



Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Single Audit Report
For the Year Ended June 30, 2023

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Year Ended June 30, 2023

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Independent Auditor's Report

Board of Directors
Chrysalis Shelter for Victims of Domestic Violence, Inc.

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Chrysalis Shelter for Victims of Domestic Violence, Inc. (Chrysalis), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chrysalis Shelter for Victims of Domestic Violence, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Chrysalis Shelter for Victims of Domestic Violence, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Chrysalis' 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 Chrysalis' 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 Chrysalis' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Chrysalis Shelter for Victims of Domestic Violence, Inc.'s 2022 financial statements, and our report dated January 30, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, on our consideration of Chrysalis Shelter for Victims of Domestic Violence, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Chrysalis' 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 Chrysalis' internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
January 19, 2024

Chrysalis Shelter for Victims of Domestic Violence, Inc.
Statement of Financial Position
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,926,333	\$ 1,950,919
Accounts receivable	199	
Contributions receivable		50,000
Grants and contracts receivable	203,643	420,461
Prepaid expenses	37,920	52,025
Other current assets	8,500	8,500
Property and equipment, net	3,951,398	4,078,689
Operating lease right of use asset	20,551	
Finance lease right of use asset	35,866	
Total assets	<u>\$ 6,184,410</u>	<u>\$ 6,560,594</u>
<u>Liabilities</u>		
Accounts payable	\$ 47,970	\$ 75,697
Accrued payroll	184,164	160,875
Refundable advance		200,000
PPP loan		79,230
Operating lease liability	20,551	
Finance lease liability	43,501	
Total liabilities	<u>296,186</u>	<u>515,802</u>
<u>Net assets</u>		
Without donor restrictions:		
Expended for property and equipment	3,951,398	4,078,689
Available for operations	<u>1,850,637</u>	<u>1,829,914</u>
Total without donor restrictions	5,802,035	5,908,603
With donor restrictions:		
Time restricted		50,000
Purpose restricted	<u>86,189</u>	<u>86,189</u>
Total net assets	<u>5,888,224</u>	<u>6,044,792</u>
Total liabilities and net assets	<u>\$ 6,184,410</u>	<u>\$ 6,560,594</u>

See accompanying notes to financial statements.

Chrysalis Shelter for Victims of Domestic Violence, Inc.
Statement of Activities
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
Revenue, support, and gains:				
Grants and contracts revenue	\$ 3,044,736	\$	\$ 3,044,736	\$ 2,683,036
Contributions	884,182		884,182	869,420
Contributions - in kind	248,030		248,030	274,298
Special events	396,313		396,313	
Less: Direct donor benefit	(28,129)		(28,129)	
Client fees	48,738		48,738	72,444
PPP loan forgiveness				369,733
Other support and revenue	510		510	1,450
Net assets released from restrictions	50,000	(50,000)		
Total revenue, support, and gains	4,644,380	(50,000)	4,594,380	4,270,381
 Expenses and losses:				
Program services				
Shelter services	2,032,224		2,032,224	2,076,326
Transition	346,436		346,436	370,517
PAC	190,415		190,415	181,328
Victim's advocate	589,837		589,837	683,902
Outpatient	648,544		648,544	505,550
Total program expenses	3,807,456		3,807,456	3,817,623
Supporting services				
Management and general	662,879		662,879	394,990
Fundraising	280,613		280,613	329,740
Total supporting services	943,492		943,492	724,730
Total expenses and losses	4,750,948		4,750,948	4,542,353
Change in net assets	(106,568)	(50,000)	(156,568)	(271,972)
Net assets, beginning of year	5,908,603	136,189	6,044,792	6,316,764
Net assets, end of year	\$ 5,802,035	\$ 86,189	\$ 5,888,224	\$ 6,044,792

See accompanying notes to financial statements.

