Financial Reports

A NEW LEAF, INC. AND AFFILIATES

Mesa, Arizona

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2020

Henry+Horne

A NEW LEAF, INC. AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
A New Leaf, Inc. and Affiliates
Mesa, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of A New Leaf, Inc. (a nonprofit organization) and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of A New Leaf, Inc. and Affiliates as of June 30, 2020, 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.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 , on our consideration of A New Leaf, Inc. and Affiliates' 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 A New Leaf, Inc. and Affiliates' 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 A New Leaf, Inc. and Affiliates' internal control over financial reporting and compliance.

Henry + Horne, LLP

Tempe, Arizona
March 4, 2021

A NEW LEAF, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 5,333,694
Restricted cash - deposits and funded reserves	329,947
Restricted cash - designated for direct loan fund	119,011
Restricted cash - Individual Development Accounts (IDA)	1,009,603
Accounts receivable, net of allowance for uncollectible accounts of $766,577	2,702,426
Promises to give, net	520,313
Prepaid expenses	240,336
Loans receivable, current portion, net	47,939
Due from affiliates	580,977
TOTAL CURRENT ASSETS	10,884,246
NON-CURRENT ASSETS	
Loans receivable, net of current portion	115,350
Notes receivable, related parties, net	1,013,894
Deposits	348,647
Investments	105,914
Investments held for deferred compensation plan	245,711
Investment in affiliate	1,401,936
Property and equipment, net	13,773,653
Beneficial interest in perpetual trust	227,937
Assets restricted for long-term purposes - Endowment:	
Cash	37,723
Investments	1,513,282
Promises to give, net	29,537
TOTAL NON-CURRENT ASSETS	18,813,584
TOTAL ASSETS	$ 29,697,830

See accompanying notes.

A NEW LEAF, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
June 30, 2020

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	$ 485,801
Accrued expenses	1,250,981
Deferred revenue	2,021,153
Deferred conditional contribution (PPP)	2,493,256
Lines of credit	991,357
Notes payable, current portion	485,303
Capital leases, current portion	49,583
TOTAL CURRENT LIABILITIES	7,777,434
NON-CURRENT LIABILITIES	
Tenant security deposits	6,050
Accrued deferred compensation	245,711
Notes payable, net of current portion	4,567,306
Capital leases, net of current portion	77,370
Guaranteed loan obligation	17,348
TOTAL NON-CURRENT LIABILITIES	4,913,785
TOTAL LIABILITIES	12,691,219
NET ASSETS	
Without donor restrictions	9,644,927
With donor restrictions	7,361,684
TOTAL NET ASSETS	17,006,611
TOTAL LIABILITIES AND NET ASSETS	$ 29,697,830

A NEW LEAF, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contract revenue	$ 17,507,513	$ -	$ 17,507,513
Behavioral health revenue	8,982,826	-	8,982,826
Payroll protection program government grant	2,214,544	-	2,214,544
Contributions	3,131,271	3,129,312	6,260,583
In-kind donations and rent	1,472,751	-	1,472,751
Client fees	507,339	-	507,339
Rental income	491,669	-	491,669
Investment return	(12,640)	82,084	69,444
Other income	261,027	-	261,027
Release from purpose restrictions	3,175,545	(3,175,545)	-
Release from time and purpose restrictions	529,370	(529,370)	-
	38,261,215	(493,519)	37,767,696
Bingo revenue	986,308	-	986,308
Cost of goods sold	(589,513)	-	(589,513)
	396,795	-	396,795
Special events income	87,176	-	87,176
Direct benefit to donors	(66,191)	-	(66,191)
	20,985	-	20,985
TOTAL REVENUE AND SUPPORT	38,678,995	(493,519)	38,185,476
EXPENSES			
Program services	31,895,552	-	31,895,552
Bingo games	228,861	-	228,861
Management and general	4,947,757	-	4,947,757
Fundraising	1,388,851	-	1,388,851
TOTAL EXPENSES	38,461,021	-	38,461,021
CHANGE IN NET ASSETS	217,974	(493,519)	(275,545)
NET ASSETS AT BEGINNING OF YEAR	9,426,953	7,855,203	17,282,156
NET ASSETS AT END OF YEAR	$ 9,644,927	$ 7,361,684	$ 17,006,611

See accompanying notes.

