



AZCEND
Single Audit Reporting Package
for the Years Ended June 30, 2022 and 2021

AZCEND
YEARS ENDED JUNE 30, 2022 AND 2021
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
AZCEND

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of AZCEND (Organization), which comprise the statement of financial position as of June 30, 2022 and 2021, 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 referred to above present fairly, in all material respects, the financial position of AZCEND as of June 30, 2022 and 2021, 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 AZCEND 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 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, (Topic 958), for the year ended June 30, 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 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, on our consideration of AZCEND'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 solely 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 the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.

Scottsdale, Arizona

March 23, 2023

AZCEND
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,547,997	\$ 2,644,314
Certificate of deposit	252,594	252,594
Grants receivable	651,353	1,781,966
Prepaid expenses	57,782	-
Inventories	86,029	146,926
Property and equipment, net	<u>1,410,804</u>	<u>1,375,364</u>
Total assets	<u>\$ 5,006,559</u>	<u>\$ 6,201,164</u>
<u>Liabilities</u>		
Accounts payable	\$ 56,745	\$ 7,302
Accrued expenses	114,425	227,729
Refundable advance	-	2,233,193
Notes payable	<u>326,715</u>	<u>367,555</u>
Total liabilities	<u>497,885</u>	<u>2,835,779</u>
<u>Net assets</u>		
Without donor restrictions:		
Undesignated	3,924,283	3,270,931
With donor restrictions:		
Purpose restricted	<u>584,391</u>	<u>94,454</u>
Total net assets	<u>4,508,674</u>	<u>3,365,385</u>
Total liabilities and net assets	<u>\$ 5,006,559</u>	<u>\$ 6,201,164</u>

See accompanying notes to financial statements.

AZCEND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Donated goods and services	\$ 2,045,929	\$ -	\$ 2,045,929
Grants	13,882,866	976,045	14,858,911
Contributions	389,738	5,858	395,596
Fundraising income	67,976	-	67,976
Project income	60,051	2,301	62,352
Interest income	180	-	180
Other income	5,576	-	5,576
Net assets released from restrictions	494,267	(494,267)	-
Total revenues and support	<u>16,946,583</u>	<u>489,937</u>	<u>17,436,520</u>
 Expenses			
Program services			
Food bank	2,054,822	-	2,054,822
Family resource center	570,275	-	570,275
Community action programs	11,666,794	-	11,666,794
Senior center	1,293,904	-	1,293,904
Homeless	382,500	-	382,500
Other	47,612	-	47,612
Total program expenses	<u>16,015,907</u>	<u>-</u>	<u>16,015,907</u>
Supporting services			
General and administrative	165,894	-	165,894
Fundraising expenses	111,430	-	111,430
Total supporting services	<u>277,324</u>	<u>-</u>	<u>277,324</u>
 Total expenses	 16,293,231	 -	 16,293,231
 Change in net assets	 653,352	 489,937	 1,143,289
 Net assets, beginning of year	 <u>3,270,931</u>	 <u>94,454</u>	 <u>3,365,385</u>
Net assets, end of year	<u>\$ 3,924,283</u>	<u>\$ 584,391</u>	<u>\$ 4,508,674</u>

See accompanying notes to financial statements.

AZCEND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues and support			
Donated goods and services	\$ 2,306,015	\$ -	\$ 2,306,015
Grants	8,460,027	58,257	8,518,284
Contributions	429,038	-	429,038
PPP loan forgiveness	289,271	-	289,271
Fundraising income	74,395	-	74,395
Project income	40,996	11,052	52,048
Interest income	3,266	-	3,266
Other income	5,865	-	5,865
Net assets released from restrictions	87,305	(87,305)	-
Total revenues and support	<u>11,696,178</u>	<u>(17,996)</u>	<u>11,678,182</u>
 Expenses			
Program services			
Food bank	2,232,381	-	2,232,381
Family resource center	590,268	-	590,268
Community action programs	6,247,619	-	6,247,619
Senior center	1,163,787	-	1,163,787
Homeless	437,572	-	437,572
Other	95,344	-	95,344
Total program expenses	<u>10,766,971</u>	<u>-</u>	<u>10,766,971</u>
Supporting services			
General and administrative	176,975	-	176,975
Fundraising expenses	104,824	-	104,824
Total supporting services	<u>281,799</u>	<u>-</u>	<u>281,799</u>
 Total expenses	11,048,770	-	11,048,770
 Change in net assets	647,408	(17,996)	629,412
 Net assets, beginning of year	<u>2,623,523</u>	<u>112,450</u>	<u>2,735,973</u>
 Net assets, end of year	<u>\$ 3,270,931</u>	<u>\$ 94,454</u>	<u>\$ 3,365,385</u>

