new life CENTER

a refuge from domestic violence

April 24, 2013

Tom Schoaf
Litchfield Park Rotary Club
410 S Paladin Circle
Litchfield Park, AZ 85340

Dear Tom:

We are so pleased to have the opportunity to submit a request for $3,000 in funding from the Litchfield Park Rotary Club. We are very grateful for your ongoing support of our mission and programs.

New Life Center provides shelter and comprehensive services to victims of domestic violence and their children. As you know, we provided shelter and services to 1,288 women and children last year. In addition to a safe place to stay, we offer: advocacy services with individual and group sessions for women and children; employment services; comprehensive children's services including art, music and recreation programs; and, outreach. New Life Center has proven its success. Last year, **96 percent of the women completing our program chose safe housing options away from the abusive environment from which they came.**

We are hopeful that the Litchfield Park Rotary Club will provide support for refurbishing two rooms on campus. With so many families coming through our doors, the rooms need regular updating to ensure that we provide a welcoming and safe environment for the families we serve.

Again, thank you for your continued support. Your commitment and passion to help women and children seeking violence-free lives is much appreciated.

Sincerely,

Paul Denial, LMSW

attachments

Area of Focus:

Domestic violence emergency shelter

Briefly discuss your proposed project:

Funds provided through this request will be used to renovate two rooms at the shelter. Because New Life Center provides services to more than 1,200 women and children each year, rooms naturally need sprucing up on a regular basis. The Adopt-a-Casita project will update and refresh two rooms at the shelter. New bedding, curtains, floor coverings, seating, towels and other decorations will be provided for each of the two rooms.

Timeline:

Once funds are secured, New Life Center will schedule a time to update the two rooms. Scheduling will coincide with room availability and the availability of Litchfield Park Rotary members who will volunteer their time to complete the project. Generally families stay 30 days at the shelter before locating more permanent housing arrangements, so the project will be scheduled when we know that the room is vacant. Projects are scheduled within a few weeks of the notification of funding award and typically work is completed in one day.

Sustainability:

New Life Center has a very dedicated and capable maintenance and housekeeping staff. On average, rooms need sprucing up every two years. Many community service organizations, high school clubs, and church groups participate in the Adopt-a-Casita project to help meet the need for refurbishment. Litchfield Park Rotary Club members have provided free labor to refurbish New Life Center rooms every year during the month of December. In addition, Rotary members have generously donated Christmas presents to families occupying the rooms that are refurbished. For the past six years, members of the club have been consistent volunteers in helping with the Adopt-a-Casita project and helped over 100 families through updating New Life Center rooms.

Measurability:

New Life Center will provide a report with details of the funds expended on the project with "before" and "after" pictures of the refurbished rooms. Financial reporting will include the exact costs of each item used in the Adopt-a-Casita project.

Overall, it is important for all of our community partners to understand the success of the services we provide. Outcome measures are important to help us determine the progress made by residents in meeting their goals. The overall goal of the agency is to ensure that each individual is empowered to choose an independent, violence-free life. Utilizing outcome measurement tools such as the Arizona Self-Sufficiency Matrix, New Life Center ensures that we are evaluating the success of our programs.

Short-term changes are two-fold: women will commit to personal safety; and, women will understand domestic violence issues. In addition to short-term changes, long-term changes are: women completing the program will find housing alternatives away from their abuser; and, women will identify and/or use supportive community resources including behavioral health, job training and education, transitional housing and legal services.

We will report on the following outcome measurements to the Litchfield Park Rotary Club. Outcome measure one: at least 90% of the women receiving services at New Life Center will report that they know how to plan for their personal safety. Outcome measure two: at least 90% of the women will understand domestic violence and its effect on their lives. Outcome measure three: at least 90% of women will find housing alternatives away from the abuser when exiting New Life Center. Outcome measure four: at least 90% of the women at the Center will know how to access community resources to help her and her family.

<u>Community Support</u>:

New Life Center receives support from a broad spectrum of community resources. Below is a list of many of New Life Center's major sources of support.