A NEW LEAF, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services										
	Shelter Services	Youth Services	Behavioral Health	Community Services and Education	Real Estate and Other Programs	Community Development Financial Institution	Community Action Program	Weatherization	Individual Development Account	COVID	Total Program Services
Salaries and wages	$ 3,281,637	$ 6,228,368	$ 5,185,246	$ 1,255,317	$ 36,275	$ 117,263	$ 377,456	$ 37,135	$ 87,647	$ 893	$ 16,607,237
Payroll taxes	275,388	526,668	418,013	110,656	3,295	9,968	31,676	2,864	6,430	356	1,385,314
Employee benefits	445,134	674,703	610,453	158,900	43	8,508	38,159	10,378	6,609	22	1,952,909
	4,002,159	7,429,739	6,213,712	1,524,873	39,613	135,739	447,291	50,377	100,686	1,271	19,945,460
Professional services	224,073	1,118,692	183,455	167,371	41,103	54,805	35,758	1,345	24,936	388	1,851,926
Advertising, marketing, and printing	3,087	3,292	10,903	4,340	-	432	158	-	-	-	22,212
Supplies and postage	60,927	111,480	46,387	28,398	419	1,092	5,927	195	381	1,050	256,256
Telephone	138,077	127,323	126,182	38,780	9,248	5,429	21,244	1,046	1,740	330	469,399
Occupancy	778,956	502,831	580,815	112,686	89,116	329	35,313	2,823	5,285	1,281	2,109,435
Travel and vehicle	73,582	273,979	57,810	37,437	432	3,544	4,844	1,829	2,627	-	456,084
Interest expense	18,393	62,502	30,314	13,746	47,672	11,675	2,021	174	20	-	186,517
Conferences	6,127	1,603	8,144	5,471	-	3,105	2,264	1,311	42	-	28,067
Depreciation	263,394	146,516	41,177	10,464	64,527	406	-	-	-	-	526,484
Insurance	142,208	267,083	134,268	39,067	3,515	2,232	10,234	7,418	2,082	818	608,925
Equipment lease, repair, and maintenance	66,069	53,558	66,667	37,787	2,299	77	16,136	841	2,715	2	246,151
Client expenses	2,426,905	532,051	84,788	99,546	2,423	140	1,220,947	404,360	60,270	97,366	4,928,796
Bad debt	-	-	-	-	-	176,123	-	-	-	-	176,123
Bingo cost of goods sold	-	-	-	-	-	-	-	-	-	-	-
Bingo taxes	-	-	-	-	-	-	-	-	-	-	-
Special event expenses	11,926	-	-	915	-	-	-	-	-	-	12,841
Miscellaneous expense	8,824	22,662	15,286	7,851	11,667	1,446	2,368	500	112	-	70,716
Contribution expense	-	-	-	-	-	160	-	-	-	-	160
TOTAL EXPENSES	8,224,707	10,653,311	7,599,908	2,128,732	312,034	396,734	1,804,505	472,219	200,896	102,506	31,895,552
Amounts not included in expenses on consolidated statement of activities:											
Special event venue and food	-	-	-	-	-	-	-	-	-	-	-
Bingo cost of goods sold	-	-	-	-	-	-	-	-	-	-	-
	$ 8,224,707	$ 10,653,311	$ 7,599,908	$ 2,128,732	$ 312,034	$ 396,734	$ 1,804,505	$ 472,219	$ 200,896	$ 102,506	$ 31,895,552

A NEW LEAF, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (Continued)
Year Ended June 30, 2020