Chrysalis Shelter for Victims of Domestic Violence, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Program Services						Supporting Services		Totals	
	Shelter Services	Transition	PAC	Victim's Advocate	Outpatient	Total	Management and General	Fundraising	2023	2022
Salaries and wages	\$ 1,223,769	\$ 156,669	\$ 132,139	\$ 273,309	\$ 465,910	\$ 2,251,796	\$ 281,053	\$ 140,741	\$ 2,673,590	\$ 2,668,470
Payroll taxes and benefits	237,137	44,315	30,974	76,114	123,153	511,693	50,089	24,731	586,513	543,987
Professional services	48,445	8,640	9,241	77,423	15,036	158,785	152,801	44,267	355,853	135,675
Program supplies	69,057	3,378	176	8,986	1,194	82,791	2,059	55,489	140,339	136,053
Equipment rental	3,576	28	1,388	1,226	2,801	9,019	2,426	483	11,928	10,723
Depreciation	99,030	37,795		13,400		150,225	56,875		207,100	211,715
Amortization of right of use asset	3,808	1,216	301	731	592	6,648	733	254	7,635	
In-kind expenses	77,882	19,178		99,243		196,303	51,727		248,030	274,298
Utilities	49,803	21,309	1,298	1,099	2,511	76,020	2,193	616	78,829	75,518
Maintenance and repairs	110,987	35,197	9,504	11,797	18,624	186,109	13,452	3,590	203,151	106,133
Telephone and communication	24,316	7,764	1,924	4,667	3,778	42,449	4,684	1,623	48,756	54,084
Office expenses	47,065	7,164	814	14,120	9,618	78,781	29,790	20,107	128,678	148,209
Insurance	12,044	2,127	1,189	3,440	4,083	22,883	6,993	3,393	33,269	50,304
Travel	9,565	1,240		1,355	253	12,413	797	12,443	25,653	10,063
Fees	4,530	401	1,457	2,892	951	10,231	6,435	78	16,744	73,014
Miscellaneous expenses	11,065					11,065	51		11,116	38,857
Dues and subscriptions	145	15	10	35	40	245	721	927	1,893	5,250
Total expenses	2,032,224	346,436	190,415	589,837	648,544	3,807,456	662,879	308,742	4,779,077	4,542,353
Less expenses netted against revenue on the Statement of Activities:										
Direct donor benefit								(28,129)	(28,129)	
Total expenses	2,032,224	346,436	190,415	589,837	648,544	3,807,456	662,879	280,613	4,750,948	4,542,353

See accompanying notes to financial statements.

Chrysalis Shelter for Victims of Domestic Violence, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (156,568)	\$ (271,972)
Adjustments to reconcile change in net assets to net cash provided by/used for operating activities:		
Depreciation and amortization	214,735	211,715
Changes in assets and liabilities:		
Accounts receivable	(199)	4,437
Contributions receivable	50,000	(46,000)
Grants and contracts receivable	216,818	(64,268)
Prepaid expenses	14,105	(17,810)
Other current assets		13,000
Accounts payable	(27,727)	37,330
Accrued payroll	23,289	(13,161)
Refundable advance	<u>(200,000)</u>	<u>(248,963)</u>
Net cash provided by/used for operating activities	<u>134,453</u>	<u>(395,692)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(85,021)	(10,265)
Disposals of property and equipment	<u>5,212</u>	<u> </u>
Net cash provided by/used for investing activities	<u>(79,809)</u>	<u>(10,265)</u>
Cash flows from financing activities:		
PPP loan	<u>(79,230)</u>	<u>79,230</u>
Net cash provided by/used for financing activities	<u>(79,230)</u>	<u>79,230</u>
Net increase/decrease in cash and cash equivalents	(24,586)	(326,727)
Cash and cash equivalents, beginning of year	<u>1,950,919</u>	<u>2,277,646</u>
Cash and cash equivalents, end of year	<u>\$ 1,926,333</u>	<u>\$ 1,950,919</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for amounts included in the measurement of leases	\$ 10,361	\$

See accompanying notes to financial statements.

Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Notes To Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

Chrysalis Shelter for Victims of Domestic Violence, Inc. (Organization) was organized as a nonprofit corporation under the laws of the State of Arizona on April 9, 1981. Its programs are designed to provide education, care and rehabilitation for women, children and men suffering from domestic violence. The Organization operates short-term residential facilities in Phoenix and long-term transitional facilities in Phoenix and Scottsdale, along with outpatient counseling services and community advocacy. The Organization's primary sources of support are contributions and federal and state financial assistance in the forms of grants and contracts.

