Operating lease liability (net of current portion)	87,938	255,490
Financing lease liability (net of current portion)	84,399	107,647
Total noncurrent liabilities	306,120	615,530
Total liabilities	2,020,579	1,709,237
Net Assets:		
Without donor restrictions		
Board designated for replacement reserves	1,597,845	1,330,442
Undesignated	22,064,804	17,054,802
Total without donor restrictions	23,662,649	18,385,244
With donor restrictions	1,468,536	303,390
Total net assets	25,131,185	18,688,634
Total liabilities and net assets	\$ 27,151,764	\$ 20,397,871

See Accompanying Notes to Financial Statements.

**Central Arizona Shelter Services, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2024 and June 30, 2023**

	2024			2023		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>Revenue and Support</b>						
Governmental grants and contracts	\$ 13,094,425	\$ -	\$ 13,094,425	\$ 10,011,587	\$ -	\$ 10,011,587
Contributions						
In-kind	799,464	-	799,464	3,782,438	-	3,782,438
Private contributions	2,122,552	1,468,070	3,590,622	2,537,071	288,000	2,825,071
Investment income (loss)	165,719	-	165,719	74,600	-	74,600
Other	652,828	-	652,828	505,821	-	505,821
Total revenue and support before fundraising events and releases from restrictions	16,834,988	1,468,070	18,303,058	16,911,517	288,000	17,199,517
Fundraising event revenue	5,000	-	5,000	-	-	-
Less cost of direct donor benefits	-	-	-	-	-	-
Net revenues from special events	5,000	-	5,000	-	-	-
Net assets released from purpose restrictions	302,924	(302,924)	-	190,012	(190,012)	-
Total revenue and support	17,142,912	1,165,146	18,308,058	17,101,529	97,988	17,199,517
<b>Expenses</b>						
Program services:						
Shelter and case management for single adults	5,813,787	-	5,813,787	5,036,874	-	5,036,874
Shelter and case management for families	1,219,356	-	1,219,356	2,005,030	-	2,005,030
Norton Ramsey Empowerment Center	532,791	-	532,791	-	-	-
The Haven	1,493,920	-	1,493,920	-	-	-
Mental wellness	71,033	-	71,033	-	-	-
Rapid rehousing	565,513	-	565,513	1,597,559	-	1,597,559
Total program services	9,696,400	-	9,696,400	8,639,463	-	8,639,463
Fundraising and development	832,314	-	832,314	1,047,423	-	1,047,423
Management and general	1,336,793	-	1,336,793	2,031,686	-	2,031,686
Total expenses	11,865,507	-	11,865,507	11,718,572	-	11,718,572
Change in net assets	5,277,405	1,165,146	6,442,551	5,382,957	97,988	5,480,945
Net assets, beginning of year	18,385,244	303,390	18,688,634	13,002,287	205,402	13,207,689
Net assets, end of year	\$ 23,662,649	\$ 1,468,536	\$ 25,131,185	\$ 18,385,244	\$ 303,390	\$ 18,688,634

See Accompanying Notes to Financial Statements.

**Central Arizona Shelter Services, Inc.**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2024 and June 30, 2023**

	<b>2024</b>				
	<b>Program Services</b>				
	<b>Shelter and case management for Single Adults</b>	<b>Shelter and Case Management for Families</b>	<b>Norton Ramsey Empowerment Center</b>	<b>The Haven</b>	<b>Mental Wellness</b>
Salaries	\$ 1,967,195	\$ 295,952	\$ 280,208	\$ 292,101	\$ 47,185
Employee benefits	332,207	68,906	55,633	17,499	915
Payroll taxes	162,018	24,569	21,028	6,296	1,733
Grants to other organizations	-	-	-	-	-
Professional and outside services	832,102	134,473	6,920	290,203	3,742
Travel	31,094	4,138	10,609	264	-
Occupancy	1,882,183	297,318	116,071	740,129	-
Equipment	8,551	11,757	-	-	-
Direct client housing support	-	-	819	-	-
Program materials and supplies	223,515	45,138	16,874	100,514	11,087
Other expenses	70,223	29,979	8,589	46,914	6,371
Depreciation and amortization	304,699	307,126	16,040	-	-
<b>Total expenses</b>	<b>\$ 5,813,787</b>	<b>\$ 1,219,356</b>	<b>\$ 532,791</b>	<b>\$ 1,493,920</b>	<b>\$ 71,033</b>

See Accompanying Notes to Financial Statements.