	Bingo Games	Management and General	Fundraising	Total
Salaries and wages	$ 70,028	$ 2,725,059	$ 797,806	$ 20,200,130
Payroll taxes	5,768	205,141	62,051	1,658,274
Employee benefits	2,314	415,206	84,265	2,454,694
	78,110	3,345,406	944,122	24,313,098
Professional services	410	650,034	47,768	2,550,138
Advertising, marketing, and printing	6,755	4,321	187,188	220,476
Supplies and postage	1,923	53,820	14,169	326,168
Telephone	2,676	123,524	9,427	605,026
Occupancy	93,922	413,151	14,022	2,630,530
Travel and vehicle	-	47,201	12,253	515,538
Interest expense	7,874	51,509	21,006	266,906
Conferences	-	6,206	9,866	44,139
Depreciation	-	33,478	1,091	561,053
Insurance	-	62,453	12,548	683,926
Equipment lease, repair, and maintenance	17,850	61,375	5,468	330,844
Client expenses	-	1,220	4,013	4,934,029
Bad debt	-	40,714	25,548	242,385
Bingo cost of goods sold	589,513	-	-	589,513
Bingo taxes	19,266	-	-	19,266
Special event expenses	-	321	136,713	149,875
Miscellaneous expense	75	51,974	9,840	132,605
Contribution expense	-	1,050	-	1,210
TOTAL EXPENSES	818,374	4,947,757	1,455,042	39,116,725
Amounts not included in expenses on consolidated statement of activities:				
Special event venue and food	-	-	(66,191)	(66,191)
Bingo cost of goods sold	(589,513)	-	-	(589,513)
	$ 228,861	$ 4,947,757	$ 1,388,851	$ 38,461,021

See accompanying notes.

A NEW LEAF, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (275,545)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	561,053
Provision for uncollectible promises to give	(4,954)
Amortization of discount on promises to give	(2,892)
Provision for uncollectible notes receivable	(33,823)
Amortization of discount on notes receivable	(13,128)
Bad debt provision for accounts receivable	242,385
In-kind rent expense	184,539
Realized and unrealized (gain)/loss on investments	(46,038)
Net loss on investment in affiliate	45
Net change in guaranteed loan obligation	(19,559)
(Increase) decrease in:	
Accounts receivable	433,723
Promises to give	253,101
Due from affiliates	28,021
Prepaid expenses	28,781
Deposits	(198,305)
Increase (decrease) in:	
Accounts payable	(477,985)
Accrued expenses	(27,548)
Deferred revenue	610,471
Deferred conditional contribution (PPP)	2,493,256
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	3,735,598
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(340,337)
Purchases of investments	(1,669,684)
Proceeds from sale of investments	714,891
Issuance of notes receivable	(39,273)
Payments received on notes receivable	166,830
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,167,573)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from long-term debt	1,000,000
Principal payments on long-term debt	(326,918)
Payments on capital leases	(39,558)
Payments on lines of credit	(100,930)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	532,594
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,100,619
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,729,359
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,829,978

See accompanying notes.

A NEW LEAF, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2020

RECONCILIATION TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	$	5,333,694
Restricted cash - deposits and funded reserves		329,947
Restricted cash - designated for direct loan fund		119,011
Restricted cash - Individual Development Accounts (IDA)		1,009,603
Restricted cash - Endowment		37,723
	$	6,829,978

SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Noncash investing and financing transactions:		
Equipment financed through capital lease	$	58,695
Investment return on deferred compensation investments	$	4,876
Employee withdrawal on deferred compensation investments	$	116,250
Interest paid	$	137,117

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

A New Leaf, Inc. (Leaf) is an Arizona nonprofit corporation providing health and welfare services within Maricopa County. Leaf's mission is Helping Families and Changing Lives by providing emergency services and shelter to the homeless and victims of domestic violence; by providing community behavioral health services and programs; and by providing youth residential treatment centers and services. The vision at Leaf is to provide hope, new beginnings, growth, and change for individuals and families who aspire to turn over a new leaf. Leaf's major programs are as follows:

Shelter Services – This program provides emergency shelter, basic needs, case management, childcare, and education classes for homeless individuals and families and for victims of domestic violence and their children. Ancillary services include a temporary overflow program utilized when domestic violence shelters are full, a court advocate program, family advocacy services, and crisis hotlines.

Youth Services – Leaf's youth services include contractual residential and outpatient treatment centers and foster care.

Behavioral Health – Leaf's community behavioral health programs for children provide support for mental and behavioral health issues as supported by contractual agreements. Services include but are not limited to, medical/psychiatric, case management, family support, therapy, social rehabilitation, facility-based after school and summer care, and youth intervention/respite.

Phoenix Day was incorporated under the laws of the State of Arizona in June 1982 but has been in operation since 1915. Phoenix Day is a nonprofit corporation dedicated to ensuring healthy child and family development within the Phoenix Enterprise Community. Their mission is to support working families in the Valley by providing affordable high quality early childhood education and social services programs, while ensuring healthy child development as well as outreach programs in the greater community. Phoenix Day's major programs are as follows:

Early Education Program – This program services children from six weeks to five years of age to provide developmentally appropriate early childhood education in a safe and nurturing environment.

