

**Central Arizona Shelter Services, Inc.**

**Financial Statements**

**June 30, 2025 and 2024**

**Central Arizona Shelter Services, Inc.**  
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**June 30, 2025 and 2024**

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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, 2025 and 2024, 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, 2025 and 2024, 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 May 21, 2026, 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  
May 21, 2026

**Central Arizona Shelter Services, Inc.**  
**Statements of Financial Position**  
**June 30, 2025 and June 30, 2024**

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Current assets:		
Cash	\$ 1,467,964	\$ 3,435,237
Investments	139,099	161,898
Grants and contracts receivable	1,713,364	2,620,688
Prepaid expenses	36,046	112,053
Other assets	123,800	660,730
Total current assets	3,480,273	6,990,606
Noncurrent assets:		
Right-of-use operating assets, net	79,957	239,873
Right-of-use finance assets, net	78,131	102,803
Property and equipment, net	25,521,650	19,818,482
Total noncurrent assets	25,679,738	20,161,158
Total assets	\$29,160,011	\$27,151,764
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 662,203	\$ 656,244
Accrued payroll	119,537	81,978
Deferred revenues	274,000	785,436
Line of Credit	3,000,000	-
Current portion of operating lease liability	87,938	167,552
Current portion of finance lease liability	24,805	23,249
Total current liabilities	4,168,483	1,714,459
Noncurrent liabilities:		
Accrued vacation	176,406	133,783
Operating lease liability (net of current portion)	-	87,938
Financing lease liability (net of current portion)	59,593	84,399
Total noncurrent liabilities	235,999	306,120
Total liabilities	4,404,482	2,020,579
Net Assets:		
Without donor restrictions		
Board designated for replacement reserves	-	1,597,845
Undesignated	24,153,190	22,064,804
Total without donor restrictions	24,153,190	23,662,649
With donor restrictions		
Total net assets	602,339	1,468,536
Total liabilities and net assets	\$29,160,011	\$27,151,764

See Accompanying Notes to Financial Statements.

**Central Arizona Shelter Services, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2025 and June 30, 2024**

	2025			2024		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>Revenue and Support</b>						
Governmental grants and contracts	\$ 5,701,170	\$ -	\$ 5,701,170	\$ 13,094,425	\$ -	\$ 13,094,425
Contributions						
In-kind	1,406,829	-	1,406,829	799,464	-	799,464
Private contributions	3,241,461	1,383,000	4,624,461	2,122,552	1,468,070	3,590,622
Investment income (loss)	51,035	-	51,035	165,719	-	165,719
Other	510,464	-	510,464	652,828	-	652,828
Total revenue and support before fundraising events and releases from restrictions	<u>10,910,959</u>	<u>1,383,000</u>	<u>12,293,959</u>	<u>16,834,988</u>	<u>1,468,070</u>	<u>18,303,058</u>
Fundraising event revenue	-	-	-	5,000	-	5,000
Less cost of direct donor benefits	-	-	-	-	-	-
Net revenues from special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net assets released from purpose restrictions	2,249,197	(2,249,197)	-	302,924	(302,924)	-
Total revenue and support	<u>13,160,156</u>	<u>(866,197)</u>	<u>12,293,959</u>	<u>17,142,912</u>	<u>1,165,146</u>	<u>18,308,058</u>
<b>Expenses</b>						
Program services:						
Shelter and case management for single adults	5,597,281	-	5,597,281	5,813,787	-	5,813,787
Shelter and case management for families	1,223,896	-	1,223,896	1,219,356	-	1,219,356
Norton Ramsey Empowerment Center	114,584	-	114,584	532,791	-	532,791
The Haven	1,713,403	-	1,713,403	1,493,920	-	1,493,920
Mental wellness	256,708	-	256,708	71,033	-	-
Rapid rehousing	491,116	-	491,116	565,513	-	565,513
Total program services	<u>9,396,988</u>	<u>-</u>	<u>9,396,988</u>	<u>9,696,400</u>	<u>-</u>	<u>9,625,367</u>
Fundraising and development	1,161,929	-	1,161,929	832,314	-	832,314
Management and general	2,110,698	-	2,110,698	1,336,793	-	1,336,793
Total expenses	<u>12,669,615</u>	<u>-</u>	<u>12,669,615</u>	<u>11,865,507</u>	<u>-</u>	<u>11,865,507</u>
Change in net assets	490,541	(866,197)	(375,656)	5,277,405	1,165,146	6,442,551
Net assets, beginning of year	23,662,649	1,468,536	25,131,185	18,385,244	303,390	18,688,634
Net assets, end of year	<u>\$ 24,153,190</u>	<u>\$ 602,339</u>	<u>\$ 24,755,529</u>	<u>\$ 23,662,649</u>	<u>\$ 1,468,536</u>	<u>\$ 25,131,185</u>

See Accompanying Notes to Financial Statements.