Source	Amount	% of Budget
Arizona Department of Economic Security	$885,709	36.9%
Arizona Department of Public Safety	$100,281	4.2%
Arizona Department of Education	$100,000	4.2%
Arizona Community Foundation	$50,000	2.1%
Sunrise Foundation	$41,800	1.7%
Freeport-McMoRan Copper & Gold Found.	$30,000	1.2%
Maricopa County Emergency Shelter Grant	$27,000	1.1%
City of Phoenix CDBG	$19,927	0.8%
Verizon Foundation	$15,000	0.6%
Foundation for Those Without a Voice	$15,000	0.6%
West Valley Thrift Store	$14,000	0.6%
City of Glendale – From the Heart	$10,000	0.4%

Cox Charities	$10,000	0.4%
Pinnacle Nissan	$10,000	0.4%
Salt River Project	$10,000	0.4%
James Seiberlich	$10,000	0.4%

Community Partners

New Life Center's partners include more than 40 organizations. Behavioral health partners include: Aurora, Community Bridges, Horizons, Magellan, Maricopa County Homeless Services, New Arizona Family, A New Leaf, Psychiatric Recovery Center, Southwest Behavioral Health, Terros, Touchstone, Urgent Psychiatric Care, and Valle del Sol. Transitional housing partners include: Catholic Social Services, Chrysalis, Creative Innovations, DeColores, Dove's Program, Faith House, Homeward Bound, House of Refuge, Labors Community, Momma's House, and Sojourner Phases. Job training and education partners include: Arizona Women's Education and Employment, Department of Economic Security, Fresh Start, Goodwill, Labor Ready, Maricopa Workforce, and St. Joseph the Worker. Transportation services are provided by: Comtrans, Magellan, St. Joseph the Worker, Sky Harbor, and St. Vincent de Paul.

Provide a brief summary of your proposed project and why this is a good thing to do.

Founded in 1991, New Life Center is one of the State's leading providers of emergency shelter and related services for victims of domestic violence and their families. Our programs have proven their success. **Last year, 96% of the women served by the agency did not return to the abusive environment from which they came.**

We are proud to have sprung from the passion and commitment of the West Valley community. Founded by members of the Soroptimists International of Estrella with strong support from area churches, service clubs and the Wigwam Resort, New Life Center opened its doors in 1991 in an abandoned dormitory in Litchfield Park. That humble building served as the home for New Life for almost 10 years. In April 2000, we moved to a newly constructed 64-bed facility in Goodyear. To provide assistance to more families that need it, New Life Center expanded in 2008 adding 40 beds (for a total of 104 beds) and a Child Development Center. Last year, 1,288 women and children received shelter services from New Life.

New Life Center provides staffing and round-the-clock assistance for residents of the shelter. The facility has 24 rooms each suitable for a family of up to five individuals. This unique design provides comfort and security to each family and allows for privacy and space to heal. The average length of stay at the Center is 30 days before the family locates more permanent housing option. Obviously once a room is vacated another family moves in. This means that as many as 60 individuals may inhabit a room over the course of a year.

Naturally, the number of individuals occupying rooms, coupled with the fact that most of those individuals are young children, means that items in the room wear out over time. It is important to regularly replace worn or broken items to ensure the safety and dignity of our residents. The Adopt-a-Casita project provides funds for the refurbishment of rooms as needed. Funds from this request will be used to update two rooms occupied by families with five individuals. The rooms have two sets of bunk beds and a crib/toddler bed in each dwelling. The attached budget provides more detail about the items needed for the refurbishment of these rooms.

