Duet Partners in Health & Aging, Inc.
Financial Statements
for the Year Ended December 31, 2022

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Financial Statements
Year Ended December 31, 2022

DUET PARTNERS IN HEALTH & AGING, INC.
YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Duet Partners in Health & Aging, Inc.

Report on Audit of Financial Statements

Opinion
We have audited the accompanying financial statements of Duet Partners in Health & Aging, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Duet Partners in Health & Aging, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year 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. 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 Duet Partners in Health & Aging, 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 opinion.

Change in Accounting Principle
As described in Note 1, the Organization implemented the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-02, *Leases* (Topic 842), for the year ended December 31, 2022, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

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 the Organization'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 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, 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 the Organization’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 the Organization’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.

Report on Summarized Comparative Information

We have previously audited the Duet Partners in Health & Aging, Inc.’s 2021 financial statements, and our report dated May 18, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
June 27, 2023

DUET PARTNERS IN HEALTH & AGING, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022	2021
Assets		
Cash and cash equivalents	$ 676,428	$ 287,797
Investments	971,973	1,267,033
Contributions receivable, net	284,248	619,990
Government grants receivable	76,418	53,794
Prepaid expenses	23,112	26,053
Other current assets	9,516	9,516
Property and equipment, net	97,293	145,685
Operating lease right of use asset	835,291	
Total assets	$ 2,974,279	$ 2,409,868
Liabilities		
Accounts payable	$ 8,380	$ 8,431
Accrued payroll	71,760	63,063
Deferred rent		137,623
Refundable advance	32,704	
Operating lease liability	958,181	
Total liabilities	1,071,025	209,117
Net assets		
Without donor restrictions:		
Undesignated	436,250	319,839
Designated by the Board	720,036	1,015,454
With donor restrictions:		
Time restricted	241,204	516,026
Purpose restricted	339,564	183,232
Perpetual in nature	166,200	166,200
Total net assets	1,903,254	2,200,751
Total liabilities and net assets	$ 2,974,279	$ 2,409,868

See accompanying notes to financial statements.

DUET PARTNERS IN HEALTH & AGING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals 2022	Totals 2021
Revenue, support, and gains:				
Contributions	$ 739,874	$ 327,522	$ 1,067,396	$ 1,785,184
Contributions - in kind	11,615		11,615	
Workshops and resource sales	11,071		11,071	13,897
Government grants	559,024		559,024	318,105
Employer retention tax credit	444,150		444,150	
Special events				125,115
Less: Direct donor benefit				(31,596)
Investment return, net	(144,655)	358	(144,297)	75,071
Net assets released from restrictions	446,370	(446,370)		
Total revenue, support, and gains	2,067,449	(118,490)	1,948,959	2,285,776
Expenses and losses:				
Program services				
Homebound adults	357,982		357,982	369,096
Family caregivers	438,420		438,420	303,515
Congregational health training	72,599		72,599	101,206
Grandparents raising grandchildren	350,824		350,824	280,309
Total program expenses	1,219,825		1,219,825	1,054,126
Supporting services				
Management and general	487,337		487,337	345,680
Fundraising	539,294		539,294	345,794
Total supporting services	1,026,631		1,026,631	691,474
Total expenses and losses	2,246,456		2,246,456	1,745,600
Change in net assets	(179,007)	(118,490)	(297,497)	540,176
Net assets, beginning of year	1,335,293	865,458	2,200,751	1,660,575
Net assets, end of year	$ 1,156,286	$ 746,968	$ 1,903,254	$ 2,200,751

See accompanying notes to financial statements.