See accompanying notes to financial statements.

AZCEND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services						Supporting Services			Total Functional Expenses	
	Food Bank	Family Resource Center	Community Action Programs	Senior Center	Homeless	Other	Total	General and Administrative	Fundraising		Total
Salaries and wages	\$ 112,103	\$ 297,263	\$ 619,536	\$ 461,042	\$ 119,557	\$ 3,704	\$ 1,613,205	\$ 68,240	\$ 58,651	\$ 126,891	\$ 1,740,096
Employee related costs	24,656	72,115	168,105	102,091	17,665	836	385,468	15,873	11,938	27,811	413,279
In-kind food	1,667,205	-	-	-	-	-	1,667,205	-	-	-	1,667,205
Food purchases	75,907	-	-	-	-	-	75,907	-	-	-	75,907
Inventory waste	60,246	-	-	-	-	-	60,246	-	-	-	60,246
In-kind homeless	-	-	-	-	94,168	-	94,168	-	-	-	94,168
In-kind - other	-	9,718	-	-	-	-	9,718	-	-	-	9,718
In-kind space/vehicles	-	30,858	18,123	203,125	-	-	252,106	-	-	-	252,106
In-kind operation santa	-	-	-	-	-	23,384	23,384	-	-	-	23,384
In-kind fundraising	-	-	-	-	-	-	-	-	7,991	7,991	7,991
Back to school expenses	-	-	-	-	-	-	-	-	-	-	-
Operation santa expenses	-	-	-	-	-	19,493	19,493	-	-	-	19,493
Family resource center expenses	-	25,771	-	-	-	-	25,771	-	-	-	25,771
Direct client expenses	-	-	10,572,593	337,513	36,264	-	10,946,370	-	-	-	10,946,370
Senior center site council expenses	-	-	-	2,414	-	-	2,414	-	-	-	2,414
Occupancy expenses	25,055	15,749	11,352	3,357	17,896	-	73,409	10,796	2,548	13,344	86,753
Insurance expense	11,219	3,905	6,248	24,557	9,860	195	55,984	781	586	1,367	57,351
Depreciation expense	36,116	22,702	15,478	3,096	25,797	-	103,189	4,438	3,329	7,767	110,956
Vehicle expenses	14,936	-	-	26,737	8,283	-	49,956	-	-	-	49,956
Travel expenses	313	1,956	1,841	16,815	8,972	-	29,897	8	35	43	29,940
Professional expenses	10,890	73,536	188,102	12,528	18,917	-	303,973	59,048	-	59,048	363,021
General supplies	3,301	2,228	43,160	79,078	5,440	-	133,207	1,447	184	1,631	134,838
Administrative expenses	12,875	14,474	22,256	21,551	19,681	-	90,837	5,263	8,965	14,228	105,065
Fundraising and grant expenses	-	-	-	-	-	-	-	-	17,203	17,203	17,203
Total expenses	<u>\$ 2,054,822</u>	<u>\$ 570,275</u>	<u>\$ 11,666,794</u>	<u>\$ 1,293,904</u>	<u>\$ 382,500</u>	<u>\$ 47,612</u>	<u>\$ 16,015,907</u>	<u>\$ 165,894</u>	<u>\$ 111,430</u>	<u>\$ 277,324</u>	<u>\$ 16,293,231</u>

See accompanying notes to financial statements.

