TEEN LIFELINE, INC.

Financial Statements and Independent Auditor's Report

Years Ended December 31, 2022 and 2021

TEEN LIFELINE, INC.
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December 31, 2022 and 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Teen Lifeline, Inc.
Phoenix, Arizona

Opinion

We have audited the accompanying financial statements of Teen Lifeline, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teen Lifeline Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Teen Lifeline Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Teen Lifeline, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Teen Lifeline's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Teen lifeline, Inc.'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.

Snyder & Brown CPAs. PLLC

Snyder & Brown, CPAs, PLLC
Tempe, Arizona
April 21, 2023

Teen Lifeline, Inc.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	$ 2,331,545	$ 2,229,074
Contributions and grants receivable	60,127	92,586
Prepaid expenses	6,458	6,353
Total current assets	2,398,130	2,328,013
Property and equipment, net	237,158	247,893
Total assets	$ 2,635,288	$ 2,575,906
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 18,363	$ 18,770
Accrued payroll	27,889	28,020
Accrued vacation	35,597	30,347
Total liabilities	81,849	77,137
Net Assets:		
Without donor restrictions	2,493,312	2,101,183
With donor restrictions	60,127	397,586
Total net assets	2,553,439	2,498,769
Total liabilities and net assets	$ 2,635,288	$ 2,575,906

See accompanying notes to financial statements.

Teen Lifeline, Inc.
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support						
Revenue and other support:						
Contributions	$ 514,363	$ 60,127	$ 574,490	$ 644,378	$ 68,339	$ 712,717
Government grants and contracts	31,658	-	31,658	321,925	329,247	651,172
Donated materials and services	244,424	-	244,424	191,960	-	191,960
Net assets released from restrictions	397,586	(397,586)	-	96,118	(96,118)	-
Interest income	259	-	259	500	-	500
Total revenue and support before special events revenue	1,188,290	(337,459)	850,831	1,254,881	301,468	1,556,349
Special events:						
Revenue from special events	767,840	-	767,840	675,832	-	675,832
Less cost of direct donor benefits	(104,188)	-	(104,188)	(87,145)	-	(87,145)
Special events, net	663,652	-	663,652	588,687	-	588,687
Total revenue and other support	1,851,942	(337,459)	1,514,483	1,843,568	301,468	2,145,036
Expenses						
Program services	1,206,923	-	1,206,923	989,401	-	989,401
Management and general	98,240	-	98,240	100,329	-	100,329
Fundraising	154,650	-	154,650	147,190	-	147,190
Total expenses	1,459,813	-	1,459,813	1,236,920	-	1,236,920
Change in net assets	392,129	(337,459)	54,670	606,648	301,468	908,116
Net assets at beginning of year	2,101,183	397,586	2,498,769	1,494,535	96,118	1,590,653
Net assets at end of year	$ 2,493,312	$ 60,127	$ 2,553,439	$ 2,101,183	$ 397,586	$ 2,498,769

See accompanying notes to financial statements.

Teen Lifeline, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021

	2022							
	Program Services				Supporting Services			
	Hotline	Life Skills Development	Community Education	Total Program Services	Management and General	Fundraising	Cost of Direct Benefits to	Total
Personnel expenses:								
Salaries and wages	$313,128	$ 127,854	$ 183,434	$ 624,416	$ 64,790	$ 70,429	$ -	$ 759,635
Payroll taxes and employee benefits	58,124	20,909	30,876	109,909	12,466	12,625	-	135,000
Total personnel expense	371,252	148,763	214,310	734,325	77,256	83,054	-	894,635
Other expenses:								
Public relations and outreach	6,141	2,579	243,481	252,201	-	-	-	252,201
Training and development	3,895	2,282	10,148	16,325	2,334	100	-	18,759
Conferences, conventions and meetings	-	-	4,563	4,563	5,971	6,068	102,990	119,592
Volunteer appreciation	8,734	3,850	3,035	15,619	-	-	-	15,619
Dues and subscriptions	11,226	2,850	5,570	19,646	1,793	2,750	-	24,189
Storage	1,390	1,361	1,361	4,112	1,310	1,310	-	6,732
Insurance	4,550	3,034	2,685	10,269	570	570	698	12,107
Professional fees	30,721	10,475	18,079	59,275	8,264	19,225	500	87,264
Telephone expenses	14,312	1,051	1,432	16,795	-	-	-	16,795
Utilities	2,868	1,553	1,553	5,974	-	-	-	5,974
Supplies	4,580	4,232	1,667	10,479	22	11,665	-	22,166
Postage and printing	2,949	22	4,060	7,031	-	3,095	-	10,126
Equipment and software	6,392	783	3,074	10,249	-	-	-	10,249
Repairs and maintenance	1,867	-	-	1,867	-	-	-	1,867
Bank and merchant fees	-	-	-	-	-	26,200	-	26,200
Travel and mileage	990	-	2,821	3,811	-	-	-	3,811
Licenses and fees	1,104	579	579	2,262	184	184	-	2,630
Curriculum development/implementation	10,000	2,000	10,350	22,350	-	-	-	22,350
Depreciation	3,543	2,040	4,187	9,770	536	429	-	10,735
	486,514	187,454	532,955	1,206,923	98,240	154,650	104,188	1,564,001
Less amount reported in revenue and support on the statement of activities:								
Cost of direct benefit to donors	-	-	-	-	-	-	(104,188)	(104,188)
Total expenses	$486,514	$ 187,454	$ 532,955	$ 1,206,923	$ 98,240	$ 154,650	$ -	$1,459,813

