Save the Family Foundation of Arizona
and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2024

CONTENTS

Independent Auditors' Report

To the Board of Directors of
Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona
Mesa, Arizona

Opinion

We have audited the accompanying consolidated financial statements of Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona (the Organization, nonprofit corporations), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization and affiliates as of June 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated 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 consolidated 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 consolidated 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.

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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 consolidated 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 Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated March 26, 2025 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Fester & Chapman, PLLC

March 26, 2025

Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2024

ASSETS

Current assets:	
Cash and cash equivalents	$ 7,122,694
Certificates of deposit	514,040
Grants receivable	811,227
In-kind rent receivable, current portion	198,920
Promises to give receivable, current portion	220,500
Prepaid expenses	224,768
Total current assets	9,092,149
In-kind rent receivable, less current portion, net	1,611,934
Promises to give receivable, less current portion	3,400
Long-term notes receivable - related parties, net	2,482,193
Accrued interest receivable - related parties	353,346
Property and equipment, net	14,160,722
Total assets	$ 27,703,744

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	$ 115,217
Accrued expenses	198,464
Deposits held in trust	11,808
Refundable advances and deferred income	224,240
Lease liability - finance lease, current portion	22,088
Total current liabilities	571,817
Lease liability - finance lease, less current portion	16,937
Notes payable	1,768,411
Total liabilities	2,357,165
Net assets:	
Without donor restrictions:	
Board designated	6,254,000
Undesignated	16,748,458
Total net assets without donor restrictions	23,002,458
With donor restrictions	2,344,121
Total net assets	25,346,579
Total liabilities and net assets	$ 27,703,744

The accompanying notes are an integral part of these statements.

Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:			
Government grants	$ 3,458,005		$ 3,458,005
Employee Retention Credit (ERC) revenue	251,611		251,611
Contributions	1,588,227	$ 605,718	2,193,945
In-kind contributions	171,751		171,751
Client and management fees	409,999		409,999
Rental income	1,255,989		1,255,989
Miscellaneous	268,935		268,935
Gain on disposals of assets	459,556		459,556
Fundraising events:			
Gross fundraising events revenue	517,060		517,060
Less: direct donor benefit costs	(232,856)		(232,856)
Net fundraising events revenue	284,204		284,204
Net assets released from restrictions:			
Satisfaction of donor requirements	838,216	(838,216)	
Total revenue, support and gains	8,986,493	(232,498)	8,753,995
Expenses:			
Program services:			
Step Up	298,023		298,023
FACES	637,280		637,280
Rapid Rehousing	1,868,033		1,868,033
LIHTC Programs	170,256		170,256
A.R.M./Property Management	2,290,482		2,290,482
Total program services	5,264,074		5,264,074
Management and general	1,108,375		1,108,375
Fundraising	734,030		734,030
Total expenses	7,106,479		7,106,479
Change in net assets	1,880,014	(232,498)	1,647,516
Net assets, beginning of year	21,122,444	2,576,619	23,699,063
Net assets, end of year	$ 23,002,458	$ 2,344,121	$ 25,346,579

The accompanying notes are an integral part of these statements.

Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services						Supporting Services		
	Step Up	FACES	Rapid Rehousing	LIHTC Programs	A.R.M./ Property Management	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 117,450	$ 359,003	$ 484,725	$ 88,607	$ 442,904	$ 1,492,689	$ 642,807	$ 350,967	$ 2,486,463
Employee related	23,290	65,976	84,458	19,285	66,986	259,995	119,754	54,175	433,924
Depreciation	10,860	37,442	41,058	9,239	568,458	667,057	36,992	23,527	727,576
Direct assistance to individuals	9,222	56,671	1,014,924	1,023	912	1,082,752		11,728	1,094,480
Direct unit costs	100,084	901	1,326	260	917,615	1,020,186	1,864	559	1,022,609
Equipment	2,770	375	21,119	7,235	10,982	42,481	30,092	11,225	83,798
Materials and supplies	1,086	3,292	4,172	3,736	5,477	17,763	5,453	21,158	44,374
Operating	6,450	25,643	30,719	17,197	79,130	159,139	52,422	140,546	352,107
Other program expenses	78	6,849	325	481	279	8,012			8,012
Professional and outside services	6,756	21,425	97,350	5,037	63,715	194,283	73,590	95,841	363,714
Interest expense	508	1,490	1,870	383	28,456	32,707	6,265	893	39,865
Space and occupancy	16,669	48,445	70,686	15,218	55,110	206,128	135,319	20,316	361,763
Travel	2,800	9,768	15,301	2,555	50,458	80,882	3,817	3,095	87,794
Total expenses	$ 298,023	$ 637,280	$ 1,868,033	$ 170,256	$ 2,290,482	$ 5,264,074	$ 1,108,375	$ 734,030	$ 7,106,479