**AZCEND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services						Supporting Services			Total Functional Expenses	
	Food Bank	Family Resource Center	Community Action Programs	Senior Center	Homeless	Other	Total	General and Administrative	Fundraising		Total
Salaries and wages	\$ 155,374	\$ 336,218	\$ 574,935	\$ 424,783	\$ 200,373	\$ 4,198	\$ 1,695,881	\$ 68,174	\$ 52,082	\$ 120,256	\$ 1,816,137
Employee related costs	35,389	84,700	136,469	91,956	37,628	830	386,972	16,172	12,272	28,444	415,416
In-kind food	1,809,469	-	-	-	-	-	1,809,469	-	-	-	1,809,469
Food purchases	69,837	-	-	-	-	-	69,837	-	-	-	69,837
Inventory waste	69,243	-	-	-	-	-	69,243	-	-	-	69,243
In-kind homeless	-	-	-	-	73,125	-	73,125	-	-	-	73,125
In-kind - other	-	10,409	-	-	-	-	10,409	-	-	-	10,409
In-kind space/vehicles	-	28,501	16,712	187,500	-	-	232,713	-	-	-	232,713
In-kind operation santa	-	-	-	-	-	56,767	56,767	-	-	-	56,767
In-kind fundraising	-	-	-	-	-	-	-	-	6,485	6,485	6,485
Back to school expenses	-	-	-	-	-	13,615	13,615	-	-	-	13,615
Operation santa expenses	-	-	-	-	-	19,566	19,566	-	-	-	19,566
Family resource center expenses	-	31,231	-	-	-	-	31,231	-	-	-	31,231
Direct client expenses	-	-	5,365,283	263,069	16,336	-	5,644,688	-	-	-	5,644,688
Senior center site council expenses	-	-	-	1,086	-	-	1,086	-	-	-	1,086
Occupancy expenses	20,845	13,403	41,017	2,664	15,129	-	93,058	2,545	1,890	4,435	97,493
Insurance expense	11,895	3,806	4,758	18,080	9,040	-	47,579	2,104	1,537	3,641	51,220
Depreciation expense	26,064	18,245	14,769	4,344	23,458	-	86,880	3,736	2,803	6,539	93,419
Vehicle expenses	12,070	-	-	15,886	4,567	-	32,523	100	-	100	32,623
Travel expenses	279	1,258	11,095	21,638	8,767	137	43,174	214	-	214	43,388
Professional expenses	7,257	49,852	47,757	9,228	27,574	-	141,668	61,206	-	61,206	202,874
General supplies	5,843	4,580	12,676	110,200	10,634	231	144,164	5,481	-	5,481	149,645
Administrative expenses	8,816	8,065	22,148	13,353	10,941	-	63,323	17,243	9,631	26,874	90,197
Fundraising and grant expenses	-	-	-	-	-	-	-	-	18,124	18,124	18,124
Total expenses	\$ 2,232,381	\$ 590,268	\$ 6,247,619	\$ 1,163,787	\$ 437,572	\$ 95,344	\$ 10,766,971	\$ 176,975	\$ 104,824	\$ 281,799	\$ 11,048,770

See accompanying notes to financial statements.

AZCEND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,143,289	\$ 629,412
Adjustments to reconcile change in net assets to net cash provided by/used for operating activities:		
Depreciation and amortization	110,956	93,419
Net (gain)/loss on investments	-	(2,995)
Notes payable forgiveness	(40,840)	(40,840)
Changes in assets and liabilities:		
Grants receivable	1,130,613	(1,470,986)
Prepaid expenses	(57,782)	-
Inventories	60,897	(54,288)
Accounts payable	49,443	5,844
Accrued expenses	(113,303)	44,021
Refundable advance	<u>(2,233,193)</u>	<u>1,943,922</u>
Net cash provided by/used for operating activities	<u>50,080</u>	<u>1,147,509</u>
Cash flows from investing activities:		
Purchases of building, furniture, and equipment	(146,397)	(131,905)
Loss on disposals of assets	<u>-</u>	<u>6,191</u>
Net cash provided by/used for investing activities	<u>(146,397)</u>	<u>(125,714)</u>
Net increase/decrease in cash and cash equivalents	(96,317)	1,021,795
Cash and cash equivalents, beginning of year	<u>2,644,314</u>	<u>1,622,519</u>
Cash and cash equivalents, end of year	<u>\$ 2,547,997</u>	<u>\$ 2,644,314</u>

See accompanying notes to financial statements.