Health Links Program – This program provides access to free or low-cost child and adult health insurance, community outreach, coordination of wellness programs, and on-site support services and referral to community services.

Program expenses of Phoenix Day are listed under community services and education on the consolidated statement of functional expenses.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization (Continued)

The New Foundation (TNF) is a nonprofit corporation which maintains a residential psychiatric treatment facility for adolescents in Scottsdale, Arizona. Various governmental agencies and pass-through entities contract with TNF for these services, generally on an annual basis. The activities of TNF ceased during the fiscal year ended June 30, 2020.

Neighborhood Economic Development Corporation (NEDCO) is a Community Development Financial Institution (CDFI) which began its operations on August 1, 1997. A CDFI is a specialized financial institution generally working in local markets that are underserved by traditional financial institutions. A CDFI focuses on community development activities that rebuild disinvested communities through a variety of lending, investment, social support, and educational activities.

NEDCO's mission is to finance economic development initiatives in low/moderate income neighborhoods in Arizona. NEDCO's primary focus is community development lending to businesses for expansion and to other community development projects. Building upon its unique relationship to financial institutions, NEDCO also provides technical assistance to businesses as well as neighborhood groups on community development projects. Program expenses of NEDCO are listed under community development financial institution on the consolidated statement of functional expenses.

Mesa Community Action Network, Inc. (MesaCAN) is a nonprofit organization established September 3, 1986 as the community action program for the city of Mesa, Arizona. It serves as the vehicle whereby both governmental and private funding are brought together to assist in meeting the human service needs in the city of Mesa and surrounding areas. MesaCAN's major programs are as follows:

Community Action Program – This program offers financial and case management services to individuals and families who are facing an immediate crisis which impacts their housing, utilities, health, and safety. City of Mesa residents apply and are qualified based on poverty guidelines, household size, and state regulations.

Individual Development Accounts – Individual Development Accounts (IDA) are savings accounts held by individuals at designated local banks and credit unions to help working individuals and families save for home ownership and educational expenses. MesaCAN does not have access to the individual accounts as they are owned exclusively by the participants. Upon meeting the criteria of the IDA program, matching funds are disbursed to appropriate parties for asset purchases or payment of tuition and similar fees.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization (Continued)

Weatherization – This program offers financial assistance to individuals and families who are in need of weatherization assistance for their homes. This includes replacement of air conditioning, heaters, heat pumps, weather stripping, lighting, inefficient appliances, and windows.

A New Leaf Cottages, Inc. (Cottages) is an Arizona nonprofit corporation incorporated in 1996, which provides housing needs to individuals and families in need. Cottages is the developer of Desert Leaf Apartments (the Apartments). The Apartments are a 20-unit apartment complex, which includes onsite supportive services. Nineteen of the units are leased and one unit is used for community services and delivery space. Cottages also owns a home, Contessa, which is available for single-family living.

Prior to the fiscal year ended June 30, 2020 Leaf was the sole member of Arizona Women's Education and Employment, Inc. (AWEE). During the year ended June 30, 2020 AWEE was dissolved and all net assets were transferred to Leaf.

Principles of Consolidation

Leaf is the sole member of La Mesita Apartments, LLC, and La Mesita Apartments Phase 3, LLC. La Mesita Apartments, LLC, is the general partner in La Mesita Apartments, LP with a 0.01% share. La Mesita Apartments Phase 3, LLC, is the general partner with a 0.01% share in La Mesita Apartments Phase 3, LP. The total investment held by La Mesita Apartments, LLC and La Mesita Apartments, Phase 3, LLC amounted to less than $100 and has not been included in the accompanying consolidated financial statements due to immateriality.

Leaf is the sole member of MesaCAN and NEDCO. Phoenix Day, Cottages, and TNF all operate as affiliates of Leaf and under the control of Leaf.

The consolidated financial statements include the accounts of Leaf, MesaCAN, NEDCO, Phoenix Day, Cottages and TNF because Leaf has both control and economic interest in these organizations. All significant inter-organization transactions and accounts have been eliminated in the consolidation. Unless otherwise noted, these consolidated organizations are hereinafter referred to as "the Organization".