The accompanying notes are an integral part of these statements.

Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2024

Cash flows from operating activities:	
Change in net assets	$ 1,647,516
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:	
Depreciation	727,576
Use of donated space attributable to in-kind rent receivable	195,020
Amortization of discount on in-kind rent receivable and long term notes receivable	(88,305)
Gain on disposals of assets	(459,556)
Changes in:	
Grants receivable	(95,073)
Promises to give receivable	254,300
Prepaid expenses	(50,573)
Accrued interest - related parties	(20,549)
Accounts payable	(5,251)
Accrued expenses	49,740
Deposits held in trust	2,017
Refundable advances and deferred income	90,345
Net cash and cash equivalents provided by operating activities	2,247,207
Cash flows from investing activities:	
Proceeds from sales of certificate of deposit	3,125,748
Purchases of property and equipment	(2,223,874)
Proceeds from sales of property and equipment	573,500
Net cash and cash equivalents provided by investing activities	1,475,374
Cash flows from financing activities:	
Net payments on line-of-credit	(239,557)
Payments on finance lease liability	(18,372)
Net cash and cash equivalents used by financing activities	(257,929)
Net change in cash and cash equivalents	3,464,652
Cash and cash equivalents, beginning of the year	3,658,042
Cash and cash equivalents, end of the year	$ 7,122,694
Supplemental disclosures	
Cash paid during the year for interest	$ 39,865

The accompanying notes are an integral part of these statements.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal Business Activities
Save the Family Foundation of Arizona (STF) is an Arizona nonprofit corporation which provides transitional housing and permanent housing services to needy and homeless families. Primary sources of revenue are governmental funding and donations.

Affordable Rental Movement (ARM) of Save the Family Foundation of Arizona was formed in 1992 to develop permanent affordable housing rental opportunities for low income families.

STF and ARM are collectively referred to herein as the Organization.

ARM, as its sole member, formed A.R.M. of Save the Family Phoenix Scholar House I, LLC (ARM PSH LLC) in May 2024, in the state of Arizona. See note 15.

The major programs of STF and ARM include:

Step Up to Independence: In fiscal year 2019, STF began the start-up processes for a new program, Step Up to Independence (Step Up). With programmatic expansion scheduled for fiscal year 2020 and beyond, this new program model targets homeless families living doubled up in their cars and in other temporary situations currently unserved by federal government funding. For this growing population of vulnerable families, Step Up is an extended stay program, not to exceed 24 months, providing housing and supportive services.

Family, Adult and Children's Empowerment Services (FACES): Financial literacy, intervention/prevention education, workforce development, professional clothing, household furnishings, supplemental food, and client transportation. Legal, dental, and vision services are provided through volunteer attorneys and physicians.

Rapid Rehousing: Financial assistance and services to prevent individuals and families from becoming homeless, and to quickly re-house and stabilize those experiencing homelessness.

LIHTC: Supportive services are provided to low income families living in affiliated LIHTC permanent housing projects, focusing on helping families maintain stable community living and increasing their self-sufficiency.

Principles of Consolidation
ARM and STF are consolidated due to the programmatic dependence of ARM on STF to place clients into its housing units. All significant interagency accounts and transactions have been eliminated in consolidation.