AZCEND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

AZCEND (the Organization), known until April 2017 as Chandler Christian Community Center, is a not-for-profit corporation that was incorporated under Arizona law in 1968. The Organization's mission is to change lives by nourishing minds and bodies to create a connected, thriving community. The Organization aims to strengthen families and communities through the provision of food boxes; senior nutrition; rent and utility assistance; parenting, health and literacy classes; homeless services; and other comprehensive programs and resources, primarily in the Chandler and Gilbert, Arizona communities. Main programs offered by the Organization are as follows:

Food Bank - The food bank provides emergency and supplemental food boxes to those in need. Food boxes are tailored to family size and special dietary needs (e.g. children and homeless).

Family Resource Center - The Family Resource Center provides early childhood and family development in a safe positive environment. Programs include early literacy classes, parenting classes, health programs, and onsite programs from other partnering organizations.

Community Action Programs (CAP) - CAP provides emergency financial assistance to families including utility assistance, eviction prevention, benefits connection and referrals for shelter/housing, food, and clothing. CAP also provides case management including goal planning, job training, employment and education referrals, financial education, free tax preparation and electronic filing, referrals to other services and programs, as well as follow-up and ongoing support.

Senior Programs - The Senior Centers provide hours of camaraderie, intellectual stimulation, and nutritious meals to the frail, elderly, and disabled in the Chandler and Gilbert communities. In addition to serving a hot meal, both centers offer an array of activities, outings, workshops, classes, medical programs, transportation, referrals, and volunteer opportunities. The Organization also delivers meals and provides wellness checks to the elderly and disabled. The Organization operates the local senior center for the Town of Gilbert and the senior meals program in the City of Chandler.

Homeless and Housing Programs - Homeless programs provide hot meals, mobile shower units, lodging, and other vital services aimed to break the vicious cycle of homelessness. Also included is the Interfaith Homeless Emergency Lodging Program (I-HELP) which provides emergency shelter and nutritious meals for homeless adults, male and female, through partnership with houses of worship and others. This program helps connect guests to additional case management and services in order to assist in meeting their needs to move from homelessness to stability. AZCEND also provides housing services to move those experiencing homelessness into appropriate housing.

Other Programs - The other programs include an annual Back to School Drive and Operation Santa.

AZCEND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

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.

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.

AZCEND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 was \$2,547,997 and the bank balance was \$2,574,433. At year end, \$1,768,987 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.

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.

Grants. A portion of the Organization's revenue is derived from cost-reimbursable 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 expenses in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the Statement of Financial Position. The Organization received cost-reimbursable grants of \$83,893 that have not been recognized as revenue at June 30, 2022 because qualifying expenses have not yet been incurred.

Grants Receivable. Grants receivable are stated at the amount management expects to collect from the terms of contracts and agreements outstanding. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable. Grants receivable are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts was not considered necessary. All grants at June 30, 2022 are expected to be collected in less than one year.

Inventories

Donated food inventories are stated at the estimated poundage value as determined by Feeding America, a national association of food banks that provides assistance and valuation of food and grocery products. All other inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the Statement of Activities in the period in which it occurs.

AZCEND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment

All acquisitions of property and equipment with a cost in excess of \$1,000 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 five to 40 years. Depreciation expense for the current fiscal year was \$110,956.

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.

Compensated Absences

Employees are entitled to personal time off (PTO) and sick leave, 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 and is included as a part of accrued expenses in the Statement of Financial Position.

Donated services and In-Kind Contributions

Donations of food and other assets 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 for 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.

Donated services, when applicable, are recorded at fair market value as contributions and expense if the services would (1) typically need to be purchased by the Organization if not provided by contribution, (2) require specialized skills, and (3) be provided by an individual with those skills. 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.

AZCEND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and effort
Employee related costs	Time and effort
Occupancy	Square footage
Depreciation	Square footage

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 Pronouncement

During the fiscal 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.