**Central Arizona Shelter Services, Inc.**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2024 and June 30, 2023**

(continued)

	<b>2024</b>				
	<b>Program Services (continued)</b>		<b>Supporting Services</b>		
	<b>Rapid Rehousing</b>	<b>Total Program Services</b>	<b>Fundraising and Development</b>	<b>Management and General</b>	<b>Total</b>
Salaries	\$ 57,590	\$ 2,940,231	\$ 319,861	\$ 853,278	\$ 4,113,370
Employee benefits	37,362	512,522	70,101	105,666	688,289
Payroll taxes	7,968	223,612	35,246	47,290	306,148
Grants to other organizations	25,677	25,677	-	-	25,677
Professional and outside services	2,739	1,270,179	203,915	102,619	1,576,713
Travel	678	46,783	2,689	7,860	57,332
Occupancy	21,385	3,057,086	32,017	89,171	3,178,274
Equipment	3,142	23,450	-	4,553	28,003
Direct client housing support	382,257	383,076	-	-	383,076
Program materials and supplies	17,627	414,755	22,348	72,095	509,198
Other expenses	9,088	171,164	146,137	54,261	371,562
Depreciation and amortization	-	627,865	-	-	627,865
<b>Total expenses</b>	<b>\$ 565,513</b>	<b>\$ 9,696,400</b>	<b>\$ 832,314</b>	<b>\$ 1,336,793</b>	<b>\$ 11,865,507</b>

See Accompanying Notes to Financial Statements.

**Central Arizona Shelter Services, Inc.**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2024 and June 30, 2023**

(continued)

	<b>2023</b>				
	<b>Program Services</b>				
	<b>Shelter and case management for Single Adults</b>	<b>Shelter and Case Management for Families</b>	<b>Norton Ramsey Empowerment Center</b>	<b>The Haven</b>	<b>Mental Wellness</b>
Salaries	\$ 1,332,443	\$ 651,106	\$ -	\$ -	\$ -
Employee benefits	244,933	111,573	-	-	-
Payroll taxes	94,935	57,855	-	-	-
Grants to other organizations	23,293	-	-	-	-
Professional and outside services	1,017,075	385,018	-	-	-
Travel	41,596	8,468	-	-	-
Occupancy	1,786,672	355,884	-	-	-
Equipment	5,660	2,233	-	-	-
Direct client housing support	547	-	-	-	-
Program materials and supplies	156,211	118,895	-	-	-
Other expenses	79,957	38,253	-	-	-
Depreciation and amortization	253,552	275,745	-	-	-
<b>Total Expenses</b>	<b>\$ 5,036,874</b>	<b>\$ 2,005,030</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See Accompanying Notes to Financial Statements.

**Central Arizona Shelter Services, Inc.**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2024 and June 30, 2023**

(continued)

	<b>2023</b>				
	<u>Program Services (continued)</u>	<u>Supporting Services</u>			
	<u>Rapid Rehousing</u>	<u>Total Program Services</u>	<u>Fundraising and Development</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 208,703	\$ 2,192,252	\$ 536,269	\$ 1,198,370	\$ 3,926,891
Employee benefits	46,408	402,914	93,263	162,543	658,720
Payroll taxes	12,609	165,399	36,830	79,576	281,805
Grants to other organizations	458,527	481,820	-	-	481,820
Professional and outside services	10,471	1,412,564	171,909	301,472	1,885,945
Travel	4,376	54,440	3,953	7,021	65,414
Occupancy	13,962	2,156,518	27,765	109,727	2,294,010
Equipment	-	7,893	-	1,202	9,095
Direct client housing support	808,308	808,855	-	-	808,855
Program materials and supplies	16,884	291,990	26,744	92,262	410,996
Other expenses	17,311	135,521	150,690	54,815	341,026
Depreciation and amortization	-	529,297	-	24,698	553,995
<b>Total Expenses</b>	<b><u>\$ 1,597,559</u></b>	<b><u>\$ 8,639,463</u></b>	<b><u>\$ 1,047,423</u></b>	<b><u>\$ 2,031,686</u></b>	<b><u>\$ 11,718,572</u></b>

See Accompanying Notes to Financial Statements.