Use of Estimates
In preparing financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Statement Presentation
The Organization follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*, requiring the Organization to report information regarding its financial position and activities in two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the restricted stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents
Cash and cash equivalents include checking, savings accounts, and money market funds totaling $7,122,694 at June 30, 2024. The Organization considers all highly liquid investments in an original maturity of three months or less at the time of purchase to be cash equivalents.

Government Grants
The Organization recognizes amounts received from contracts and grants as net assets without donor restrictions when conditions specified in the contracts are met. Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the contract. The Organization has contracts with various local municipalities and the US Department of Housing and Urban Development (HUD). These grants represented 26% of the Organization's revenues for the year ended June 30, 2024. Conditional promises to give are not recognized as support until the conditions are substantially met.

Concentrations
Credit Risk: At times, the Organization maintains cash and cash equivalents at financial institutions in excess of the bank insured limit by the Federal Deposit Insurance Corporation (FDIC). The Organization had $2,619,613 of uninsured cash and cash equivalents balances at June 30, 2024. The Organization limits its exposure to losses by maintaining cash and cash equivalents in multiple financial institutions at regional and national banks.

Receivables
The Organization's receivables consist primarily of amounts due from government agencies. The Organization does not require collateral for receivable balances and does not charge interest on receivables that are past due. Receivable balances are considered past due if not paid within the invoice's stated terms, which vary by agency. Management has determined all amounts to be collectable, and therefore an allowance for receivables is not deemed necessary.

Certificates of Deposit
Certificates of deposit are stated at cost plus accrued interest which approximates fair value.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Property and equipment are recorded at cost on the date of acquisition, or at their estimated fair value on the date of donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation of property and equipment is computed using the straight line method over the estimated useful lives of the assets, which range from five to 30 years. Amortization of leasehold improvements is computed using the straight line method over the estimated useful life of the improvements, which is the lesser of the estimated useful life or remaining term of the applicable lease. The Organization's capitalization policy requires individual assets to be capitalized if the original cost or estimated fair value on the date of donation exceeds $5,000. Maintenance and repairs are charged to expense when incurred.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded as promises to give at net realizable value. Unconditional promises to give that are expected to be collected in future periods are recorded using present value techniques incorporating risk-adjusted discount rates applicable to the years in which the promises to give are received. In subsequent years, amortization of the discount is included in contribution revenue in the consolidated statement of activities. Conditional promises to give are not recognized as support until the conditions are substantially met.

Promises to give are stated as unpaid balances, net of discounts, less an allowance for doubtful accounts as deemed necessary. The Organization provides for losses on promises to give using the allowance method. The allowance is based on experience, knowledge of the donors, the industry, and other circumstances which may affect the ability of donors to meet their obligations. It is the Organization's policy to charge off uncollectible promises to give when management determines collection is doubtful. Management considers receivables at June 30, 2024 to be fully collectable and, accordingly, an allowance for doubtful accounts is not deemed necessary.

Refundable Advances and Deferred Income

The Organization records refundable rental security deposits and grant funds classified as conditional contributions as refundable advances until the funds are refunded, or earned, and recognized as revenue. Prepaid rent is recorded as deferred revenue until the period in which the funds are earned and recognized as revenue.

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, employee related expenses, professional and outside services, equipment, materials and supplies, and operating expenses are allocated based on time and effort studies. Depreciation, space and occupancy expenses are allocated based on estimated square footage devoted to each function.

Income Taxes

Both STF and ARM are exempt from federal and state income taxes as organizations other than private foundations under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. The Organization has the following financial assets that could readily be made available within one year of each fiscal year end to fund expenses without limitations:

Financial assets included in current assets:	
Cash and cash equivalents	$ 7,122,694
Certificates of deposit	514,040
Grants receivable	811,227
Promises to give receivable, current portion	220,500
Total financial assets included in current assets	8,668,461
Less amounts unavailable for general expenditure within one year:	
Board designated net assets	(6,254,000)
Net assets with donor restrictions, excluding portion attributable to in-kind rent receivable	(533,267)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,881,194

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting from grants, contributions, and other revenues. The Organization also has three available lines-of-credit totaling $1,900,000 for its operating and capital needs (Note 6). In addition, the Organizations' Boards of Directors may adjust the amount of board designated net assets from time to time with a majority vote.