DUET PARTNERS IN HEALTH & AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Program Services					Supporting Services		Totals	
	Homebound Adults	Family Caregivers	Congregational Health Training	Grandparents Raising Grandchildren	Total	Management and General	Fundraising	2022	2021
Salaries and wages	$ 218,002	$ 287,399	$ 39,266	$ 179,327	$ 723,994	$ 162,507	$ 176,050	$ 1,062,551	$ 965,560
Payroll taxes and employee related expenses	32,967	26,640	5,560	44,768	109,935	39,765	43,078	192,778	172,701
Professional fees	32,976	42,413	8,541	15,818	99,748	163,928	58,923	322,599	221,047
Postage and supplies	9,788	7,925	951	2,714	21,378	6,979	1,803	30,160	22,740
Program costs		2,775	1,300	55,842	59,917			59,917	33,850
Travel	1,061	3,274		1,498	5,833	1,398	122	7,353	1,018
Computer parts and service	4,095	8,508	269	2,736	15,608	3,348	294	19,250	9,434
Volunteer expenses	156				156			156	1,137
Office lease	24,786	28,503	4,957	22,307	80,553	24,786	18,589	123,928	99,455
Equipment lease and maintenance	769	769	513	1,231	3,282	1,381	616	5,279	5,833
Insurance	8,355	3,116	2,164	1,655	15,290	3,478	1,955	20,723	21,617
Advertising	148	1,332	132	360	1,972	5,523	2,415	9,910	7,754
Continuing education and training	199			1,168	1,367	269		1,636	1,272
Dues and fees	1,626	2,986	551	795	5,958	3,931	577	10,466	8,763
Telephone	3,115	2,317	1,490	1,933	8,855	3,564	1,625	14,044	16,934
Printing and duplication	1,815	8,613	868	1,105	12,401	12,703	3,700	28,804	24,790
Partner appreciation	1,784				1,784	3,931	22,804	28,519	1,419
Banking and payroll fees	2,185	2,216	712	1,569	6,682	2,850	557	10,089	12,653
Meetings and special events									35,887
Other	3,025	1,891	2	9,223	14,141	35,382	16,410	65,933	61,875
Bad debt expense							183,969	183,969	
Depreciation	11,130	7,743	5,323	6,775	30,971	11,614	5,807	48,392	51,457
Total expenses	$ 357,982	$ 438,420	$ 72,599	$ 350,824	$ 1,219,825	$ 487,337	$ 539,294	$ 2,246,456	$ 1,777,196
Less expenses included with revenue on the Statement of Activities									
Cost of direct donor benefits									31,596
Total expenses included on the expense section of the Statement of Activities	$ 357,982	$ 438,420	$ 72,599	$ 350,824	$ 1,219,825	$ 487,337	$ 539,294	$ 2,246,456	$ 1,745,600

See accompanying notes to financial statements.

DUET PARTNERS IN HEALTH & AGING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (297,497)	$ 540,176
Adjustments to reconcile change in net assets to net cash provided by/used for operating activities:		
Depreciation	48,392	51,457
Net (gain)/loss on investments	163,011	(74,682)
Changes in assets and liabilities:		
Contributions receivable	335,742	(52,314)
Government grants receivable	(22,624)	7,863
Prepaid expenses	2,941	2,713
Accounts payable	(51)	(2,155)
Accrued payroll	8,697	(10,036)
Deferred rent	(137,623)	(34,428)
Refundable advance	32,704	
Operating lease assets and liabilities	122,890	
Net cash provided by/used for operating activities	256,582	428,594
Cash flows from investing activities:		
Proceeds from sale of investments	491,218	
Purchases of investments	(359,169)	(500,000)
Net cash provided by/used for investing activities	132,049	(500,000)
Net increase/decrease in cash and cash equivalents	388,631	(71,406)
Cash and cash equivalents, beginning of year	287,797	359,203
Cash and cash equivalents, end of year	$ 676,428	$ 287,797
Supplemental disclosure of cash flow information		
Cash paid during the year for amounts included in the measurement of leases	$ 102,381	$

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Duet Partners in Health & Aging, Inc. (the Organization) is an Arizona nonprofit organization that promotes health and well-being through vitality needed services to homebound adults, family caregivers, faith communities and grandfamilies. The Organization partners with volunteers, congregations, and donors to provide one-on-one services at no charge throughout the greater Phoenix, Arizona area. The Organization's primary source of revenue is from private contributions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The Organization is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board designated endowment.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization reports investments at fair value. Net investment income return is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expense.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. At year end, the carrying amount of the Organization's deposits were $676,428 and the bank balance was $671,248. At year end, $187,386 of the Organization's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high quality financial institutions and credit exposure is limited to any one institution. The Organization's investments do not represent significant concentrations of market risk inasmuch as the Organization's investment portfolio is adequately diversified among issuers.