See accompanying notes to financial statements.

Teen Lifeline, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021

(Continued)

	2021							
	Program Services				Supporting Services			
	Hotline	Life Skills Development	Community Education	Total Program Services	Management and General	Fundraising	Cost of Direct Benefits to	Total
Personnel expenses:								
Salaries and wages	$234,637	$ 117,253	$ 172,731	$ 524,621	$ 68,013	$ 77,268	$ -	$ 669,902
Payroll taxes and employee benefits	46,835	22,052	32,352	101,239	12,013	14,174	-	127,426
Total personnel expense	281,472	139,305	205,083	625,860	80,026	91,442	-	797,328
Other expenses:								
Public relations and outreach	4,427	381	192,951	197,759	-	-	-	197,759
Training and development	2,379	2,493	367	5,239	2,003	522	-	7,764
Conferences, conventions and meetings	-	-	-	-	4,423	-	87,145	91,568
Volunteer appreciation	20	2,534	-	2,554	-	-	-	2,554
Dues and subscriptions	7,996	1,082	3,323	12,401	966	1,153	-	14,520
Storage	853	853	853	2,559	853	853	-	4,265
Insurance	3,237	2,385	2,045	7,667	426	426	-	8,519
Professional fees	19,427	7,754	18,623	45,804	8,293	27,839	-	81,936
Telephone expenses	14,437	1,164	1,663	17,264	-	-	-	17,264
Utilities	2,790	1,511	1,511	5,812	-	-	-	5,812
Supplies	3,555	1,813	570	5,938	13	6,788	-	12,739
Postage and printing	1,231	566	4,698	6,495	-	2,743	-	9,238
Equipment and software	7,054	905	2,632	10,591	-	-	-	10,591
Repairs and maintenance	77	922	42	1,041	-	-	-	1,041
Bank and merchant fees	2,465	2,465	2,465	7,395	2,571	14,819	-	24,785
Travel and mileage	463	-	2,625	3,088	-	-	-	3,088
Licenses and fees	1,048	549	549	2,146	175	175	-	2,496
Curriculum development/implementation	10,000	2,000	8,000	20,000	-	-	-	20,000
Depreciation	3,549	2,044	4,195	9,788	538	430	-	10,756
Other	-	-	-	-	42	-	-	42
	366,480	170,726	452,195	989,401	100,329	147,190	87,145	1,324,065
Less amount reported in revenue and support on the statement of activities:								
Cost of direct benefit to donors	-	-	-	-	-	-	(87,145)	(87,145)
Total expenses	$366,480	$ 170,726	$ 452,195	$ 989,401	$ 100,329	$ 147,190	$ -	$1,236,920

See accompanying notes to financial statements.

Teen Lifeline, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ 54,670	$ 908,116
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,735	10,756
(Increase) decrease in assets:		
Contributions and grants receivable	32,459	3,532
Prepaid expenses	(105)	20,751
Increase (decrease) in liabilities:		
Accounts payable	(407)	12,582
Accrued payroll and related	5,119	2,277
Net cash provided by operating activities	102,471	958,014
Net increase in cash and cash equivalents	102,471	958,014
Cash and cash equivalents, at beginning of year	2,229,074	1,271,060
Cash and cash equivalents, at end of year	$ 2,331,545	$ 2,229,074

See accompanying notes to financial statements.