**Central Arizona Shelter Services, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2024 and June 30, 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 6,442,551	\$ 5,480,945
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	627,865	553,995
Amortization of operating lease	159,915	159,915
Donated land	-	(3,010,000)
Unrealized (gain) loss on investments	(131,689)	(82,032)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Grants and contracts receivable	77,362	(813,293)
Prepaid expenses	(33,690)	(6,534)
Other assets	(637,316)	1
Increase (decrease) in:		
Accounts payable	(24,878)	(84,831)
Accrued payroll	12,317	(41,873)
Deferred revenues	621,336	(336,663)
Operating lease liability	(157,035)	(147,178)
Accrued vacation	(118,610)	119,475
Net cash provided by operating activities	6,838,128	1,791,927
<b>Cash flows from investing activities</b>		
(Purchases) sales of investments	1,295,077	533,985
Purchase of property and equipment	(6,128,692)	(2,794,892)
Net cash used for investing activities	(4,833,615)	(2,260,907)
<b>Cash flows from financing activities</b>		
Payments on finance lease	(21,789)	(10,376)
Net cash used for financing activities	(21,789)	(10,376)
Net change in cash and cash equivalents	1,982,724	(479,356)
Cash and cash equivalents, beginning of year	1,452,513	1,931,869
Cash and cash equivalents, end of year	\$ 3,435,237	\$ 1,452,513
	<b>2024</b>	<b>2023</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during year for interest	\$ 16,052	\$ 5,188

See Accompanying Notes to Financial Statements.

**Central Arizona Shelter Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 1 - Principal Business Activity**

Central Arizona Shelter Services (CASS or the Organization) is Arizona's largest and most experienced emergency shelter program for individuals and families experiencing homelessness. Our mission is to prevent, and end, homelessness among individuals and families while advancing compassionate community solutions. Since 1984, we have worked tirelessly to end homelessness by providing shelter, case management, and housing services to more than 175,000 people.

CASS's Emergency Shelter program includes a Single Adult Shelter (SAS), which provides up to 600-beds nightly for single adults, and a Family Shelter, which is a 30-unit apartment complex-style shelter for homeless families with children. SAS provides housing for many vulnerable groups including veterans.

In coordination with other partner non-profits, our CASS Norton and Ramsey Social Justice Empowerment Center in Glendale offers "no wrong door" wrap around resources and support for individuals and families in the west valley at risk of becoming, and those who are experiencing homelessness.

CASS Case Managers and Housing Navigators assist clients at all locations by connecting them with local services for housing resources, health care, employment, benefits, mental health services, substance abuse treatment, identification documentation, and legal assistance.

Staff in all programs collaborate with other non-profit agencies to meet client needs.

CASS's Project Haven2 is currently under construction. Once building renovations are complete, this facility will house up to 170 seniors who are at risk of or those currently unhoused. We will provide case management on site. Seniors are one of the most vulnerable groups with respect to access to affordable housing.

During the fiscal year ended June 30, 2024, Central Arizona Shelter Services (CASS) provided shelter and supportive services to 5,312 unduplicated individuals. More than 4,300 individuals and family members accessed shelter services, resulting in a total of 267,060 bed nights. CASS staff collaborated with more than 4,300 individuals to develop personalized housing plans. Furthermore, over 2,100 individuals received case management support. Through its Rapid Rehousing program, eviction prevention efforts and financial assistance services, CASS successfully assisted 596 individuals in securing safe and stable housing.

**Note 2- Significant Accounting Policies**

**Basis of Accounting**

CASS prepares its financial statement using the accrual basis of accounting.

**Basis of Presentation**

Financial statement presentation of CASS follows the recommendations promulgated by the Financial Accounting Standards Board ("FASB") commonly referred to as accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Central Arizona Shelter Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2024**

**Basis of Presentation (continued)**

*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. The organization's board may designate assets without restrictions for specific operational purposes from time to time.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

When a restriction expires, that is, when a stipulated time restriction ends or a 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and those differences could be material.

**Cash and Cash Equivalents**

CASS considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the organization are excluded from this definition.

**Grants and contracts Receivable**

Grants and contracts receivable consist primarily of noninterest-bearing amounts due for emergency shelter and supportive services programs. Grants and contracts receivable are stated at the amount management expects to collect under the terms of various agreements. Management provides for probable uncollectable accounts receivable through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of balances. Balances that are still outstanding after management has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2024 and 2023, accounts receivable are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts is not considered necessary.