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. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

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

Use of Estimates

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

Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Notes To Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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.

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 \$1,926,333 and the bank balance was \$1,963,242.

Revenue Recognition

Grants and contracts revenue. Revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred 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 was awarded cost-reimbursable grants of \$818,391 that have not been recognized at June 30, 2023 because qualifying expenses have not yet been incurred.

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. The Organization did not have any conditional promises to give at June 30, 2023.

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

Client fees. The Organization recognizes revenue as payments are received.

Contributions Receivable

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with donors, and accordingly has made no allowance for doubtful accounts.

Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Notes To Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Grants and Contracts Receivable

Government grants receivable consists of amounts due from the federal government. Government grants receivable are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts is not considered necessary.

Property and Equipment

All acquisitions of property and equipment with a cost in excess of \$5,000 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 5 to 40 years. Depreciation expense for the current fiscal year was \$207,100.

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), depending on job classification, length of service, and other factors. It is the Organization's policy to recognize the cost of compensated absence when leave is earned by employees.

Leases

The Organization determines if an arrangement is or contains a lease at inception. All leases are recorded on the statement of financial position except for leases with an initial term less than 12 months. Lease assets and obligations are recognized based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments when the implicit rate is not readily determinable.

Operating lease right-of-use assets (ROU) include adjustments related to lease payments made and lease incentives received at or before the commencement date. The assets resulting from operating leases are included in right-of-use assets and the related liabilities are included in operating leases payable on the Statement of Financial Position. Finance lease assets are included in property and equipment, net, and the related liabilities are included in finance leases payable on the Statement of Financial Position.

Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Notes To Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Operating lease expense is recognized on a straight-line basis over the lease term. The Organization has elected to not separate lease and non-lease components for real estate and office equipment leases. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

Donated Services and In-Kind Contributions

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

Volunteers contribute significant amounts of time to the Organization 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.

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 benefits	Time and effort
Professional services	Time and effort
Occupancy	Square footage
Depreciation	Square footage

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the current fiscal year, advertising costs totaled \$52,268. Advertising expenses are funded by grants and in-kind donations.

Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Notes To Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

Upon adoption, the Organization recognized operating and finance lease ROU assets of \$20,551 and \$35,866, respectively and related lease liabilities of \$20,551 and \$43,501 in the statement of financial position. The adoption did not result in a significant effect on amounts reported in the statement of activities, or on the accounting for contracts classified as finance leases. The Organization has elected not to restate the comparative period (2022).

Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Notes To Financial Statements
June 30, 2023

Note 2 – Liquidity and Availability

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

Financial assets at year end:	
Cash and cash equivalents	\$ 1,926,333
Contributions receivable	199
Grants and contracts receivable	<u>203,643</u>
Total financial assets	<u>2,130,175</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	86,189
Less: Net assets with purpose restrictions to be met in less than a year	<u>(86,189)</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 2,130,175</u></u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization preserves its cash in various business checking accounts.

Note 3 – Grants and Contracts Receivable

Grants and contracts receivable consisted of the following at June 30, 2023:

Arizona Department of Public Safety	\$ 160,422
Town of Gilbert	25,000
City of Phoenix	4,590
Other receivables	<u>13,631</u>
Total grants and contracts receivable	<u>\$ 203,643</u>

Note 4 – Property and Equipment

Property and equipment consist of the following.

Land	\$ 224,941
Buildings and improvements	6,152,773
Vehicles	113,000
Furniture and equipment	<u>308,016</u>
Total property and equipment	6,798,730
Less: Accumulated depreciation and amortization	<u>(2,847,332)</u>
Net property and equipment	<u><u>\$ 3,951,398</u></u>

Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Notes To Financial Statements
June 30, 2023

Note 5 – Net Assets

Net assets with donor restrictions were as follows:

Specific Purpose		
Capital campaign	\$	86,189

Net assets released from donor restrictions are as follows:

Satisfaction of time restrictions	\$	50,000
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Note 6 – Leases

The Organization leases certain office equipment at various terms under long-term noncancelable operating lease and finance lease agreements. The leases expire at various dates through. Renewal options reasonably certain to be exercised are included in the determination of the right-of-use assets and lease liabilities.