NOTE 3 - PROMISES TO GIVE RECEIVABLE

Promises to give receivable are due as follows as of June 30, 2024:

Due within one year	$ 220,500
Due within two years	3,400
Promises to give receivable	$ 223,900

At June 30, 2024, 64% pledges receivable was due from one foundation.

NOTE 4 - LONG-TERM NOTES RECEIVABLE - RELATED PARTIES, NET

ARM has the following notes receivable due from related parties at June 30, 2024. Payments are subject to available cash flows. Noninterest bearing notes receivable are discounted to their net present value, which approximates fair value. The present value discount is adjusted annually based on the interest rate assigned at the inception of the note and is included in miscellaneous income on the consolidated statement of activities.

	Principal	Accrued Interest
Due from Escobedo at Verde Vista, LLC:		
$543,411, with simple interest only payments of 4% due until maturity in July 2053	$ 543,411	$ 169,268
$940,877, non-interest bearing, with no payments due until maturity in April 2053	940,877	
$550,000, with simple interest payments of 3% due until maturity in July 2053	550,000	112,103
$300,000, with simple interest only payments of 4% due until maturity in October 2052	300,000	71,975
Due from Valor on Eighth, LLC:		
$675,000, non-interest bearing, with no payments due until maturity in July 2048	675,000	
	3,009,288	353,346
Less: discount to net present value at (3% to 4%)	(527,095)	
	$ 2,482,193	$ 353,346

Interest income earned on notes receivable due from related parties totaled $50,236 during the year ended June 30, 2024.

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of June 30, 2024:

Land	$ 2,693,278
Buildings	17,637,744
Building improvements	607,952
Appliances	6,119
Equipment and furniture	217,631
Vehicles	328,179
	21,490,903
Accumulated depreciation	(7,330,181)
Property and equipment, net	$ 14,160,722

See Note 11 regarding restrictions as to use and reversionary interests for property and equipment purchased with, or donated by, governmental agencies.

NOTE 6 - LINES-OF-CREDIT

STF has a revolving line-of-credit with a limit of $300,000 and a maturity date of June 1, 2026. Advances on the line-of-credit are payable monthly at (9.25% at June 30, 2024). There was no balance due on this line-of-credit at June 30, 2024.

ARM has two revolving lines-of-credit: one with a $1,500,000 limit for the restricted use of funding property acquisitions, maturing June 1, 2026; and one with a $100,000 credit limit for unrestricted use in general operations, maturing June 1, 2026. Advances on the lines-of-credit are payable monthly at (9.25% at June 30, 2024). At June 30, 2024, there were no balances due on the lines-of-credit.

NOTE 7 - NOTES PAYABLE

Notes payable consisted of the following as of June 30, 2024:

$550,000 note payable to a financial institution including interest at 0%, with entire balance due upon maturity in February 2029. The note is secured by real property and the proceeds were passed through to an affiliate. See Notes 4 and 12.	$ 550,000
$543,411 note payable to the City of Mesa including interest at 0%, with entire balance due upon maturity in May 2034. The note is secured by real property and the proceeds were passed through to an affiliate. See Notes 4 and 12.	543,411
$675,000 note payable to a financial institution including interest at 0%, with entire balance due upon maturity in August 2033. The note is secured by real property and the proceeds were passed through to an affiliate. See Notes 4 and 12.	675,000
	$ 1,768,411

The Organization's notes payable mature during the years ending June 30, 2029 and June 30, 2034. No payments are due during the years ending June 30, 2024 through 2028.

NOTE 8 - LEASING LIABILITY - FINANCE LEASE

The Organization has a copier lease classified as a finance lease, expiring in 2026.