**Central Arizona Shelter Services, Inc.**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2025 and June 30, 2024**

	<b>2025</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	\$ 1,316,784	\$ 340,352	\$ 48,611	\$ 437,136	\$ 193,846
Employee benefits	236,052	59,600	20,004	88,721	32,379
Payroll taxes	107,747	27,275	3,612	33,533	15,058
Professional and outside services	926,691	18,707	11,263	310,464	13,064
Travel	31,254	10,000	2,973	9,921	318
Occupancy	2,171,054	279,838	11,677	128,746	-
Equipment	19,241	15,503	1,408	212,094	-
Direct client housing support	5,793	-	1,914	3,004	-
Program materials and supplies	181,575	14,735	2,260	151,115	-
Other expenses	131,356	31,307	1,603	6,142	2,043
Depreciation and amortization	469,734	426,579	9,259	332,527	-
<b>Total expenses</b>	<b>\$ 5,597,281</b>	<b>\$ 1,223,896</b>	<b>\$ 114,584</b>	<b>\$ 1,713,403</b>	<b>\$ 256,708</b>

See Accompanying Notes to Financial Statements.

**Central Arizona Shelter Services, Inc.**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2025 and June 30, 2024**

(continued)

	2025				
	<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	\$ 149,711	\$ 2,486,440	\$ 408,163	\$ 1,304,242	\$ 4,198,845
Employee benefits	35,613	472,369	115,915	209,053	797,337
Payroll taxes	11,923	199,148	31,865	108,146	339,159
Professional and outside services	12,150	1,292,339	303,094	201,800	1,797,233
Travel	455	54,921	4,032	37,434	96,387
Occupancy	6,868	2,598,183	30,748	152,259	2,781,190
Equipment	2,097	250,343	3,000	3,030	256,373
Direct client housing support	262,395	273,106	1,173	3,398	277,677
Program materials and supplies	1,412	351,097	32,619	18,376	402,092
Other expenses	8,492	180,943	231,320	71,974	484,237
Depreciation and amortization	-	1,238,099	-	986	1,239,085
Total expenses	<u>\$ 491,116</u>	<u>\$ 9,396,988</u>	<u>\$ 1,161,929</u>	<u>\$ 2,110,698</u>	<u>\$ 12,669,615</u>

See Accompanying Notes to Financial Statements.

**Central Arizona Shelter Services, Inc.**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2025 and June 30, 2024**

(continued)

	<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, 2025 and June 30, 2024**

(continued)

	2024				
	<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	\$ 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 Cash Flows**  
**Years Ended June 30, 2025 and June 30, 2024**

	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (375,656)	\$6,442,551
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,239,084	627,865
Amortization of operating lease	159,915	159,915
Donated land	-	-
Unrealized (gain) loss on investments	(41,699)	(131,689)
Changes in operating assets and liabilities (Increase) decrease in:		
Grants and contracts receivable	907,324	77,362
Prepaid expenses	76,007	(33,690)
Other assets	536,930	(637,316)
Increase (decrease) in:		
Accounts payable	5,959	(24,878)
Accrued payroll	37,559	12,317
Deferred revenues	(511,436)	621,336
Operating lease liability	(141,456)	(157,035)
Accrued vacation	42,623	(118,610)
Net cash provided by operating activities	1,935,154	6,838,128
<b>Cash flows from investing activities</b>		
(Purchases) sales of investments	64,498	1,295,077
Purchase of property and equipment	(6,942,252)	(6,128,692)
Net cash used for investing activities	(6,877,754)	(4,833,615)
<b>Cash flows from financing activities</b>		
Draws in line of credit	3,000,000	-
Payments on finance lease	(24,673)	(21,789)
Net cash provide by (used) for financing activities	2,975,327	(21,789)
Net change in cash and cash equivalents	(1,967,273)	1,982,724
Cash and cash equivalents, beginning of year	3,435,237	1,452,513
Cash and cash equivalents, end of year	\$ 1,467,964	\$ 3,435,237
	<b>2025</b>	<b>2024</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during year for interest	\$ 62,274	\$ 16,052

See Accompanying Notes to Financial Statements.