ATTACHMENTS

Attachment A: Adopt-a-Casita Budget

Attachment B: New Life Center 501 (c) (3) Tax Determination Letter

Attachment C: New Life Center Audited Financial Statements

Attachment A: Adopt-a-Casita Budget

Adopt-a-Casita Budget

(Mom +4)

Item	Quantity	Unit price	Total	Rotary 2 Rooms
Sheet set	5	$20	$100	$200
Pillow	4	$10	$40	$80
Bedspread	4	$25	$100	$200
Blanket	5	$8	$40	$80
Playpen	1	$100	$100	$200
Towel set	5	$20	$100	$200
Curtains	2	$15	$30	$60
Curtain rod	1	$20	$20	$40
Area rug	1	$90	$90	$180
Wall décor	4	$20	$80	$160
Clock radio	2	$25	$50	$100
End table	2	$75	$150	$300
Floor lamp	1	$40	$40	$80
TV	1	$300	$300	$600
Rocking chair	2	$75	$150	$300
Shower curtain	1	$10	$10	$20
Bath set	1	$50	$50	$100
Underbed bins	2	$25	$50	$100
Total:			**$1,500**	**$3,000**

Attachment B: New Life Center 501 (c) (3) Tax Determination Letter

IRS Department of the Treasury
Internal Revenue Service

OGDEN UT 84201-0038

In reply refer to: 0437874131
Feb. 05, 2013 LTR 4168C 0
86-0635950 000000 00
00025039
BODC: TE

NEW LIFE CENTER
NEW LIFE
PO BOX 5005
GOODYEAR AZ 85338-0608

007697

Employer Identification Number: 86-0635950
Person to Contact: Sharon Davies
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Jan. 25, 2013, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(03) of the Internal Revenue Code in a determination letter issued in August 1991.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

0437874131
Feb. 05, 2013 LTR 4168C 0
86-0635950 000000 00
00025040

NEW LIFE CENTER
NEW LIFE
PO BOX 5005
GOODYEAR AZ 85338-0608

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Sharon Davies

Sharon Davies
Accounts Management I

Attachment C: New Life Center Audited Financial Statements

NEW LIFE CENTER AND SUBSIDIARY
Goodyear, Arizona

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2012 and 2011

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CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

Independent Auditor's Report

Board of Directors
New Life Center and Subsidiary
Goodyear, Arizona

We have audited the accompanying consolidated statements of financial position of New Life Center and Subsidiary (the Center) as of June 30, 2012 and 2011, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Life Center and Subsidiary as of June 30, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Phoenix, Arizona
December 7, 2012

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

ASSETS

	2012	2011
CURRENT ASSETS		
Cash and cash equivalents	$ 2,014,652	$ 2,226,163
Certificates of deposit	415,636	516,605
Government contracts receivable	96,244	135,128
Current maturities of pledges receivable	108,094	20,065
Thrift store inventory	58,315	59,140
Prepaid expenses and deposits	7,174	18,062
Total current assets	2,700,115	2,975,163
CERTIFICATES OF DEPOSIT	521,714	500,141
PLEDGES RECEIVABLE, NET		
Less current maturities and unamortized discount	95,366	84,947
RESTRICTED CERTIFICATE OF DEPOSIT	100,000	100,000
PROPERTY AND EQUIPMENT, NET	3,311,742	2,931,484
ASSETS RESTRICTED FOR CAPITAL CAMPAIGN		
Pledges receivable, less unamortized discount	-	93,528
TOTAL ASSETS	$ 6,728,937	$ 6,685,263

LIABILITIES AND NET ASSETS

	2012	2011
CURRENT LIABILITIES		
Accounts payable	$ 10,172	$ 19,913
Accrued expenses and other liabilities	149,362	141,625
Total current liabilities	159,534	161,538
FORGIVABLE LOANS, NET OF DISCOUNT	639,644	621,527
Total liabilities	799,178	783,065
NET ASSETS		
Unrestricted	5,102,332	5,018,774
Temporarily restricted	827,427	883,424
Total net assets	5,929,759	5,902,198
TOTAL LIABILITIES AND NET ASSETS	$ 6,728,937	$ 6,685,263