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and accordingly reflect all significant receivables, payables, and other liabilities.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents and Change in Accounting Principle

For the purpose of the consolidated statement of cash flows, the Organization considers all highly liquid financial instruments purchased with an original maturity of three months or less at date of acquisition to be cash equivalents. IDA-restricted cash can only be used for certain home ownership and educational expenses, including tuition, books, and other fees.

During the year ended June 30, 2020, the Organization adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* Management believes that the adoption of the new accounting standard provides a better presentation of cash flows to the users of its consolidated financial statements. Before the change, restricted cash and restricted cash equivalents were not included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts reported on the consolidated statement of cash flows. The effect of this change was to include $882,530 in restricted cash in the beginning-of-period cash and cash equivalents balance on the accompanying consolidated statement of cash flows.

Restricted Cash Designated for Direct Loan Fund

NEDCO receives loans and grant funds from various sources to be used for loans receivable to new or existing small businesses or as cash reserves for loan losses. These loans are included in notes payable in the accompanying consolidated statement of financial position. These funds are maintained in separate bank accounts and are designated to be used to fund additional loans.

Restricted Deposits and Funded Reserves

As required by loan and rental agreements, the Organization has established funded operating reserves, replacement reserves and a tenant security deposit fund.

Accounts Receivable

Accounts receivable consists primarily of amounts due under contracts with federal, state and city agencies as well as private insurance companies, patients, and funding sources under fee-for-service contracts. Accounts receivable are carried at the outstanding balances less an allowance for doubtful accounts, if applicable. Accounts receivable are stated at the amount management expects to collect. Management determines the allowance for uncollectible accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Account balances are written off through a charge to the valuation allowance and credit to accounts receivable when they are determined to be uncollectible.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

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. The discounts on those amounts are computed using risk-free interest rates as determined by management applicable to the years in which the promises are received. Amortization of the discounts is included in contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

In circumstances where it is aware of a specific amount where there may be an inability to meet the financial obligation, the Organization records a specific reserve to reduce the amounts recorded to what it believes will be collected. Management determines the allowance for uncollectible amounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises are charged off against the allowance when they are deemed to be uncollectible.

Loans Receivable

Loans are reported at their outstanding unpaid principal balance adjusted for the allowance for loan losses. Interest income is accrued on the unpaid principal balance. The accrual of interest on loans is discontinued at the time the loan is 120 days delinquent unless the credit is well secured and in process of collection. Past due status is based on contractual terms of the loan. Loans are placed on nonaccrual status or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual status or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Organization has determined that the accounting for nonrefundable fees and costs associated with originating or acquiring loans does not have a material effect on its consolidated financial statements. As such, these fees and costs have been recognized during the period they are collected and incurred, respectively.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Loss Reserve

The allowance for loan loss reserve is established as losses are estimated to have occurred through a provision for loan losses charged to expense. Loan losses are charged against the allowance when management confirms the uncollectible loan balance. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature, and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonimpaired loans and is based on historical loss rates for each portfolio segment, adjusted for the effects of qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions; changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; and concentrations of credit and the effect of other external factors such as competition and legal and regulatory requirements.

A loan is considered impaired when, based on current information and events, it is probable that NEDCO will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Loss Reserve (Continued)

Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for business loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent.

Due From and Due To Affiliates

Due from and due to affiliates are transactions that arise primarily in the normal course of business and include advances to and from affiliates for operational purposes. These balances are carried at the outstanding balances, are unsecured with no interest due, and have no specific repayment terms.

Notes Receivable Due From Related Parties

The Organization has three notes receivable due from related parties. Notes receivable are non-interest bearing and represent amounts due under extended payment terms exceeding one year. The Organization evaluates the collectability of the balances based on historical experience and the specific circumstances of individual notes. An allowance for uncollectible notes is recorded if necessary.

Fair Value Measurements

A framework for measuring fair value has been established by the Accounting Standards Codification and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Level 2 Inputs to the valuation methodology include:

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

If the asset or liability has a specified term (contractual term), the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement, and usually reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the assets (i.e. real estate valuations, broker quotes).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

Investments are recorded at fair value in the consolidated statement of financial position. Investment return or loss is included in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Risk and Uncertainty

The Organization invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes, could materially affect the amount reported in the consolidated statement of financial position.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Affiliated Entities

The equity method of accounting is used when the Organization has a 20% to 50% interest in other entities. Under the equity method, original investments are recorded at cost and adjusted for the Organization's share of undistributed earnings or losses of these entities. Nonmarketable investments in which the Organization has less than a 20% interest and in which it does not have the ability to exercise significant influence over the investee are initially recorded at cost, and periodically reviewed for impairment.