**Central Arizona Shelter Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2024**

**Contributions Receivable**

Contributions receivable expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years, are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At June 30, 2024 and 2023, contributions receivable are considered by management to be collectable in full and, accordingly, an allowance for doubtful accounts is not considered necessary.

**Investments**

CASS holds certain operational funds in investments with readily determinable fair values. Investments are recorded at their estimated fair value based on quoted market prices in the Statement of Financial Position. See Note 4 regarding the fair value measurements of investments. CASS holds certain cash and cash equivalents as part of its investment portfolio. Unrealized gains and losses are included in the change in net assets in the Statement of Activities.

**Donated Materials and Services**

Donated materials and services are reflected as contributions in the accompanying financial statements at their estimated fair values as of the date of donation. Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills performed by people with those skills, and would otherwise be purchased. CASS utilizes the services of volunteers to perform a variety of tasks that assist CASS with specific programs and fundraising campaigns. This support has not been recorded as it does not meet the recognition criteria prescribed by U.S. Generally Accepted Accounting Principles.

CASS received the following donated materials and services for the year ended June 30:

<b>Donation Description</b>	<b>Valuation</b>		<b>Donor Restrictions</b>	<b>2024</b>		<b>2023</b>	
	<b>Method</b>	<b>Used For</b>					
Donated program supplies	Estimated FV	Program	None	\$ 33,330	\$	94,556	
Donated stocks	Estimated FV	Program	None	88,252		-	
Discounted rent	Estimated FV	Various	None	677,882		677,882	
Donated land	Estimated FV	Program	None	-		3,010,000	
Total				<u>\$ 799,464</u>		<u>\$ 3,782,438</u>	

**Property and Equipment**

Property and equipment additions over \$5,000 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years or, in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**Central Arizona Shelter Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2024**

**Impairment of Long-Lived Assets**

CASS reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

**Revenue Recognition**

Government fees and grants primarily relate to revenue received from Maricopa County, Cities and other agencies for the purposes of carrying out CASS's mission. Based on the nature of these contracts, government fees and grants are recognized as revenue in the financial statements utilizing the contribution guidance in Topic 958.

Unconditional contributions received are recorded as support with or without donor-imposed restrictions based 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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Other revenues primarily consist of vending fees and other miscellaneous revenues. These are recognized at the point in time the performance obligation has been met. Event revenues consist of transactions that are considered both exchange transactions and contributions. The contributions are recorded as described above. The exchange portion is recognized when the performance obligation has been met.

**Functional Expenses**

Expenses are charged to program services and supporting services categories in the statements of activities and functional expenses based on direct expenditures incurred. Any expenditure not directly chargeable to a functional expense category is allocated based on time and effort for payroll related expenses and square footage for non-payroll related expenses.

**Professional and Outside Services**

Amounts reported in the Statement of Functional Expenses for professional and outside services consist primarily of outside security services, information technology services, and janitorial and pest control services.

**Income Tax Status**

CASS is incorporated as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and has been determined not to be a private foundation under Section 509(a)(1). Accordingly, contributions to it qualify for the charitable contribution deduction under Section 170. CASS is required annually to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is generally subject to income tax on net income derived from business activities unrelated to its exempt purpose. CASS's management has determined that it has no taxable unrelated business income and has not filed an Exempt Organization Business Income Tax Return (IRS Form 990-T), or its Arizona equivalent.

**Central Arizona Shelter Services, Inc.**  
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**Income Tax Status (continued)**

Management believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. CASS would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties were to be incurred.

**Reclassifications**

Some of the 2023 balances were reclassified to be consistent with current year presentation.

**Note 3 - Liquidity**

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<b>2024</b>	<b>2023</b>
Cash	\$ 3,435,237	\$ 1,452,513
Investments	161,898	1,325,286
Grants and contracts receivable	2,620,688	2,698,050
Less: donor restricted assets	(1,468,536)	(303,390)
Current available assets	<b>\$ 4,749,287</b>	<b>\$ 5,172,459</b>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Assets are generally maintained in the form of cash and cash equivalents and short-term receivables in order to meet its operating requirements.

**Note 4 - Fair Value Measurements**

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 inputs generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active. The Organization does not have any financial instruments it values based on Level 2 inputs.

Level 3 inputs are the most subjective, and are generally based on the entity's own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances. The Organization does not have any financial instruments it values based on Level 3 inputs.