The accompanying notes are an integral part of the consolidated financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
PUBLIC SUPPORT AND REVENUES						
Contributions	$ 439,451	$ 210,096	$ 649,547	$ 345,326	$ 53,389	$ 398,715
Government contracts and grants	1,261,502	-	1,261,502	1,266,313	-	1,266,313
United Way	105,831	-	105,831	103,728	-	103,728
In-kind donations	695,545	-	695,545	532,894	-	532,894
Special events	31,590	164,530	196,120	19,322	229,826	249,148
Less cost of direct benefits to donor	(47,225)	-	(47,225)	(47,807)	-	(47,807)
Thrift store	369,595	-	369,595	358,033	-	358,033
Investment income	17,757	-	17,757	22,975	-	22,975
Other income	13,964	-	13,964	3,502	-	3,502
Assets released from restriction	430,623	(430,623)	-	333,686	(333,686)	-
Total public support and revenues	3,318,633	(55,997)	3,262,636	2,937,972	(50,471)	2,887,501
FUNCTIONAL EXPENSES						
Program services	2,485,118	-	2,485,118	2,284,387	-	2,284,387
Management and general	272,921	-	272,921	220,322	-	220,322
Thrift store	339,145	-	339,145	321,716	-	321,716
Fundraising	137,891	-	137,891	100,502	-	100,502
Total functional expenses	3,235,075	-	3,235,075	2,926,927	-	2,926,927
CHANGES IN NET ASSETS	83,558	(55,997)	27,561	11,045	(50,471)	(39,426)
NET ASSETS, BEGINNING OF YEAR	5,018,774	883,424	5,902,198	5,007,729	933,895	5,941,624
NET ASSETS, END OF YEAR	$ 5,102,332	$ 827,427	$ 5,929,759	$ 5,018,774	$ 883,424	$ 5,902,198

The accompanying notes are an integral part of the consolidated financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2012

	Program Services				Supporting Services					
	Emergency Shelter Program					Fundraising				
	Emergency Shelter Domestic Violence	Emergency Shelter	Victims of Crime Assistance	Total Program Services	Management and General	Thrift Store	Fund-raising	Total Fund-raising	Total Supporting Services	Total Functional Expenses
Salaries and wages	$ 955,464	$ -	$ 93,277	$ 1,048,741	$ 182,344	$ 167,956	$ 60,846	$ 228,802	$ 411,146	$ 1,459,887
Employee related expenses	195,444	-	156	195,600	31,560	32,170	8,269	40,439	71,999	267,599
Total salaries and related expenses	1,150,908	-	93,433	1,244,341	213,904	200,126	69,115	269,241	483,145	1,727,486
Community relations	57,536	-	-	57,536	-	-	-	-	-	57,536
Depreciation and amortization	173,253	-	-	173,253	12,503	12,012	-	12,012	24,515	197,768
Equipment rental and maintenance	30,793	-	-	30,793	1,621	-	-	-	1,621	32,414
Food and food stamps	48,799	-	-	48,799	-	-	-	-	-	48,799
In-kind contribution expense	631,253	-	-	631,253	-	-	-	-	-	631,253
Insurance	20,408	-	-	20,408	1,074	3,718	-	3,718	4,792	25,200
Bad debt expense	33,278	-	-	33,278	-	-	-	-	-	33,278
Miscellaneous	21,069	-	-	21,069	34,782	5,668	18,671	24,339	59,121	80,190
Occupancy	68,806	27,000	-	95,806	5,282	92,998	4,547	97,545	102,827	198,633
Professional fees	26,846	-	-	26,846	-	-	40,286	40,286	40,286	67,132
Relocation assistance	7,308	-	-	7,308	-	-	-	-	-	7,308
Special events	-	-	-	-	-	-	4,498	4,498	4,498	4,498
Staff training	2,348	-	-	2,348	-	90	-	90	90	2,438
Supplies	58,474	-	-	58,474	3,078	2,582	-	2,582	5,660	64,134
Telephone	12,865	-	-	12,865	677	3,535	-	3,535	4,212	17,077
Travel	20,741	-	-	20,741	-	18,416	774	19,190	19,190	39,931
TOTAL EXPENSES	$ 2,364,685	$ 27,000	$ 93,433	$ 2,485,118	$ 272,921	$ 339,145	$ 137,891	$ 477,036	$ 749,957	$ 3,235,075