In addition, the Organization leases office equipment under a finance lease. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Organization’s assets and liabilities.

Total lease costs for the year ended June 30, 2023 were as follows:

		<u>2023</u>
Operating lease cost	\$	9,444
Finance Lease cost:		
Amortization of assets held under lease		<u>7,635</u>
Total	\$	<u><u>17,079</u></u>

The following table summarizes the right of use assets and related accumulated amortization:

	<u>Operating</u>	<u>Finance</u>	
Right of use assets	\$ 29,267	\$ 43,501	
Accumulated amortization	<u>(8,716)</u>	<u>(7,635)</u>	
Total	<u><u>\$ 20,551</u></u>	<u><u>\$ 35,866</u></u>	

Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Notes To Financial Statements
June 30, 2023

Note 6 – Leases

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

Year End:	Operating	Finance
2024	\$ 9,444	\$ 12,216
2025	9,444	12,216
2026	2,361	12,216
2027	9,162	9,162
Total minimum lease payments	21,249	45,810
Less: Discount to present value	698	2,309
Present value of lease liabilities	\$ 20,551	\$ 43,501
Weighted average remaining lease term	27	45
Weighted average discount rate	2.88%	2.85%

Note 7 – Concentrations

The Organization received approximately 28 percent of its grants and contracts revenue from one provider. If the Organization were to lose its government grants and contracts, it would have a severe near-term impact upon the Organization and its operations.

Note 8 – Commitments and Contingencies

The Organization is subject to certain loss contingencies, such as litigation, arising in the normal conduct of its activities. In the opinion of management, the liability, if any, for such contingencies will not have a material effect on the Organization's financial position.

In addition, amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Notes To Financial Statements
June 30, 2023

Note 9 – Employee Benefit Plans

Tax-deferred Annuity Plan

The Organization has adopted the Chrysalis Shelter for Victims 401(k) Profit Sharing Plan and Trust (Plan). In January 2020, the Organization closed the 401(k) plan and opened a 403(b) plan. The plan allows all employees over the age of 21 to participate. The Organization may make contributions to the Plan, and participants will receive a pro rata allocation of the contribution based on the participant's compensation in relation to the total compensation of all qualifying participants. The Organization made contributions of \$39,499 to the Plan during the year ended June 30, 2023.

Note 10 – Contributed Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets during the fiscal year:

Advertising/marketing	\$ 43,949
Client legal services	99,243
Clothing and household supplies	86,420
Rent	18,418
Total	<u>\$ 248,030</u>

Clothing and household supplies – The Organization receives a variety of clothing and household supplies. The items are immediately distributed for use by individuals in the Organization's shelters. The valuation for clothing and household items is based on average per unit values that are based on retail values for like items.

Marketing and legal services – The Organization also receives donated services for marketing and legal services for that are provided to clients. The services are valued based on the fair market value of the services.

Rent – Additionally, the Organization receives donated rent from the City of Phoenix for apartments to provide transitional housing, the three units vary in cost, monthly the donation from the City is \$1,535. The clients do not pay rent/fees for the units.

Note 11 – Subsequent Event

Subsequent events have been evaluated through January 19, 2024, which is the date the financial statements were available to be issued.

In July 2023, the Organization received \$247,612 from the Employer Retention Tax Credit Program.

Single Audit Section

**Independent Auditor’s 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**

Board of Directors
Chrysalis Shelter for Victims of Domestic Violence, Inc.

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 Chrysalis Shelter for Victims of Domestic Violence, Inc., which comprise the statement of financial position as of June 30, 2023, 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 January 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chrysalis Shelter for Victims of Domestic Violence, Inc.’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 Chrysalis Shelter for Victims of Domestic Violence, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Chrysalis Shelter for Victims of Domestic Violence, Inc.’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 Chrysalis Shelter for Victims of Domestic Violence, Inc.'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
January 19, 2024

**Independent Auditor’s Report on Compliance for Each Major Federal Program,
Report on Internal Control Over Compliance and
Report on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Board of Directors
Chrysalis Shelter for Victims of Domestic Violence, Inc.

Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program

We have audited Chrysalis Shelter for Victims of Domestic Violence, Inc.’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 Chrysalis Shelter for Victims of Domestic Violence, Inc.’s major federal programs for the year ended June 30, 2023. Chrysalis Shelter for Victims of Domestic Violence, Inc.’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, Chrysalis Shelter for Victims of Domestic Violence, Inc. 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, 2023.

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 Chrysalis Shelter for Victims of Domestic Violence, Inc. 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 Chrysalis Shelter for Victims of Domestic Violence, Inc.’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 Chrysalis Shelter for Victims of Domestic Violence, Inc.'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 Chrysalis Shelter for Victims of Domestic Violence, Inc.'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 Chrysalis Shelter for Victims of Domestic Violence, Inc.'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 Chrysalis Shelter for Victims of Domestic Violence, Inc.'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 Chrysalis Shelter for Victims of Domestic Violence, Inc.'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 Chrysalis Shelter for Victims of Domestic Violence, Inc.'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 Chrysalis Shelter for Victims of Domestic Violence, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated January 19, 2024, 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
January 19, 2024

Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Schedule of Expenditures of Federal Awards
Fiscal Period 7/1/2022 - 6/30/2023

<i>Federal Awarding Agency/Program Title</i>	<i>Federal AL 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 HOUSING AND URBAN DEVELOPMENT								
COVID-19 COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID-19	TOWN OF GILBERT	321000341	\$50,000	\$53,584	CDBG - ENTITLEMENT GRANTS CLUSTER	\$53,584
COVID-19 COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID-19	CITY OF SCOTTSDALE	2022-080-COS	\$3,584	\$53,584	CDBG - ENTITLEMENT GRANTS CLUSTER	\$53,584
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>\$53,584</u>			
DEPARTMENT OF JUSTICE								
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2021-00110	\$702,214	\$1,292,268	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2021-00119	\$452,848	\$1,292,268	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2021-00120	\$137,206	\$1,292,268	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE					<u>\$1,292,268</u>			
DEPARTMENT OF TREASURY								
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND	21.027	COVID-19	ARIZONA COALITION TO END SEXUAL AND DOMESTIC VIOLENCE	C-22-22-157-X-00	\$46,428	\$246,428	N/A	\$0
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND	21.027	COVID-19	MARICOPA COUNTY	C-73-22-060-X-00	\$200,000	\$246,428	N/A	\$0
TOTAL DEPARTMENT OF TREASURY					<u>\$246,428</u>			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	CTR062144	\$347,453	\$347,453	N/A	\$0
SOCIAL SERVICES BLOCK GRANT	93.667		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	CTR062144	\$97,655	\$97,655	N/A	\$0
FAMILY VIOLENCE PREVENTION AND SERVICES/DOMESTIC VIOLENCE SHELTER AND SUPPORTIVE SERVICES	93.671		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR062144	\$437,976	\$556,295	N/A	\$0
COVID-19 FAMILY VIOLENCE PREVENTION AND SERVICES/DOMESTIC VIOLENCE SHELTER AND SUPPORTIVE SERVICES	93.671	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-185588	\$118,319	\$556,295	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					<u>\$1,001,403</u>			
TOTAL EXPENDITURE OF FEDERAL AWARDS					<u>\$2,593,683</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.

Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Notes to the Schedule of Expenditures of Federal Awards
Fiscal Period 7/1/2022 - 6/30/2023

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Chrysalis Shelter for Victims of Domestic Violence, Inc. under programs of the federal government for the year ended June 30, 2023. 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 used the de minimis cost rate.

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.

**Chrysalis Shelter For Victims Of Domestic Violence, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

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>
16.575	Crime Victim Assistance

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

Auditee qualified as low-risk auditee: Yes

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: No