Whenever available the Organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs may not be available for certain assets and liabilities that the Organization is required to measure fair value.

**Central Arizona Shelter Services, Inc.**  
**Notes to Financial Statements**  
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**Note 4 - Fair Value Measurements (continued)**

The primary uses of fair value measures in the financial statements are:

- Recurring measurement of short-term investments.
- Recurring measurement of long-term investments.

In addition, the Organization has assets which it values using the Net Asset Value (NAV) as a practical expedient. Instead of classifying these assets in the hierarchy tables, they are separately classified as investments valued using NAV. The valuation of the Organization's investments within the fair value hierarchy levels and those valued using the NAV as a practical expedient as of June 30, 2024 and 2023, are summarized as follows.

		<u>2024</u>	<u>2023</u>
Equity securities	Level 1	\$ 59,773	\$ -
Mutual funds - bonds	Level 1	32,582	614,129
Mutual funds - equities	Level 1	42,638	711,157
Total classified in hierarchy		<u>\$ 134,993</u>	<u>\$ 1,325,286</u>
Alternative investments - calculated using NAV		26,905	-
Total investments		<u>\$ 161,898</u>	<u>\$ 1,325,286</u>

The Investments valued using NAV for the Organization consist of the following:

*Arizona Community Foundation investment pool*—During 2024 the Organization purchased shares in the Arizona Community Foundation – 100% Long Term Diversified Pool. The assets held by the pool consisted of approximately 65% equity securities, 10% fixed income securities, 10% hedge funds, 10% private debt investments and 5% real assets. The Organization's share of the pool had an estimated fair value of \$26,905 at June 30, 2024. There were no unfunded commitments.

**Note 5 - Investments**

Investment net gain is comprised of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Dividends and interest	\$ 25,716	\$ 31,400
Net realized and unrealized gain (loss)	147,007	50,645
Investment fees	(7,004)	(7,445)
Total Net Gain on Investments	<u>\$ 165,719</u>	<u>\$ 74,600</u>

Investment expense was \$7,004 and \$7,445 for the years ending June 30, 2024 and 2023, respectively.

**Central Arizona Shelter Services, Inc.**  
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**Note 6 - Grants and contracts receivable**

Accounts receivable consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Federal, state, and local governments	\$ 2,474,063	\$ 2,648,886
Other	<u>146,625</u>	<u>49,164</u>
Total	<u>\$ 2,620,688</u>	<u>\$ 2,698,050</u>

Receivables are expected to be fully collected within one year.

**Note 7 - Property and Equipment**

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

	<u>2024</u>	<u>2023</u>
Cost or donated value		
Property and equipment not being depreciated:		
Construction in progress	\$ 7,888,273	\$ 1,811,012
Land	5,698,350	5,698,350
Property and equipment being depreciated:		
Buildings and leasehold improvements	8,066,654	7,990,548
Program equipment	418,808	418,809
Computer equipment	100,588	100,588
Vehicles	218,903	218,903
Office equipment	<u>64,903</u>	<u>64,903</u>
Total cost or donated value	22,456,479	16,303,113
Less accumulated depreciation	<u>(2,637,997)</u>	<u>(2,010,132)</u>
Property and equipment, net	<u>\$ 19,818,482</u>	<u>\$ 14,292,981</u>

Construction in progress at June 30, 2024 and 2023 consisted primarily of the ongoing improvements for the Project Haven property. Project Haven is expected to be completed and placed in service in fiscal year 2025. The remaining cost of completion at June 30, 2024 was approximately \$4 million.

**Note 8 - Revolving Lines of Credit**

The Organization had a \$1,000,000 line of credit agreement with a financial institution. Interest payments are due from the date of each advance until repayment of each advance at prime plus 1.75% or a minimum of 5.00% (8.75%) at June 30, 2023. The line matured October 1, 2023 and was not renewed. The line of credit was paid in full as of June 30, 2024 and June 30, 2023.

**Central Arizona Shelter Services, Inc.**  
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**Note 9 - Retirement Plan**

The Organization participates in a 403(b) retirement plan (tax deferred annuity) for its employees. The Organization makes its employees aware of the plan, withholds voluntary contributions from paychecks and remits the contributions to an independent trustee. Participants may contribute their eligible compensation on a pretax basis to the plan up to a maximum allowed by the Internal Revenue Code. Participants are 100% vested in the amounts of their employee contributions and are 100% vested in employer contributions upon completion of two years of employment. Employer contributions are discretionary. Matching contributions were made by the Organization up to 4% of participants' total salaries. The Organization's matching contributions were \$110,338 and \$110,406 for the years ended June 30, 2024 and 2023, respectively.