Revenue Recognition

Contributions. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Government grant revenue. Government grant revenue is comprised of contract revenue and fee for services revenue provided by local governmental and other granting agencies that have passed through governmental awards to the Organization. The Organization recognizes governmental grant revenue as earned when services are rendered or contractual obligations are met under the grant contract. Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the contract.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Special events revenue. The Organization records special events revenue when the event takes place.

Contributions Receivable

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. Balances that are determined to be noncollectable are written off to bad debt expense. Management believes all noncollectable amounts have been expensed as of year end and does not believe an allowance for uncollectible amounts is necessary, and accordingly has made no allowance for doubtful accounts.

Government Grants Receivable

Government grants receivable are stated at the amount management expects to collect from outstanding balances. Management does not believe an allowance for doubtful accounts is necessary based on historical experience with grantors, and accordingly has made no allowance for doubtful accounts. All government grants receivable are due within one year.

Property and Equipment

All acquisitions of property and equipment with a cost in excess of $1,500 and all expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from three to 20 years. Depreciation expense was $48,392 in the year ended December 31, 2022 and $51,457 in the year ended December 31, 2021.

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences
Employees are entitled to personal time off (PTO), depending on job classification, length of service, and other factors. It is the Organization's policy to recognize the cost of compensated absence when leave is earned by employees.

Leases
The Organization determines if an arrangement is or contains a lease at inception. All leases are recorded on the statement of financial position except for leases with an initial term less than 12 months. Leased assets and obligations are recognized based on the present value of future lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

Operating lease right-of-use assets (ROU) include adjustments related to lease payments made and lease incentives received at or before the commencement date. The assets resulting from operating leases are included in right-of-use assets and the related liabilities are included in operating leases payable on the statement of financial position.

Operating lease expense is recognized on a straight-line basis over the lease term. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

Donated Services and In-Kind Contributions
Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time.

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed in generally accepted accounting principles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that benefit more than one function are allocated based on the amount of time spent by employees on each function.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs were $9,910 and $7,754 for the years ended December 31, 2022 and 2021, respectively.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). The Organization's Form 990, *Return of Organization Exempt from Income Taxes*, is generally subject to examination by the Internal Revenue Service for three years after the date filed.

Management has evaluated the tax positions taken or expected to be taken, if any, on its exempt organization filings, and the likelihood that upon examination those positions would be sustained. Based on the results of this evaluation, management believes there are no uncertain tax positions.

New Accounting Pronouncements

During the year, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The update increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The adoption did not have a significant impact on the Organization's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During the year, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). This update requires entities to recognize assets and liabilities for both capital and operating leases on the statement of financial position, and disclose key information about leasing arrangements. In adopting Topic 842, the Organization elects the practical expedient transition package to not reassess (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. It also elects not to report assets or liabilities for leases with terms of one year or less.

Upon adoption, the Organization recognized operating lease ROU assets of $835,291 and related lease liabilities of $958,181 in the statement of financial position. The adoption did not result in a significant effect on amounts reported in the statement of activities. The Organization has elected not to restate the comparative period (2021).

Date of Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 27, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets at fiscal year end:

Financial assets at year end:	
Cash and cash equivalents	$ 676,428
Investments	971,973
Contributions receivable	284,248
Government grants receivable	76,418
Total financial assets	2,009,067
Less amounts not available to be used within one year:	
Net assets with donor restrictions	746,968
Less: Net assets with purpose restrictions to be met in less than a year	(259,800)
Less: Net assets with time restrictions to be met in less than a year	(176,497)
Quasi-endowment established by the Board	720,036
Financial assets available to meet general expenditures over the next twelve months	$ 978,360

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization's goal is generally to maintain an operating reserve to meet four months of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments. The Organization has a quasi-endowment that was established according to Board policy. Although, the quasi-endowment has a spending rate of up to six percent, amounts from the quasi-endowment could be made available if necessary.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value is defined as the price that the Organization would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques. Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Observable inputs are those that reflect the assumptions that market participants would use in pricing the asset and are based on market data obtained from independent sources. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1: Quoted prices in active markets for identical investments.

Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

The level of fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at year end are as follows:

	2022		
	Fair Value (Level 1)	Fair Value (Level 2)	Total
Investments			
Cash and Bank Sweep	$ 269,491	$	$ 269,491
U.S. Equity Exchange Traded Fund	128,288		128,288
Foreign Equity Exchange Traded Fund	119,896		119,896
Real Estate Investment Trust Exchange Traded Fund	39,838		39,838
U.S. Bond Exchange Traded Fund	408,487		408,487
Real Estate Investment Trust Shares		5,973	5,973
Total investments	$ 966,000	$ 5,973	$ 971,973

	2021		
	Fair Value (Level 1)	Fair Value (Level 2)	Total
Investments			
Cash and Bank Sweep	$ 272,222	$	$ 272,222
U.S. Equity Exchange Traded Fund	408,275		408,275
Foreign Equity Exchange Traded Fund	193,515		193,515
Real Estate Investment Trust Exchange Traded Fund	107,425		107,425
U.S. Bond Exchange Traded Fund	279,623		279,623
Real Estate Investment Trust Shares		5,973	5,973
Total investments	$ 1,261,060	$ 5,973	$ 1,267,033

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

Investments – Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable consist of the following:

	2022	2021
Pledges receivable before unamortized discount	$ 291,586	$ 622,793
Less: Unamortized discount	(7,338)	(2,803)
Total	284,248	619,990
Less: Allowance for uncollectibles		
Net contributions receivable	284,248	619,990
Amounts due in:		
Less than one year	219,541	344,399
More than one year	72,045	278,394
Total	$ 291,586	$ 622,793

The discount rate used to determine the present value of contributions receivable is commensurate with the risks involved and ranged from 5.48 percent to .43 percent in years ended December 31, 2022 and 2021, respectively.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statement of Financial Position. The Organization was awarded cost-reimbursable grants of $231,532 that have not been recognized at fiscal year end because qualifying expenditures have not yet been incurred.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following.

	2022	2021
Leasehold improvements	$ 193,248	$ 193,248
Equipment	196,131	196,131
Total property and equipment	389,379	389,379
Less: Accumulated depreciation and amortization	(292,086)	(243,694)
Net property and equipment	$ 97,293	$ 145,685

NOTE 6 - ENDOWMENTS

The Organization's endowment includes both donor-restricted funds and funds designated by the Board to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the State of Arizona's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gifts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund
b. The purpose of the donor-restricted endowment fund
c. General economic conditions
d. The possible effect of inflation and deflation
e. The expected total return from income and the appreciation of investments
f. Other resources of the organization
g. The investment policies of the organization

NOTE 6 - ENDOWMENTS

Endowment Net Asset Composition by Type of Fund for the year ended December 31, 2022 consists of the following:

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$	$ 166,200	$ 166,200
Accumulated investment gains		79,764	79,764
Board-designated endowment funds	720,036		720,036
Total funds	$ 720,036	$ 245,964	$ 966,000

Endowment Net Asset Composition by Type of Fund for the year ended December 31, 2021 consists of the following:

	2021		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$	$ 166,200	$ 166,200
Accumulated investment gains		79,406	79,406
Board-designated endowment funds	1,015,454		1,015,454
Total funds	$ 1,015,454	$ 245,606	$ 1,261,060

NOTE 6 - ENDOWMENTS

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to six percent, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately six percent annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy of appropriating for distribution each year up to six percent of its year-end balance. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment fund, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Organization's adopted policy also allows endowment funds to be removed from its investment accounts and reclassified, with the provision that permanently restricted funds will not be spent.