Date of Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 23, 2023, which is the date the financial statements were available to be issued.

AZCEND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – CERTIFICATE OF DEPOSIT

The certificate of deposit is comprised of the following at fiscal year end:

Certificate of deposit maturing in less than one year	\$ 252,594
Total	<u>\$ 252,594</u>

The certificate of deposit is reported at cost plus accrued interest which approximates fair value. The certificate bears interest yield of .15 percent and matures in January 2023.

NOTE 3 – LIQUIDITY AND AVAILABILITY

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

Financial assets at year end:	
Cash and cash equivalents	\$ 2,547,997
Certificates of deposit	252,594
Grants receivable	<u>651,353</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,451,944</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. As part of its liquidity plan, excess cash is invested in short-term investments, including certificates of deposit. Net assets with donor restrictions as of June 30, 2022 are entirely available for general expenditures within the next 12 months.

NOTE 4 – INVENTORIES

Inventories consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Food, donated and purchased	\$ 79,534	\$ 130,856
Toys and diapers	<u>6,495</u>	<u>16,070</u>
Total	<u>\$ 86,029</u>	<u>\$ 146,926</u>

AZCEND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment include the following major classes of assets at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 57,898	\$ 57,898
Buildings and improvements	1,525,225	1,525,225
Furniture and equipment	294,395	263,368
Vehicles	382,115	266,746
Total property and equipment	<u>2,259,633</u>	<u>2,113,237</u>
Less: Accumulated depreciation and amortization	<u>(848,829)</u>	<u>(737,873)</u>
Net property and equipment	<u>\$ 1,410,804</u>	<u>\$ 1,375,364</u>

NOTE 6 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

The Organization received approval for a Payroll Protection Program (PPP) loan of \$338,100 under the CARES Act on May 1, 2020. The Organization received forgiveness for the loan on April 19, 2021. Accordingly, the Organization recognized revenue in fiscal year 2021 for all loan proceeds not already previously recognized as revenue in fiscal year 2020.

NOTE 7 – NOTES PAYABLE

The Organization executed a promissory note with the City of Chandler during the year ended June 30, 2014 to construct an addition to the facility in the amount of \$408,395 with Community Development Block Grant (CDBG) funding. The note is forgivable at 10 percent per year over 15 years beginning with the sixth year following the Certificate of Completion; therefore, it is expected to be fully forgiven in February 2030. The note is interest free and is secured by a deed of trust on the property. If the property is changed, sold, or vacated in less than 15 years, the Organization is required to repay the loan to the City of Chandler.

Notes payable activity is as follows:

	<u>2022</u>	<u>2021</u>
Beginning of year	\$ 367,555	\$ 408,395
Amount forgiven during the year	40,840	40,840
End of year	<u>\$ 326,715</u>	<u>\$ 367,555</u>

AZCEND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – NET ASSETS

Net assets with donor restrictions were restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Food bank	\$ 217,752	\$ 9,410
Family resource center	70,688	29,050
Community action programs	101,212	
Senior center	149,058	35,454
Homeless	33,717	15,083
Other	11,964	5,457
Total	<u>\$ 584,391</u>	<u>\$ 94,454</u>

Net assets released from donor restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Food bank	\$ 221,659	\$
Family resource center	127,219	29,599
Senior center	106,779	9,988
Homeless	32,366	11,523
Other	6,244	36,195
Total	<u>\$ 494,267</u>	<u>\$ 87,305</u>

NOTE 9 – DONATED GOODS AND RENT

The Organization received donated goods and rent as follows:

<u>Program</u>	<u>2022</u>		<u>Total</u>
	<u>Donated Goods</u>	<u>Donated Rent</u>	
Food bank – donated food and diapers	\$ 1,682,164	\$	\$ 1,682,164
Community action programs – donated rent		48,981	48,981
Senior center – donated rent and vans	35,100	168,025	203,125
Homeless – donated food and shelter	94,168	1,044	95,212
Other – Operation Santa toys	16,447		16,447
Total	<u>\$ 1,827,879</u>	<u>\$ 218,050</u>	<u>\$ 2,045,929</u>