**Note 10 - Capitalized Leases**

The Organization currently leases real property consisting of 30 housing units, office and community space under a 5-year operating lease agreement. Because the rates implicit in the leases are generally not available, the Organization utilizes its incremental borrowing rate as the discount rate of 6.5 percent annual interest.

In addition, the Organization leases office equipment under financing agreements that went into effect in 2023, with maturity date effective until 2027. Because the rates implicit in the leases are generally not available, the Organization utilizes its incremental borrowing rate as the discount rate of 6.5 percent annual interest.

Future payments under the lease agreements were as follows:

	<u>Operating</u>	<u>Finance</u>
Years ending June 30,	\$ 193,785	\$ 26,749
2025	104,672	29,932
2026	-	33,117
2027	-	36,318
2028	-	6,366
2029	-	-
Thereafter	-	-
Total minimum lease payments	<u>298,457</u>	<u>132,482</u>
Less present value discount	<u>(42,967)</u>	<u>(24,834)</u>
Present value of minimum operating lease payments	<u>\$ 255,490</u>	<u>\$ 107,648</u>
Right-of-use asset	\$ 559,703	\$ 139,813
Less accumulated amortization	<u>(319,830)</u>	<u>(37,010)</u>
	<u>\$ 239,873</u>	<u>\$ 102,803</u>

**Note 11 – Deferred revenues**

The organization had the following deferred revenues for conditional grants with revenues not earned at yearend.

	<u>Beginning</u>	<u>Additions</u>	<u>Recognized</u>	<u>Ending</u>
Deferred revenues for conditional grants	\$ 164,100	\$ 785,436	\$ (164,100)	\$ 785,436

**Central Arizona Shelter Services, Inc.**  
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**Note 12 - Net Assets with Donor Restrictions**

Net assets with donor restrictions were available for the following purposes or periods as of June 30:

	<u>2024</u>	<u>2023</u>
Net asset with donor restrictions:		
Vista Colina renovation	\$ -	\$ 128,350
Program supplies	-	20,040
Project Haven renovation	614,651	155,000
Project Haven operating	250,000	-
Program vehicles	120,000	-
Heat relief services	37,500	-
Dementia screening program	59,000	-
Bed nights	262,385	-
Behavioral health	25,000	-
Individuals impacted by cannabis laws	100,000	-
Total net assets with donor restrictions	<u>\$ 1,468,536</u>	<u>\$ 303,390</u>

**Note 13 - Board Designated Net Assets**

The Board of Directors of the Organization has designated \$1,597,845 and \$1,330,442 of unrestricted net assets for an operating reserve as of June 30, 2024 and 2023, respectively.

**Note 14 - Concentration of Credit Risk**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash deposits in banks and financial institutions and contributions receivable.

Cash deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) are exposed to loss in the event of nonperformance by the financial institutions. The Organization's management does not anticipate nonperformance by the financial institutions.

The Organization obtains a majority of their revenues through contracts and grants from various governmental agencies. Additionally, program costs are subject to audit by the contracting agency, and in the event that the contract proceeds were not spent in accordance with contract terms, the proceeds may be required to be returned to the appropriate agency. The Organization is of the opinion that an adequate provision has been made in the combined financial statements for the effect of any costs, which might be disallowed under these various contracts.

If the governmental agencies affect significant budget reductions in the future, this source of funding could decrease. If this were to occur, it is management's opinion that the Organization would continue to operate its programs and services on a reduced scale until such time as other funding sources were secured.

**Central Arizona Shelter Services, Inc.**  
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**Note 15 - Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 12, 2025, the date the financial statements were available to be issued. No events have occurred, except as noted below, subsequent to the statement of financial position date through August 12, 2025, which would require adjustment of or disclosure in the financial statements.

In November 2024 the Organization entered into a new loan agreement with Midfirst Bank with \$1,500,000 in available principal. The funds were expected to be used for the Project Haven2 construction project. The Organization is expected to obtain additional loans to refinance the loan and additional funding to cover the ongoing Project Haven2 construction project.