Changes in Endowment Net Assets for the year ended December 31, 2022 are as follows:

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 1,015,454	$ 245,606	$ 1,261,060
Investment return, net	(145,418)	358	(145,060)
Amounts appropriated for expenditure	(150,000)		(150,000)
Endowment net assets, end of year	$ 720,036	$ 245,964	$ 966,000

NOTE 6 – ENDOWMENTS

Changes in Endowment Net Assets for the year ended December 31, 2021 are as follows:

	2021		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 440,797	$ 245,581	$ 686,378
Contributions	500,000		500,000
Investment return, net	74,657	25	74,682
Endowment net assets, end of year	$ 1,015,454	$ 245,606	$ 1,261,060

NOTE 7 – NET ASSETS

Net assets with donor restrictions are as follows:

	2022	2021
Endowments		
Subject to appropriation	$ 79,764	$ 79,406
Perpetual in nature	166,200	166,200
Passage of Time		
Pledges receivable	241,204	516,026
Purpose Restricted		
Family caregivers (M&H coordinator, Spanish translation)	235,000	60,445
Grandfamily services (bilingual social worker)	2,300	26,338
Outreach Coordinator Staffing	22,500	17,043
Total	$ 746,968	$ 865,458

NOTE 7 – NET ASSETS

Net assets released from donor restrictions are as follows:

	2022	2021
Satisfaction of purpose restrictions		
COVID-19	$	$ 4,192
Family caregivers (M&H coordinator, Spanish translation)	60,645	60,863
Grandfamily services (bilingual social worker)	26,338	10,662
Outreach Coordinator Staffing	24,543	12,957
Satisfaction of time restrictions		
Pledges receivable	334,844	358,559
Total	$ 446,370	$ 447,233

NOTE 8 – EMPLOYER RETENTION TAX CREDIT

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Organization was eligible for a refundable employee retention tax credit subject to certain criteria. Employers were eligible for the credit if the Organization sustained a full or partial suspension of operations limiting commerce, travel or group meetings due to COVID-19 and orders from an appropriate governmental authority or experienced a significant decline in gross receipts during 2020 or a decline in gross receipts during the first three quarters of 2021. The tax credit was equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extended and slightly expanded the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit for the first three quarters of 2021 was equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter. The Organization qualified for the credit under the provision for having sustained a full or partial suspension of operations. In July 2022, the Organization filed Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund for 6 quarters from April 2020 through September 2021. During the year ended December 31, 2022, the Organization recognized $444,150 in revenue from the employer retention credit. The credits are subject to audit from the Internal Revenue Service for up to 5 years from when it was paid in October 2022.

NOTE 9 – LEASES

The Organization leases an office building and desk phones under noncancelable operating leases. The lease for desk phones expires in October 2026 and does not include any options to extend. The lease for the office building has an initial term of 7.5 years and includes the option to renew for two separate 5 year terms. The Organization has only recognized one of the 5 year renewal terms in the right-of-use asset and lease liabilities resulting in an expiration date of May 2030. Both leases had terms of greater than one year at the inception of the lease and payments are due on a monthly basis.

The Organization has not included the possibility of early termination in the calculation of the right-of-use asset and lease liabilities since the Organization does not intend to terminate the lease before the expiration of the term. The Organization has also determined that there were no nonlease components to be allocated to the leases. In determining the value of the right-of-use asset and lease liabilities, future lease payments were discounted applying the risk-free discount rate of 1.55%. Total operating lease expense for the year included $125,130 recognized straight-line over the term of the leases.

The following table provides a schedule of future lease payments and other supplemental information for the Organization's operating leases as of year end:

	Operating
Right of use asset	$ 1,079,770
Accumulated amortization	(244,479)
	$ 835,291

Year End:	Operating
2023	$ 137,909
2024	137,909
2025	137,909
2026	137,714
2027	135,576
Thereafter	327,643
Total	1,014,660
Less: Discount to present value	56,479
Present value of lease liabilities	$ 958,181
Weighted average remaining lease term	88.62 months
Weighted average discount rate	1.55%

There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 1.

NOTE 10 – EMPLOYEE BENEFIT PLANS

Tax-deferred Annuity Plan

The Organization sponsors a 401(k) retirement plan (plan) for all employees who meet eligibility requirements. The Organization contributes 2 percent of gross salaries to the plan for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The employer matching was $11,519 and $9,285 for the years ending December 31, 2022 and 2021, respectively.

NOTE 11 – CONCENTRATIONS

For the year ended December 31, 2022, one donor made up 23 percent of total revenues, and two donors made up 33 percent of total receivables.

For the year ended December 31, 2021, one donor made up 32 percent of total revenues, and two donors made up 62 percent of total receivables.