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Teen Lifeline, Inc. (the Organization), was incorporated under the laws of the State of Arizona in June 1999 and has been in operation since 1985, originally as part of another not-for-profit organization.

Teen Lifeline provides a safe, confidential, and crucial crisis intervention service for Arizona teens. Teen Lifeline's work is towards its mission to prevent teen suicide in Arizona through enhancing resiliency in youth and fostering supportive communities. This happens through its peer-to-peer crisis hotline and suicide prevention education services for teens, educators, and parents. Additionally, as an all-around service, Teen Lifeline further works to prevent youth suicide by fostering supportive communities.

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 accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

> Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
>
> Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

Cash includes cash and, at times, cash equivalents consisting of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at financial institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC).

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Concentration of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. At December 31, 2022 and 2021, the Organization had cash and cash equivalents that exceeded federally insured limits totaling $1,087,519 and $985,247, respectively. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Receivables

Grants receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances due from government agencies for program services for uncollected balances awarded in the calendar year. The amounts are considered fully collectible at December 31, 2022 and 2021.

Contributions receivable

Unconditional promises to give are recognized as revenues in the period the promise is received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. At December 31, 2022 and 2021, management considers all contributions receivable to be fully collectible and, therefore, no allowance for doubtful accounts has been provided. At December 31, 2022 and 2021, all contributions receivable were due in less than 1 year, accordingly, management does not consider a discount necessary.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment that materially prolong the useful life of an asset in excess of $1,000. Property and equipment is carried at cost or fair value at the date of donation. Depreciation is recognized using the straight-line method over the assets' estimated life as follows:

Buildings	39 years
Building Improvements	10 to 39 years
Furniture and Equipment	5 to 7 years

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulate depreciation are removed from the accounts and gains and losses are included in operations.

Leases

The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance leases. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated useful life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the balance sheet. The Organization had no significant finance or operating leases during 2022 and 2021.

Certain lease contracts include obligations to pay for other services such as operations, property taxes and maintenance. For leases of property, the services are accounted for separately and payments are allocated to the lease and other services components based on stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments, using a discount rate based on similarly secured borrowings available. Right of use assets are recognized based on the initial present value of the fixed lease payments, plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the lease assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

Impairment of Long-Lived Assets

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

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is a public charity, nonprofit organization as defined in the Internal Revenue Code Section 501(c)(3) and is therefore exempt from federal and state income taxes. It is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

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

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages	Time and Effort
Employee benefits	Time and Effort
Payroll taxes	Time and Effort
Occupancy	Effort
Curriculum, bank fees, and depreciation	Percentage of use

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) amending the accounting for leases. The Organization adopted the new standard effective January 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption as the Organization utilized the practical expedient available under the guidance. Further, the Company elected to implement the package of practical expedients, whereby the Company did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs. The implementation of this standard did not have a material impact to the statements of income and retained earnings and cash flows.

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Program service revenue – Government grants and contracts

Mercy Care – Coalition Revenue

During 2021 the Organization participated in a suicide prevention coalition with certain other 501(c)(3) not-for-profit organizations in a fee for service grant agreement with the provider, Mercy Care. The coalition is a formal agreement in which each group retains its identity and maintains a separate contract with Mercy Care but all agree to work together toward a common goal to identify and address behavioral health issues for a target audience. The Organization acts as a fiscal agent for the coalition receiving a combined remittance from Mercy Care and remitting payment to the other coalition members. The Organization recognizes program services revenue in the month services are rendered. Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with terms of the grant or contract. The Organization recognizes the revenue under its separate contract only.

Mercy Care – Coalition Revenue (Continued)

The Organization received distributions totaling $450,372 and remitted $56,038 during 2021. Of this 2021 revenue, $300,000 was designated for the funding of the 2022 Caring Contacts Pilot Program. The Organization recognized net revenues of $394,334, under its separate contracts with the provider during 2021. Penalties assessed on the Organization for failure to comply with the terms of the agreement are limited to the delivery of services already provided and the return of the unspent amount.

City Grants

The Organization has various contracts with government agencies to provide services. The services are based on those that are within the Organization's mission and are currently being provided to the public. Penalties assessed on the Organization for failure to comply with the terms of the agreement are limited to the delivery of services already provided and the return of the unspent amount.