Finance least cost:		
Amortization of leased equipment	$	18,372
Interest expense		9,185
Total finance lease cost	$	27,557

Future minimum lease payments under the Organization's finance lease are as follows:

Year Ending June 30,		Total
2025	$	27,556
2026		18,371
Total minimum lease payments		45,927
Less amount representing interest		(6,902)
Total capital lease obligation	$	39,025

The discount rate on the finance lease is 18.57%.

Leased property under the Organization's finance lease included in property and equipment, net, as of June 30, 2024 includes:

Leased equipment	$	82,546
Less accumulated depreciation		(53,065)
Leased equipment, net	$	29,481

NOTE 9 - NET ASSETS

Net Assets Without Donor Restrictions - Board Designated
The Organization's Board designated net assets consisted of the following at June 30, 2024:

	STF	ARM	Total
Operating reserves	$ 2,650,000	600,000	$ 3,250,000
Infrastructure development	500,000	$ 1,204,000	1,704,000
Equipment	300,000		300,000
Programmatic expansions	1,000,000		1,000,000
Total	$ 4,450,000	$ 1,804,000	$ 6,254,000

NOTE 9- NET ASSETS - Continued

Net Assets With Donor Restrictions

Net assets with donor restrictions for the year ended June 30, 2024 consisted of the following:

	Beginning Balance	Contributions	Releases	Ending Balance
Purpose restrictions:				
Step Up	$ 150,000	$ 150,000	$ (225,000)	$ 75,000
FACES		20,000	(20,000)	
Technology		310,000	(126,350)	183,650
Escobedo		4,277	(3,191)	1,086
Valor		30,941	(21,810)	9,131
Other miscellaneous		35,000	(35,000)	
Timing restrictions, if not included above	475,900	55,500	(267,000)	264,400
In-kind rent receivable, net	1,950,719		(139,865)	1,810,854
	$ 2,576,619	$ 605,718	$ (838,216)	$ 2,344,121

NOTE 10 - CONTRIBUTIONS IN-KIND

Donated goods and facilities are valued at their estimated fair value on the date of donation. Donated services are recognized in the consolidated financial statements at their estimated fair value if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased by donation.

The estimated fair value of contributions in-kind is based on the following: Donated goods are valued using donor estimates and available pricing on retail websites. Donated space and occupancy is valued based on the price per square foot for similar properties from advertised real estate listings. Donated services are valued based on the hourly rate that would otherwise be paid for similar services from current or past vendors.

In-kind contributions totaling $171,751 are reported in the consolidated statement of activities. In-kind expenses are reported in the consolidated statement of functional expenses as follows for the year ended June 30, 2024:

	Program Services	Management and General	Fundraising	Total
Professional and outside services			$ 1,125	$ 1,125
Direct assistance to individuals	$ 51,660			$ 51,660
Space and occupancy	123,116	$ 83,619	11,253	217,988
Special events - materials			42,599	42,599
Total in-kind expenses	$ 174,776	$ 83,619	$ 54,977	$ 313,372

During the year ended June 30, 2013, STF entered into a long-term in-kind rent agreement with Escobedo at Verde Vista, LLC, a related party (see Note 12), that ends on December 31, 2033. The in-kind rent receivable, net totaled $1,810,854 on June 30, 2024, which included an estimated fair value of $2,058,389, less a discount to net present value of $247,535.

NOTE 10 - CONTRIBUTIONS IN-KIND - Continued

The Organization's in-kind rent receivable is due as follows as of June 30, 2024:

Due within one year	$ 198,920
Due within two to five years	836,268
Due in more than five years	1,023,201
	2,058,389
Less discount to net present value	(247,535)
Total	$ 1,810,854

NOTE 11 - COMMITMENTS AND CONTINGENCIES

During 2011, the Organization received donated residential property from a governmental entity. Under the terms of the governmental contract, if the Organization fails to allow only low-income households to reside in the property, the title of the property will revert back to the governmental entity. This contingency is in effect through February 2031. The Organization intends to operate the property in accordance with the terms of the agreement; therefore, no liability relating to a potential future reversion of title has been recorded in the consolidated financial statements.