AZCEND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – DONATED GOODS AND RENT

Program	2021		
	Donated Goods	Donated Rent	Total
Food bank – donated food and diapers	\$ 2,216,211	\$	\$ 2,216,211
Community action programs – donated rent		45,213	45,213
Senior center – donated rent and vans	35,100	152,400	187,500
Homeless – donated food and shelter	73,125	1,044	74,169
Other – Operation Santa toys	60,494		60,494
Total	\$ 2,384,930	\$ 198,657	\$ 2,583,587

All donated goods and rent were utilized by the Organization’s programs. There were no donor-imposed restrictions associated with the donated goods or rent.

Donated food and diapers are valued based on the per pound and per diaper values as determined by Feeding America, a national association of food banks that provides assistance and valuation of food and grocery products.

The Organization leases its Community Assistance Office at the Gilbert Heritage Center under an in-kind agreement with the Town of Gilbert which was entered into in September 2018. The agreement expires in September 2027 and contains two 10-year extensions. The Organization can withdraw from the Gilbert Heritage Center agreement by providing the Town of Gilbert six-month’s notice. The value of donated rent is determined on a square-footage cost as annually determined using prevailing market rates for similar properties.

As part of the Organization’s agreement with the Town of Gilbert to operate programs at the Gilbert Senior Center, Town of Gilbert provides use of the Senior Center at no charge. The value of this donated rent is determined on a square-footage cost as annually determined using prevailing market rates for similar properties.

The Organization receives donated food and shelter from approximately 15 different church congregations to operate the Interfaith Homeless Emergency Lodging Program (I-HELP). The value of this donated food and shelter is determined based on daily operational costs on a square-footage basis as determined by each congregation combined with a per meal value as determined by Feeding America.

The Organization annually holds a toy drive around the holidays referred to as Operation Santa. Donated toys are valued using the current average price located on a publicly available website for similar items.

AZCEND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 – CONCENTRATIONS

The Organization defines major funding sources as those exceeding 10 percent of the Organization's annual revenues and support. The organization received 8 percent and 16 percent of its total revenue from one donor for food donations for the years ended June 30, 2022 and 2021, respectively. In addition, the Organization received 35 percent and 29 percent of its total revenue from the City of Chandler for the years ended June 30, 2022 and 2021, respectively and 33 percent and 20 percent of its total revenue from the Town of Gilbert for the year ended June 30, 2022 and 2021, respectively.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

NOTE 12 – EMPLOYEE BENEFIT PLAN

The Organization sponsors a Simple IRA and matches up to 3% of eligible participants' annual contributions. All contributions made under the plan are fully vested. Matching contributions by the Organization totaled \$30,828 and \$32,672 for the years ended June 30, 2022 and 2021, respectively.

NOTE 13 – RELATED PARTY TRANSACTIONS

The Board Treasurer of the Organization is an employee of the CPA firm that performs monthly accounting and payroll preparation services for the Organization. The CPA firm also prepares the Organization's Form 990. During the years ended June 30, 2022 and 2021, the Organization paid \$47,566 and \$52,697, respectively, in accounting fees to the CPA firm for these services.

A member of the Organization's board is Vice President of First Bank, where the Organization maintains a savings account that held a balance of \$257,077 and \$256,543 as of June 30, 2022 and 2021, respectively.

SINGLE AUDIT SECTION

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

The Board of Directors
AZCEND

We have audited, in accordance with the 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, the financial statements of AZCEND, which comprise the statement of financial position as of June 30, 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, and have issued our report thereon dated March 23, 2023. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958).

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered AZCEND's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AZCEND's internal control. Accordingly, we do not express an opinion on the effectiveness of AZCEND's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether AZCEND's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
March 23, 2023

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

The Board of Directors
AZCEND

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited AZCEND's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of AZCEND's major federal programs for the year ended June 30, 2022 and 2021. AZCEND's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, AZCEND complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of AZCEND and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of AZCEND's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to AZCEND's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on AZCEND's compliance based on our audit.