The accompanying notes are an integral part of the consolidated financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2011

	Program Services				Supporting Services					
	Emergency Shelter Program					Fundraising				
	Emergency Shelter Domestic Violence	Emergency Shelter	Victims of Crime Assistance	Total Program Services	Management and General	Thrift Store	Fund-raising	Total Fund-raising	Total Supporting Services	Total Functional Expenses
Salaries and wages	$ 927,739	$ -	$ 102,401	$ 1,030,140	$ 142,959	$ 159,193	$ 50,016	$ 209,209	$ 352,168	$ 1,382,308
Employee related expenses	179,993	-	35	180,028	22,028	34,165	5,993	40,158	62,186	242,214
Total salaries and related expenses	1,107,732	-	102,436	1,210,168	164,987	193,358	56,009	249,367	414,354	1,624,522
Community relations	10,515	-	-	10,515	-	-	-	-	-	10,515
Depreciation and amortization	174,830	-	-	174,830	10,847	12,012	-	12,012	22,859	197,689
Equipment rental and								-		
maintenance	20,805	-	-	20,805	1,095	-	-	-	1,095	21,900
Food and food stamps	26,340	-	-	26,340	-	-	-	-	-	26,340
In-kind contribution expense	526,675	-	-	526,675	-	-	-	-	-	526,675
Insurance	18,684	-	-	18,684	983	2,889	-	2,889	3,872	22,556
Bad debt expense	45,238	-	-	45,238	-	-	-	-	-	45,238
Miscellaneous	15,337	-	-	15,337	33,895	5,142	10,940	16,082	49,977	65,314
Occupancy	67,484	27,000	-	94,484	4,973	88,845	-	88,845	93,818	188,302
Professional fees	39,088	-	-	39,088	-	-	31,085	31,085	31,085	70,173
Relocation assistance	5,160	-	-	5,160	-	-	-	-	-	5,160
Special events	-	-	-	-	-	-	2,468	2,468	2,468	2,468
Staff training	12,405	-	-	12,405	-	120	-	120	120	12,525
Supplies	55,201	-	-	55,201	2,905	2,142	-	2,142	5,047	60,248
Telephone	12,094	-	-	12,094	637	3,309	-	3,309	3,946	16,040
Travel	15,597	-	1,766	17,363	-	13,899	-	13,899	13,899	31,262
TOTAL EXPENSES	$ 2,153,185	$ 27,000	$ 104,202	$ 2,284,387	$ 220,322	$ 321,716	$ 100,502	$ 422,218	$ 642,540	$ 2,926,927

The accompanying notes are an integral part of the consolidated financial statements.

NEW LIFE CENTER AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 27,561	$ (39,426)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in allowance for doubtful accounts	(18,201)	14,860
Changes in pledges receivable discount	1,386	5,600
Depreciation and amortization	197,768	197,689
Donated property and equipment	(60,692)	(3,600)
Long-term debt forgiven	(16,665)	(16,665)
Amortization of discount on loan	34,782	33,895
Increase (decrease) in cash resulting from changes in:		
Government contracts receivable	38,884	(66,925)
Pledges receivable	(70,105)	(50,477)
Thirft store inventory	825	(9,885)
Prepaid expenses and deposits	10,888	(6,974)
Accounts payable	(9,741)	4,922
Accrued expenses and other liabilities	7,737	13,932
Net cash provided by operating activities	144,427	76,946
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(517,334)	(22,911)
Proceeds from sale of investments	-	102,301
Purchases of certificates of deposit	(132,566)	(81,134)
Proceeds from sale of certificates of deposit	211,962	-
Net cash used in investing activities	(437,938)	(1,744)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital campaign pledges receivable	82,000	64,528
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(211,511)	139,730
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,226,163	2,086,433
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,014,652	$ 2,226,163

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

New Life Center (New Life) was incorporated on November 26, 1989, as an Arizona not-for-profit organization. New Life promotes self-sufficiency by providing safe shelter, advocacy, and other services to victims of domestic violence and their children, who are located in Maricopa County, Arizona. New Life also promotes community awareness of the need for domestic violence services and prevention programs. A significant portion of New Life's revenue and support is derived from state and federal funds provided by the Arizona Departments of Economic Security and Public Safety.