During the years ended June 30, 2017 and 2018, STF received Community Development Block Grant (CDBG) federal grant funding passed through the City of Mesa, Arizona (the City), to construct a conference center costing approximately $1 million, on a parcel of land that was donated to STF by the City. The agreements include restrictive covenants for the property to be used for specific programmatic purposes by certain agencies. The title on the property restricts the uses described above in perpetuity for current and future owners, unless a release from the restrictions is approved by the City.

Other properties acquired by the Organization with grant funds are encumbered with ongoing restrictions that preclude the use of the acquired properties for purposes other than transitional or permanent housing. Should such properties be sold or used for disallowed purposes, all or part of the grant funds may have to be returned.

NOTE 12 - RELATED PARTY TRANSACTIONS

ARM has four notes receivable totaling $2,334,288 due from Escobedo at Verde Vista, LLC, a related party (see Note 4).

ARM has a note receivable in the amount of $675,000 due from Valor on Eighth, LLC, a related party (see Note 4).

STF leases a building from Escobedo at Verde Vista, LLC, under a twenty-year lease expiring in 2033. The terms of the lease require STF to pay $100 as the base rent for the entire term of the lease. The Organization recognized $139,865 as in-kind expense during the year ended June 30, 2024, which approximates the estimated fair value of the donated facility. STF has recorded an in-kind rent receivable totaling $1,810,854, for the estimated future benefit of the donated space (see Note 10).

NOTE 13 – CONDITIONAL CONTRIBUTIONS

The Organization received conditional contributions from federal grant awards during the fiscal year ended June 30, 2024. Conditional contributions are recorded when the donor-imposed conditions are substantially met.

Certain conditions are required to be met by the Organization in order to earn these amounts. As of June 30, 2024, amounts awarded but not yet earned totaled $5,108,221. While management believes that the Organization will meet these conditions, they had not been met as of the year ended June 30, 2024. Accordingly, no amounts have been recorded for these conditional contributions in these financial statements.

NOTE 14 - EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) is a refundable tax credit of certain employment taxes on qualified wages. The ERC was originally part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) enacted by the U.S. Congress in response to the COVID-19 pandemic and has been subsequently amended in the Relief Act of 2021, American Rescue Plan Act of 2021, and the Infrastructure Investment and Jobs Act (collectively, the "Acts"). This credit is available to eligible organizations that fully or partially suspend operations to comply with government orders due to the COVID-19 pandemic or experienced a significant decline in gross receipts during any calendar quarter in 2020 and 2021.

During the year ended June 30, 2024, the Organization applied for the ERC in the amount of $251,611, which is recorded as income on the consolidated statement of activities and in grants receivable on the consolidated statement of financial position. In October 2024, the Internal Revenue Service (IRS) issued a notice of disallowance. In response, the Organization retained an Advocacy and Controversy Tax Consultant and filed a request for an appeals hearing. In January 2025, the IRS acknowledged the request and is pending their response. Management considers the ERC receivable to be fully collectible, and therefore, an allowance for doubtful grants receivable is not deemed necessary.

NOTE 15 – SUBSEQUENT EVENTS

The Organization has evaluated all events or transactions that occurred after June 30, 2024, through March 26, 2025, the date the Organization issued these consolidated financial statements.

In August 2024, Phoenix Scholar House, a 56-unit, multi-family, 9% low-income housing tax credit project, was approved by HUD. Phoenix Scholar House I MM, LLC (PSH MM LLC) is the managing member of Phoenix Scholar House I, LLC (PSH LLC) with a 0.009% interest. ARM PSH LLC has a 30% share of PSH MM LLC. The initial capital contribution of PSH MM LLC is $100. ARM is a co-developer of the project and is entitled to 30% of the developer fees earned, subject to performance. ARM has assigned and pledged as collateral its developer fees to the bank financing the construction loan. Additionally, in August 2024 ARM received its first developer fee payment of approximately $88,000.