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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about AZCEND's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 AZCEND's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of AZCEND's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of AZCEND's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our

audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of AZCEND as of and for the year ended June 30, 2022, and have issued our report thereon dated March 23, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
March 23, 2023

AZCEND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2021 - 6/30/2022

<i>Federal Awarding Agency/Program Title</i>	<i>Federal CFDA Number</i>	<i>Additional Award Identification (Optional)</i>	<i>Name of Funder Pass-Through Entity</i>	<i>Identifying Number Assigned By Funder Pass-Through Entity</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
DEPARTMENT OF AGRICULTURE								
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	10.561		WILDFIRE	N/A	\$30,674	\$30,674	SNAP CLUSTER	\$30,674
EMERGENCY FOOD ASSISTANCE PROGRAM (FOOD COMMODITIES)	10.569		UNITED FOOD BANK	N/A	\$486,819	\$486,819	FOOD DISTRIBUTION CLUSTER	\$486,819
TOTAL DEPARTMENT OF AGRICULTURE					<u>\$517,493</u>			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
COVID-19 COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID-19	TOWN OF GILBERT	321000336	\$103,596	\$675,476	CDBG - ENTITLEMENT GRANTS CLUSTER	\$675,476
COVID-19 COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID-19	TOWN OF GILBERT	321000337	\$125,693	\$675,476	CDBG - ENTITLEMENT GRANTS CLUSTER	\$675,476
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		CITY OF CHANDLER	13-14CDBGPF-CCCC	\$326,717	\$675,476	CDBG - ENTITLEMENT GRANTS CLUSTER	\$675,476
COVID-19 COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID-19	CITY OF CHANDLER	CDBG CARE-02	\$50,802	\$675,476	CDBG - ENTITLEMENT GRANTS CLUSTER	\$675,476
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		TOWN OF GILBERT	320000406	\$29,442	\$675,476	CDBG - ENTITLEMENT GRANTS CLUSTER	\$675,476
COVID-19 COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID-19	TOWN OF GILBERT	320000405	\$39,226	\$675,476	CDBG - ENTITLEMENT GRANTS CLUSTER	\$675,476
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231		MARICOPA COUNTY	C-22-20-063-3-01	\$12,964	\$12,964	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>\$688,440</u>			
DEPARTMENT OF TREASURY								
COVID-19 EMERGENCY RENTAL ASSISTANCE PROGRAM	21.023	COVID-19	MARICOPA COUNTY	16097-RFP	\$279,449	\$10,729,027	N/A	\$0
COVID-19 EMERGENCY RENTAL ASSISTANCE PROGRAM	21.023	COVID-19	CITY OF CHANDLER	ERAP-21-01	\$5,294,587	\$10,729,027	N/A	\$0
COVID-19 EMERGENCY RENTAL ASSISTANCE PROGRAM	21.023	COVID-19	TOWN OF GILBERT	321000265	\$5,154,991	\$10,729,027	N/A	\$0
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	MARICOPA COUNTY	2200148-RFP	\$159,139	\$161,257	N/A	\$0
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	MARICOPA COUNTY	2022-08-AZC	\$2,118	\$161,257	N/A	\$0
TOTAL DEPARTMENT OF TREASURY					<u>\$10,890,284</u>			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART B_ GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS, CARES ACT FOR SUPPORTIVE SERVICES UNDER TITLE III-B OF THE OLDER AMERICANS ACT, AND AMERICAN RESCUE PLAN FOR SUPPORTIVE SERVICES UNDER TITLE III-B OF THE OLDER AMERICANS ACT	93.044		AREA AGENCY ON AGING, REGION ONE INC.	2022-08-AZC	\$21,242	\$21,770	AGING CLUSTER	\$356,575
COVID-19 SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART B_ GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS, CARES ACT FOR SUPPORTIVE SERVICES UNDER TITLE III-B OF THE OLDER AMERICANS ACT, AND AMERICAN RESCUE PLAN FOR SUPPORTIVE SERVICES UNDER TITLE III-B OF THE OLDER AMERICANS ACT	93.044	COVID-19	AREA AGENCY ON AGING, REGION ONE INC.	2022-08-AZC	\$528	\$21,770	AGING CLUSTER	\$356,575