Hope's Closet, LLC was organized on January 29, 2009. Hope's Closet operates a retail store for the sale to the public of donated clothing and household items in conjunction with and in support of New Life's service to victims of domestic violence and their families.

A summary of New Life Center and Hope's Closet, LLC's (collectively the Center) significant accounting policies used in the preparation of the accompanying consolidated financial statements follows:

Basis of Presentation

The consolidated financial statements have been prepared in accordance with the American Institute of Certified Public Accountants *Audit and Accounting Guide for Not-For-Profit Organizations* (Audit Guide). Under the Audit Guide, the Center is required to report information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

Unrestricted Net Assets
Unrestricted net assets are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets
Temporarily restricted net assets are those which are subject to donor-imposed stipulations that may or will be met by the actions of the Center and/or the passage of time.

Permanently Restricted Net Assets
Permanently restricted net assets are subject to donor imposed stipulations that they be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted explicitly by donor stipulation or by law. Expirations of temporary restrictions on net assets, i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

The Center had no permanently restricted net assets at June 30, 2012 and 2011.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of New Life Center and Hope's Closet, LLC. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates in Preparing Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Center considers all unrestricted liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Government Contracts Receivable

Government contracts receivable consist primarily of amounts due from various agencies and are unsecured. Accounts receivable are stated at the amount management expects to collect. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management provides for probable, uncollectible amounts through a charge to operations and an increase to a valuation allowance based on the assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a decrease in accounts receivable.

Pledges Receivable

Pledges receivable represent unconditional promises to give that are acknowledged in writing by donating parties prior to June 30 but not transmitted to the Center until after that date. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates determined by management, applicable to the years in which the promises are received. Accretion of the discounts is included in contribution support. The allowance for doubtful accounts is based on management's assessment of the collectability of specific donor accounts. If there is deterioration in a major donor's pledge, management's estimates of the recoverability of amounts promised could be adversely affected.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Thrift Store Inventory

Inventory consists of used clothing, household goods, and other items donated by the public for sale at the thrift store. The fair value or market value of contributed merchandise when received is defined as the excess of retail sales value over the cost of goods sold. Donated goods are believed to have little or no value until they are processed and made available for sale. The value of the inventory is computed based upon the estimated retail value.

Property and Equipment

Property and equipment are initially recorded at cost or, in the case of donated assets, at their estimated fair value at the date of receipt. Depreciation is calculated using the straight-line method based on estimated useful lives of the related assets, which range from 5 to 30 years. It is the Center's policy to capitalize all furniture and equipment in excess of $1,000 of cost or estimated fair value at the date the asset is placed in service.

Impairment of Long-Lived Assets

The Center 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 that any impairment indicators were present as of June 30, 2012 and 2011.

Contributions

Under the Audit Guide, contributions, grants, and bequests including unconditional promises to give, are recognized as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services shall be recognized at their fair value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Government Contracts and Grants

Government contracts and grants consist of governmental reimbursements at contracted rates. These revenues are recognized when the related services are performed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials and Services

Donated property, equipment, materials and services are recognized as contributions at their estimated values on the date of receipt. The Center utilizes volunteer services in several areas of operations. Volunteer services that require special skills and otherwise need to be purchased by the program are recorded as support and expense in the period provided. Nonprofessional volunteer hours are not recorded as revenue or expense in the accompanying consolidated financial statements.

Functional Allocation of Expenses

The costs to the Center of providing the various programs and other activities have been presented on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The costs are allocated based on salary and square footage percentages.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

New Life has been granted tax-exempt status by the Internal Revenue Service under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying consolidated financial statements.