**Central Arizona Shelter Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 - Principal Business Activity**

Central Arizona Shelter Services (CASS or the Organization) is a nonprofit organization and a leading provider of emergency shelter and supportive services for individuals and families experiencing homelessness in Arizona. Our mission is to prevent and end homelessness while advancing compassionate community solutions. Since 1984, the Organization has worked to address homelessness by providing shelter, case management, and housing services to more than 187,000 individuals and families in need.

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 consisting of 30 apartment-style units for families with children. SAS serves a range of vulnerable populations, including veterans.

The Haven is dedicated exclusively to serving older adults experiencing homelessness, generally individuals age 55 and older. The Haven is a residential-style shelter with approximately 130 units and capacity to serve up to 170 seniors. The program provides temporary shelter along with wrap-around supportive services, including case management, medical and behavioral health coordination, and dementia screenings, with the objective of stabilizing residents and assisting them in transitioning to permanent or longer-term housing.

Vista Colina Family Shelter provides emergency shelter and supportive services for families with children experiencing homelessness. The shelter offers 30 private family units and delivers individualized, family-centered case management, support with school enrollment and transportation, and housing navigation and landlord engagement to assist families in securing stable, long-term housing.

CASS case managers and housing navigators assist clients across all programs by connecting them with local resources, including housing, health care, employment, public benefits, mental health services, substance use treatment, identification documentation, and legal assistance.

Staff across all programs collaborate with other nonprofit agencies to address client needs.

During the fiscal year ended June 30, 2025, CASS provided shelter and supportive services to 4,585 unduplicated individuals. More than 3,700 individuals and family members accessed shelter services, resulting in a total of 252,396 bed nights. CASS staff worked with more than 3,700 individuals to develop personalized housing plans, and over 1,096 individuals received case management services.

**Central Arizona Shelter Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**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:

**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.

**Central Arizona Shelter Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 2- Significant Accounting Policies (continued)**

**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, 2025 and 2024, accounts receivable are considered by management to be collectible in full and, accordingly, an allowance for credit losses is not considered necessary.

**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, 2025 and 2024, contributions receivable are considered by management to be collectible in full and, accordingly, an allowance for credit losses 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>2025</b>		<b>2024</b>	
	<b>Method</b>	<b>Used For</b>					
Donated program supplies	Estimated FV	Program	None	\$ 314,114	\$	33,330	
Donated stocks	Estimated FV	Program	None	-		88,252	
Discounted rent	Estimated FV	Various	None	1,092,715		677,882	
Total				\$ 1,406,829		\$ 799,464	

**Central Arizona Shelter Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 2- Significant Accounting Policies (continued)**

**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.

**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, 2025 and 2024.

**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.

**Central Arizona Shelter Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 2- Significant Accounting Policies (continued)**

**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.

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 2024 balances were reclassified to be consistent with current year presentation.

**Date of Management's Review**

In preparing these financial statements, the Organization's management has evaluated events and transactions for potential recognition or disclosure through May 21, 2026, the date the financial statements were available for issuance.

**Note 3 - Liquidity**

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

	<u>2025</u>	<u>2024</u>
Cash	\$ 1,467,964	\$ 3,435,237
Investments	139,099	161,898
Grants and contracts receivable	1,713,364	2,620,688
Less: donor restricted assets	<u>(602,339)</u>	<u>(1,468,536)</u>
Current available assets	<u>\$ 2,718,088</u>	<u>\$ 4,749,287</u>

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.

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

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, 2025 and 2024, are summarized as follows.

		<u>2025</u>	<u>2024</u>
Equity securities	Level 1	\$ 30,208	\$ 59,773
Mutual funds - bonds	Level 1	32,645	32,582
Mutual funds - equities	Level 1	47,324	42,638
Total classified in hierarchy		<u>\$ 110,177</u>	<u>\$ 134,993</u>
Alternative investments - calculated using NAV		28,922	26,905
Total investments		<u><u>\$ 139,099</u></u>	<u><u>\$ 161,898</u></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 \$28,922 at June 30, 2025. There were no unfunded commitments.