COVID-19 NUTRITION SERVICES FOR NUTRITION SERVICES UNDER TITLE III-C OF THE OLDER AMERICANS ACT, CARES ACT FOR NUTRITION SERVICES UNDER TITLE III-C OF THE OLDER AMERICANS ACT, AND AMERICAN RESCUE PLAN FOR NUTRITION SERVICES UNDER TITLE III-C OF THE OLDER AMERICANS ACT	93.045	COVID-19	AREA AGENCY ON AGING, REGION ONE INC.	2022-08-AZC	\$123,634	\$316,339	AGING CLUSTER	\$356,575
NUTRITION SERVICES FOR NUTRITION SERVICES UNDER TITLE III-C OF THE OLDER AMERICANS ACT, CARES ACT FOR NUTRITION SERVICES UNDER TITLE III-C OF THE OLDER AMERICANS ACT, AND AMERICAN RESCUE PLAN FOR NUTRITION SERVICES UNDER TITLE III-C OF THE OLDER AMERICANS ACT	93.045		AREA AGENCY ON AGING, REGION ONE INC.	2022-08-AZC	\$192,705	\$316,339	AGING CLUSTER	\$356,575
NUTRITION SERVICES INCENTIVE PROGRAM	93.053		AREA AGENCY ON AGING, REGION ONE INC.	2022-08-AZC	\$18,466	\$18,466	AGING CLUSTER	\$356,575
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558		MARICOPA COUNTY	16097-RFP	\$15,820	\$15,820	477 CLUSTER	\$102,292
LOW-INCOME HOME ENERGY ASSISTANCE	93.568		MARICOPA COUNTY	16097-RFP	\$149,881	\$149,881	N/A	\$0
COMMUNITY SERVICES BLOCK GRANT	93.569		MARICOPA COUNTY	16097-RFP	\$12,322	\$86,472	477 CLUSTER	\$102,292
COMMUNITY SERVICES BLOCK GRANT	93.569		MARICOPA COUNTY	16097-RFP	\$74,150	\$86,472	477 CLUSTER	\$102,292
SOCIAL SERVICES BLOCK GRANT	93.667		AREA AGENCY ON AGING, REGION ONE INC.	2022-08-AZC	\$26,907	\$26,907	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					<u>\$635,655</u>			
DEPARTMENT OF HOMELAND SECURITY								
EMERGENCY FOOD AND SHELTER NATIONAL BOARD PROGRAM	97.024		UNITED FOOD BANK	N/A	\$11,859	\$168,823	N/A	\$0
EMERGENCY FOOD AND SHELTER NATIONAL BOARD PROGRAM	97.024		WHEAT	LRO# 0256-00-080	\$53,818	\$168,823	N/A	\$0
COVID-19 EMERGENCY FOOD AND SHELTER NATIONAL BOARD PROGRAM	97.024	COVID-19	WHEAT	LRO# 0256-00-080	\$103,146	\$168,823	N/A	\$0
TOTAL DEPARTMENT OF HOMELAND SECURITY					<u>\$168,823</u>			
TOTAL EXPENDITURE OF FEDERAL AWARDS					<u><u>\$12,900,695</u></u>			

Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

AZCEND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2021 - 6/30/2022

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of AZCEND under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position or cash flows of the Organization. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Cost Rate

The auditee did not use the de minimis cost rate.

Loan/loan guarantee outstanding balances

COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS (14.218) - Balances outstanding at the end of the audit period were \$326,717.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

**AZCEND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.023	Emergency Rental Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: Yes



March 23, 2023

To Whom It May Concern:

The accompanying Summary Schedule of Prior Audit Findings has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The status for each finding included in the prior year audit's Schedule of Findings and Questioned Costs has been provided.

Sincerely,

Kathy Nugent
Finance Director

AZCEND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

**Status of Findings Related to Financial Statements Reported in Accordance with
*Government Auditing Standards***

Finding Number: FS-2021-001

Status: Fully corrected.