Beneficial Interest in Perpetual Trust

The Organization has been named in a trust held in perpetuity for which the Organization is the sole beneficiary to the income received from the trust's assets. The trust is held by an unrelated third-party trustee and the Organization is entitled to an annual income distribution. The beneficial interest in the trust is recorded at the fair value of the underlying assets held in the trust which is determined to be Level 3 in the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets, the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

Property and Equipment

Acquisitions of property and equipment in excess of $10,000 are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of buildings and equipment is calculated using the straight-line method over the estimated useful lives of the respective assets.

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

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.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Equivalent Investments

An Equity Equivalent Investment (EQ2) is a bank capital product supported by The Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation used to encourage banks and certain other organizations to invest in CDFIs, such as NEDCO. This financial tool permits a CDFI to strengthen its capital structures and leverage additional debt capital thereby increase lending and investing in its economically disadvantaged communities.

An EQ2 is a long-term, low-interest loan that is typically structured with a rolling maturity and an automatic annual extension of the loan, as long as the borrower carries out its community development purposes. The equity equivalent investment is carried on the investor's financial statements as an investment and on the CDFI's financial statements as debt. EQ2 is not secured by any of the CDFI's assets and is fully subordinate to the CDFI's other creditors.

Endowment Fund

The Organization's endowment fund consists of one fund established by donors to provide annual funding for specific activities and general operations of La Mesita Apartments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization follows Arizona's Management of Charitable Funds Act (MCFA) and its own governing documents. MCFA requires the preservation of endowment funds. When a donor's intent is not expressed, MCFA directs the Organization to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors and the donor's intent that the fund continues in perpetuity.

The Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment fund also includes accumulated earnings in the fund that are also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MCFA.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Funds (Continued)

In accordance with MCFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) the Organization's other resources, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation. The Organization's primary objective is to obtain the best possible return on investments with the appropriate degree of risk and to meet the priorities of the Organization over time. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation and current yield.

From time to time, certain donor-restricted endowment funds may have fair value less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted MCFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2020, there were no underwater endowments.

Spending Policy. The Organization's Board of Directors has established a policy that there will be no appropriations of expenditures from the endowment until such time as the total endowment fund balance, including investment return, reaches $1,000,000. After the minimum basis is reached, the board of directors may release up to 3.00% of earnings from the previous calendar year for uses designated by them within guidelines of any restrictions. As of June 30, 2020, no earnings were released.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

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

- Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Exchange transaction revenue includes contract revenue, behavioral health revenue, rental income, and bingo revenue and is recognized when earned, which is at the point in time when the rental of space or the services are provided. A receivable is recorded to the extent the revenue earned exceeds payments received and deferred revenue is recorded to the extent the payments received exceed the revenue earned.

Contributions and Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-08, *Not-for-Profit Entities-Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made by clarifying whether to account for transactions as contributions or as exchange transactions. This change is preferable in that it clarifies whether to account for transaction as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional or unconditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in the year ended June 30, 2020. As a result, there was no cumulative-effect adjustment to beginning net assets without donor restrictions or beginning net assets with donor restrictions as of July 1, 2019.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Change in Accounting Principle (Continued)

Contributions and grants received are recorded as either support with donor restrictions or as support without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted support is 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 with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Cost reimbursement contracts and grants are conditional contributions where the conditions are met upon incurring the expenses to be reimbursed. Cost reimbursement contract or grant amounts received in advance of the expenditures being incurred are recorded as deferred revenue.

Non-Cash Donations

Contributions of donated non-cash tangible assets (in-kind donations) are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donated services, are recorded at their fair market values in the period received. The Organization utilized the services of numerous volunteers who support the programs and activities of the Organization's program services, administration, and fundraising and development activities. This support has not been recorded in the accompanying consolidated financial statements as it does not meet the recognition criteria.

Advertising

The Organization uses advertising to promote its programs to the community. Advertising costs are charged to operations as incurred. Advertising expense charged to operations was approximately $198,000 for the year ended June 30, 2020.