Hope's Closet, LLC is a limited liability company incorporated in the State of Arizona, which is a pass-through entity. All income or loss of this entity is reported at New Life's level.

Income determined to be unrelated business taxable income (UBTI) would be taxable. The federal and state corporate tax returns of the Center for 2009, 2010 and 2011 are subject to examination by the Internal Revenue Service and state authorities, generally for three years after they were filed. Management believes that the Center has no uncertain tax positions as of June 30, 2012 and 2011.

NOTE 2 – INVESTMENTS IN CERTIFICATES OF DEPOSIT

At June 30, 2012, the Center had $937,350 in certificates of deposit which includes accrued interest. These certificates of deposit have maturity dates ranging from 12 months to 17 months, earning interest from 0.20% to 1.12%.

At June 30, 2011, the Center had $1,016,746 in certificates of deposit which includes accrued interest. These certificates of deposit have maturity dates ranging from 3 months to 17 months, earning interest from .35% to 1.54%.

NOTE 2 – INVESTMENTS IN CERTIFICATES OF DEPOSIT (CONTINUED)

The restricted certificate of deposit in the amount of $100,000 at June 30, 2012 and 2011, is reserved for operations and replacement reserves under The State of Arizona, Arizona Department of Housing forgivable loan. This certificate of deposit has a maturity date of 17 months, with continuous renewal, earning interest at 1.25%. This $100,000 is to be restricted for 20 years until the loan has been forgiven.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	2012		2011	
	Capital Campaign	Program Related	Capital Campaign	Program Related
Pledges receivable before unamortized discount	$ -	$ 286,894	$ 94,000	$ 204,789
Less unamortized discount	-	(18,988)	(472)	(17,130)
Total	-	267,906	93,528	187,659
Less allowance for uncollectibles	-	(64,446)	-	(82,647)
Net pledges receivable	$ -	$ 203,460	$ 93,528	$ 105,012
Amounts due in:				
Less than one year	$ -	$ 108,094	$ 72,000	$ 20,065
One to five years	-	178,800	22,000	184,724
Total	$ -	$ 286,894	$ 94,000	$ 204,789

The discount rate used to determine the present value of the pledges receivable balance is the interest rate appropriate for the expected repayment term. The discount rate ranges from 0.71% to 2.00% in the years ended June 30, 2012 and 2011, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2012	2011
Buildings	$ 3,864,258	$ 3,370,293
Furniture and equipment	354,210	348,640
Leasehold improvements	31,581	31,581
Building improvements	521,942	443,450
Total	4,771,991	4,193,964
Less accumulated depreciation and amortization	(1,460,249)	(1,262,480)
Property and equipment, net	$ 3,311,742	$ 2,931,484

Depreciation and amortization expense charged to operations was $197,768 and $197,689 during the years ended June 30, 2012 and 2011, respectively.

NOTE 5 – FORGIVABLE LOANS

Forgivable loans consist of the following:

	2012	2011
Note payable to City of Phoenix dated August 31, 2000, (money received prior to June 30, 2000), for the construction of emergency and transitional housing units; original amount of $333,300; principal to be forgiven at 5% per year over 20 years beginning with the first year provided the housing is used exclusively for the operation of an emergency and transitional housing program; interest free; secured by a deed of trust on real property.	$ 133,320	$ 149,985
Note payable to State of Arizona, Department of Commerce dated February 18, 2000, for the construction of emergency and transitional housing units; original amount of $300,000; principal to be forgiven on the 20th anniversary of the effective date of the contract (February 18, 2020) provided the housing is used exclusively for the operation of an emergency and transitional housing program; interest free; secured by a deed of trust on real property.	300,000	300,000

NOTE 5 – FORGIVABLE LOANS (CONTINUED)

	2012	2011
Note payable to State of Arizona, Arizona Department of Housing dated September 28, 2007, for the construction of emergency and transitional housing units; total amount to equal $750,000; principal to be forgiven on the maturity date of January 31, 2028, provided the housing is used exclusively for the operation of an emergency and transitional housing program; interest free; secured by a deed of trust on real property.	750,000	750,000
Total long-term debt	1,183,320	1,199,985
Less present value discount for interest expense contribution	(543,676)	(578,458)
Long-term maturities of forgivable notes payable	$ 639,644	$ 621,527

The present value discount was calculated at interest rates of 6.23% and 4.91%.