Special Event Revenue

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Contributed property and equipment

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Additionally, volunteers donate a significant amount of time to the Organization's program services. The fair value of these donated services is not recognized in the statement of activities since they do not meet the criteria for recognition under generally accepted accounting principles.

The estimated unrecorded value of donated services contributed by volunteers for the years ended December 31, 2022 and 2021 is as follows:

	2022	
	Number of Hours Donated	Value
Program services	21,212	$ 605,390
Management, general and fundraising	450	12,843
Total	21,662	$ 618,233

	2021	
	Number of Hours Donated	Value
Program services	21,967	$ 626,938
Management, general and fundraising	420	11,987
Total	22,387	$ 638,925

The estimated monetary value of volunteer hours reflected above is calculated at $28.54 based on the Economic Reports of the President as reported by Independent Sector.

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 - Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data. inputs that are unobservable, including the Organization's own assumptions in determining the fair value of assets such as published catalogs, vendors, independent appraisals, and other sources. Methods such as estimates, averages, or computational approximations, such as average value per pound or subsequent sales can be used.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to an entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Advertising – Public Relations and Outreach

The Organization uses advertising to accomplish and promote its programs to the public. Advertising costs are charged to operations as incurred or at the time they are donated. Advertising expenses were $252,201 and $197,760, for the years ended December 31, 2022 and 2021, respectively.

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Date of Management's Review

In preparing these consolidated financial statements, the Organization's management has evaluated events and transactions for potential recognition or disclosure through April 21, 2023, the date the consolidated financial statements were available for issuance.

Note 2 – Availability and Liquidity

The Organization's goal is generally to maintain financial assets to meet one year of total expenses (approximately $1,200,000). As part of its liquidity plan, the entity maintains the majority of its short term assets in cash accounts, including interest bearing money market accounts.

The following represents the Organization's financial assets to meet its operations needs as of December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 2,331,545	$ 2,229,074
Contributions and grants receivable	60,127	92,586
Less contractual or donor-imposed restrictions:		
Restricted by donors with purpose	-	(41,240)
Financial assets available to be used within one year	$ 2,391,672	$ 2,280,420

Note 3 - Property and Equipment

Property and equipment consist of the following at December 31, 2022 and 2021:

	2022	2021
Building	$ 192,170	$ 192,170
Building improvements	43,664	43,664
Land	47,650	47,650
Furniture, fixtures and equipment	36,914	36,914
Accumulated depreciation	(83,240)	(72,505)
	$ 237,158	$ 247,893

Depreciation expense totaled $10,735 and $10,756 for the years ended December 31, 2022 and 2021, respectively.

Note 4 – Paycheck Protection Program

The Organization received proceeds under the Paycheck Protection Program during 2021 totaling $148,715, which was used for eligible purposes during 2021 and therefore reported as revenue in the statement of activities under government grants and contract revenue during the year ended December 31, 2021.

Note 5 – Concentrations

The Organization received 39% of its cash support from one donor, Mercy Care, during the year ending December 31, 2021.

Note 6 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2022 and 2021:

	2022	2021
Time restricted:		
Contributions receivable	$ 60,127	$ 63,339
Purpose and time restricted:		
City of Scottsdale - Program Services	-	-
City of Mesa - Program Services	-	26,141
City of Tempe - Program Services	-	3,106
Purpose restricted:		
Mercy Care-Caring Contacts program	-	300,000
Impact statement	-	5,000
Total purpose restricted	-	334,247
Total net assets with donor restrictions	$ 60,127	$ 397,586

Note 7 – Donated Services and Materials

The Organization received donated materials and time from professionals that the Organization would usually have to pay for the services. Donated services are recorded within the year the services were received as revenue, without donor restrictions, and an equal amount is recorded in program expenses within the statement of activities resulting in not net impact on the changes in net assets during the year.

The estimated fair value of donated materials and services received and used are as follows as of December 31, 2022 and 2021:

Type	2022	2021
Donated services:		
Advertising: Print, television, radio, online	$ 234,639	$ 189,090
Donated goods:		
Peer/volunteer appreciation and other goods	9,785	2,870
Total donated services and goods:	$ 244,424	$ 191,960

Note 8 – Retirement Plan

The Organization offers a SIMPLE IRA plan for all full time equivalent employees who earn more than $5,000. The Organization matches employee contributions into the plan up to 3%. Contributions into the plan totaled $17,093 and $15,902, for the years ended December 31, 2022 and 2021, respectively.