**Central Arizona Shelter Services, Inc.**  
**Notes to Financial Statements**  
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**Note 5 - Investments**

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

	<u>2025</u>	<u>2024</u>
Dividends and interest	\$ 10,237	\$ 25,716
Net realized and unrealized gain (loss)	41,699	147,007
Investment fees	(901)	(7,004)
Net investment income	<u>\$ 51,035</u>	<u>\$ 165,719</u>

Investment expense was \$901 and \$7,004 for the years ending June 30, 2025 and 2024, respectively.

**Note 6 - Grants and contracts receivable**

Accounts receivable consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Federal, state, and local governments	\$ 1,566,739	\$ 2,474,063
Other	146,625	146,625
Total	<u>\$ 1,713,364</u>	<u>\$ 2,620,688</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>2025</u>	<u>2024</u>
Cost or donated value		
Property and equipment not being depreciated:		
Construction in progress	\$ -	\$ 7,888,273
Land	5,698,350	5,698,350
Property and equipment being depreciated:		
Buildings and leasehold improvements	22,017,635	8,066,654
Program equipment	1,172,439	418,808
Computer equipment	51,171	100,588
Vehicles	307,538	218,903
Office equipment	64,903	64,903
Total cost or donated value	<u>29,312,036</u>	<u>22,456,479</u>
Less accumulated depreciation	<u>(3,790,386)</u>	<u>(2,637,997)</u>
Property and equipment, net	<u>\$ 25,521,650</u>	<u>\$ 19,818,482</u>

**Central Arizona Shelter Services, Inc.**  
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Construction in progress at 2024 consisted primarily of the ongoing improvements for the Project Haven property. Project Haven was completed and placed in service in fiscal year 2025.

**Note 8 - Revolving Lines of Credit**

The Organization has two revolving line of credit agreements with MidFirst Bank. The first is an unsecured line of credit with a maximum borrowing capacity of \$1,500,000. Interest accrues on outstanding advances at a variable rate equal to the bank's prime rate plus 1.00%. The interest rate in effect was 8.50% at June 30, 2025. The line matures on August 27, 2025. Outstanding balances under this agreement were \$1,500,000 at June 30, 2025 and June 30, 2024.

The Organization also has a secured line of credit with a maximum borrowing capacity of \$1,500,000. Interest accrues at a variable rate equal to the bank's prime rate plus 1.00%, which was 8.50% at June 30, 2025. The line matures on January 5, 2026 and is secured by real property located at 8152 N. Black Canyon Highway, Phoenix, Arizona. The outstanding balance was \$1,300,000 at June 30, 2025 and June 30, 2024. Interest-only payments are due monthly on both lines of credit. There was no balance outstanding on the lines as of June 30, 2025 and June 30, 2024.

**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, 2025 and 2024, 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.

**Central Arizona Shelter Services, Inc.**  
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**Note 10 - Capitalized Leases (continued)**

Future payments under the lease agreements were as follows:

	<u>Operating</u>	<u>Finance</u>
Years ending June 30,		
2026	\$ 104,672	\$ 29,932
2027	-	33,117
2028	-	36,318
2029	-	6,366
Thereafter	-	-
Total minimum lease payments	<u>104,672</u>	<u>105,733</u>
Less present value discount	<u>(16,734)</u>	<u>(21,335)</u>
Present value of minimum operating lease payments	<u>\$ 87,938</u>	<u>\$ 84,398</u>
Right-of-use asset	\$ 559,703	\$ 139,813
Less accumulated amortization	<u>(479,746)</u>	<u>(61,682)</u>
	<u>\$ 79,957</u>	<u>\$ 78,131</u>

**Note 11 – Deferred revenues**

The organization had the following deferred revenues for conditional grants with revenues not earned at year-end.

	<u>Beginning</u>	<u>Additions</u>	<u>Recognized</u>	<u>Ending</u>
Deferred revenues for conditional grants	\$ 785,436	\$ 274,000	\$ (785,436)	\$ 274,000

**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>2025</u>	<u>2024</u>
Net asset with donor restrictions:		
Vista Colina	\$ 475,028	\$ -
Program supplies	-	-
Project Haven renovation	-	614,651
Project Haven operating	27,311	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	100,000
Total net assets with donor restrictions	<u>\$ 602,339</u>	<u>\$ 1,468,536</u>

**Central Arizona Shelter Services, Inc.**  
**Notes to Financial Statements**  
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**Note 13 - Board Designated Net Assets**

The Board of Directors of the Organization had designated \$1,597,845 at June 30, 2024 for the construction of Haven, which was completed in fiscal year 2025.

**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.