SUPPLEMENTARY INFORMATION

Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2024

	Save the Family Foundation of Arizona	A.R.M. of Save the Family Foundation of Arizona	Eliminations	Total
ASSETS				
Current assets:				
Cash	$ 5,168,908	$ 1,953,786		$ 7,122,694
Certificates of deposit	256,460	257,580		514,040
Grants receivable	553,145	314,655	$ (56,573)	811,227
In-kind rent receivable, current portion	198,920			198,920
Promises to give receivable, current portion	220,500			220,500
Prepaid expenses	224,768			224,768
Total current assets	6,622,701	2,526,021	(56,573)	9,092,149
In-kind rent receivable, less current portion, net	1,611,934			1,611,934
Promises to give receivable, less current portion	3,400			3,400
Long-term notes receivable - related parties, net		2,482,193		2,482,193
Interest receivable - related parties		353,346		353,346
Property and equipment, net	1,486,842	12,673,880		14,160,722
Total assets	$ 9,724,877	$ 18,035,440	$ (56,573)	$ 27,703,744
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 69,458	$ 102,332	$ (56,573)	$ 115,217
Accrued expenses	174,782	23,682		198,464
Deposits held in trust	11,808			11,808
Refundable advances and deferred income	112,563	111,677		224,240
Lease liability, current portion	22,088			22,088
Total current liabilities	390,699	237,691	(56,573)	571,817
Lease liability, less current portion	16,937			16,937
Notes payable		1,768,411		1,768,411
Total liabilities	407,636	2,006,102	(56,573)	2,357,165
Net assets:				
Without donor restrictions:				
Board designated	4,450,000	1,804,000		6,254,000
Undesignated	2,523,120	14,225,338		16,748,458
Total net assets without donor restrictions	6,973,120	16,029,338		23,002,458
Net assets with donor restrictions	2,344,121			2,344,121
Total net assets	9,317,241	16,029,338		25,346,579
Total liabilities and net assets	$ 9,724,877	$ 18,035,440	$ (56,573)	$ 27,703,744

The accompanying notes are an integral part of these statements.

Save the Family Foundation of Arizona and A.R.M. of Save the Family Foundation of Arizona

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	Save the Family Foundation of Arizona		A.R.M. of Save the Family Foundation of Arizona			
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Eliminations	Total
Revenue, support, and gains:						
Government grants	$ 1,492,668		$ 1,965,337			$ 3,458,005
ERC Revenue	230,611		21,000			251,611
Contributions	1,588,227	$ 605,718				2,193,945
In-kind contributions	171,751					171,751
Client and management fees	833,097		239,902		$ (663,000)	409,999
Rental income			1,255,989			1,255,989
Miscellaneous	185,541		83,394			268,935
Gain on disposals of assets			459,556			459,556
Fundraising events:						
Gross fundraising events revenue	517,060					517,060
Less: direct donor benefit costs	(232,856)					(232,856)
Net fundraising events revenue	284,204					284,204
Net assets released from restrictions:						
Satisfaction of donor requirements	838,216	(838,216)				
Total revenue, support, and gains	5,624,315	(232,498)	4,025,178		(663,000)	8,753,995
Expenses:						
Salaries	2,280,997		205,466			2,486,463
Employee related	408,866		25,058			433,924
Depreciation	169,167		558,409			727,576
Direct assistance to individuals	1,094,480					1,094,480
Direct unit costs	107,131		915,478			1,022,609
Equipment	83,525		273			83,798
Materials and supplies	42,535		1,839			44,374
Operating	298,503		53,604			352,107
Other program expenses	8,012					8,012
Professional and outside services	348,883		677,831		(663,000)	363,714
Interest expense	12,458		27,407			39,865
Space and occupancy	361,763					361,763
Travel	65,257		22,537			87,794
Total expenses	5,281,577		2,487,902		(663,000)	7,106,479
Change in net assets	342,738	(232,498)	1,537,276			1,647,516
Net assets, beginning of year	6,630,382	2,576,619	14,492,062			23,699,063
Net assets, end of year	$ 6,973,120	$ 2,344,121	$ 16,029,338	$	$	$ 25,346,579

The accompanying notes are an integral part of these statements.