Future maturities of forgivable notes payable are as follows:

2013	$ 16,665
2014	16,665
2015	16,665
2016	16,665
2017	16,665
Thereafter	1,099,995
Total	$ 1,183,320

NOTE 6 – OPERATING LEASES

New Life Center leases land from the City of Goodyear for one dollar per year for 99 years ending April 12, 2098. The Center leases equipment under noncancelable operating leases with expiration dates ranging through July 2015. Monthly rent for the equipment ranges from $66 to $171.

The thrift store leases retail space under a cancelable lease beginning July 2009 with monthly rent of $6,000. Subsequent to year end, the Center moved the thrift store to a new location that the Center purchased during 2012.

Total rent expense during the years ended June 30, 2012 and 2011, was $77,398 and $77,354, respectively.

Future minimum lease payments are as follows:

2013	$ 15,166
2014	2,052
2015	2,052
2016	171
Total	$ 19,441

NOTE 7 – DONATED MATERIALS AND SERVICES

Donated property and equipment, materials and services with an estimated fair value of $695,545 and $532,894, were recognized as contributions during the years ended June 30, 2012 and 2011, respectively. Nonprofessional volunteer hours totaling 8,671 and 6,675 were contributed throughout various programs during fiscal 2012 and 2011, respectively. Such services have not been recorded as revenue or expense in the accompanying consolidated financial statements.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for future use for the following restricted purposes:

	2012	2011
Time restricted	$ 543,673	$ 671,983
Women's programs	282,666	207,831
Children's programs	1,088	3,610
Total	$ 827,427	$ 883,424

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

	2012	2011
Time restricted	$ 34,782	$ 33,895
Women's programs	272,843	203,242
Children's programs	29,470	34,279
Building construction/maintenance	93,528	62,270
Total	$ 430,623	$ 333,686

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

Financial instruments potentially subject to credit risk include a substantial portion of government contracts receivable due from Arizona Department of Economic Security (DES). Future changes in the grantors' funding policy may impair the value and/or collectability of these receivables. These receivables are not collateralized; however, management believes any loss will be minimal. The balance of grants receivable from the funding agency at June 30, 2012 and 2011, was $68,650 and $84,400, respectively. The DES contract revenue represents 31% and 36% of total revenue for the years ended June 30, 2012 and 2011, respectively.

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash. The Center places its cash with high-credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit. At various times throughout the year, the Center's cash balances may exceed the federally insured limits. Management believes there are no unusual risks associated with the current depository institutions.

NOTE 10 – RETIREMENT PLAN

The Center sponsors a 401(k) profit sharing plan, established January 1, 2008, for the benefit of its employees. The Center, at their discretion, can make matching contributions of up to 4% of eligible pay. The Center did not make matching contributions in the years ended June 30, 2012 and 2011. Effective May 1, 2009, the Center discontinued the employer match on the 401(k) profit sharing plan, however, the Center intends to make matching contributions beginning in fiscal 2013.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Center participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. Accordingly, the Center's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Center's management expects such amounts, if any, to be immaterial.

In the opinion of management, the Center is not involved in any pending or threatened litigation that could have a material affect on the Center's financial position and results of operations.

NOTE 12 – SUBSEQUENT EVENTS

Management evaluated subsequent events through December 7, 2012, the date the consolidated financial statements were available to be issued. Events or transactions occurring after June 30, 2012, but prior to December 7, 2012, that provided additional evidence about conditions that existed at June 30, 2012, have been recognized in the consolidated financial statements for the year ended June 30, 2012. Events or transactions that provided evidence about conditions that did not exist at June 30, 2012, but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended June 30, 2012.