Functional Expenses

The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services and supporting services.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses (Continued)

Those costs which are necessary to the overall operation of the Organization and that benefit several services or programs are allocated according to the Leaf cost allocation plan. Allocable costs can be distributed to benefited programs based on acceptable allocation methods which include actual number of employees' worked hours, square footage/usage, rooms/beds or number of participants. The allocation method selected is determined by cost type.

Allocations based on the number of employees are calculated after the end of every month. Allocations by any other method are reviewed and updated as necessary at least quarterly.

- Information technology related expenditures benefiting programs directly such as software, telephone and network connectivity are allocated using the actual number of employees' worked hours. Other expenditures using this method include unemployment and general liability insurance.

- Expenditures allocated by square footage include occupancy, property insurance and depreciation.

- All costs related to Quality Management are allocated to all Leaf programs and Leaf Affiliates as they benefit all and the allocation is based on the number of employees' worked hours.

Income Tax Status

Leaf, Phoenix Day, TNF, NEDCO, MesaCAN, and Cottages qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and have been classified as organizations that are not a private foundation under Section 509(a)(1). In addition, these organizations qualify for the charitable contribution deduction under Section 170 of the code. Income determined to be unrelated business taxable income (UBTI) would be subject to income tax. MesaCAN has UBTI related to the sale of bingo merchandise. The amount of the tax is minimal and is expensed at the time of payment.

The Organization recognizes uncertain tax positions in the consolidated financial statements when it is more-likely-than-not that the positions will not be sustained upon examination by the tax authorities. As of June 30, 2020, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

The Organization recognizes interest and penalties associated with income tax in operating expenses. During the year ended June 30, 2020, the Organization did not have any income tax related interest and penalty expense.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable, and an amount or range of loss can be reasonably estimated. Management does not believe there are such matters that will have a material effect on the consolidated financial statements.

Management's Use of Estimates

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

Date of Management's Review

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 4, 2021, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, CD's, and money market funds.

NOTE 2 LIQUIDITY AND AVAILABILITY (Continued)

As of June 30, 2020, financial assets that could readily be made available to meet general expenditures within the next year is calculated as follows:

Cash and cash equivalents	$ 5,333,694
Accounts receivable, net	2,702,426
Promises to give, net	520,313
Due from affiliates	580,977
Loan receivable, current portion, net	47,939
Investments	105,914
Financial assets available to meet cash needs for general expenditures within one year	$ 9,291,263

NOTE 3 CONCENTRATIONS OF CREDIT RISK AND REVENUE DEPENDENCY

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, and promises to give. The Organization maintains its cash in bank accounts with financial institutions, which at times may exceed federally insured limits, and with stock brokerage firms. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

The accounts receivable balance at June 30, 2020 includes amounts from one payer source whose balance makes up approximately 35% of net accounts receivable. Concentrations of credit risk with respect to accounts receivable are limited due to the nature of the receivables and the collection history of these types of accounts and with this payer source.

As of June 30, 2020, promises to give include amounts from two donors totaling 82% of gross promises to give. Concentrations of credit risk with respect to promises to give is limited due to the Organization's relationship and history with these donors.

The Organization received approximately 77% of its contract revenue from four funding sources (three of which are Arizona government agencies) during the year ended June 30, 2020. If the governmental agencies affect significant budget cuts in the future this source of funding could decrease. If this were to occur, it is management's opinion that the Organization could continue activities at a reduced level of service and continue to seek other sources of funding to support the activities.

NOTE 4 PROMISES TO GIVE

Unconditional promises to give at June 30, 2020 consist of the following:

Due within one year:		
Endowment	$	32,819
Real property		127,640
Other		452,792
		613,251
Due in one to five years:		
Other		1,583
Gross promises to give		614,834
Allowance for uncollectible promises		(64,984)
Total net promises to give	$	549,850

NOTE 5 LOANS RECEIVABLE

The following is a summary of loans receivable by major category as of June 30, 2020:

Business loans	$	214,044
Allowance for loan loss reserves		(50,755)
Loans receivable, net allowance	$	163,289

NOTE 5 LOANS RECEIVABLE (Continued)

The following is a summary of the activity in the allowance for loan losses for the year ended June 30, 2020, and the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment based on the impairment method as of June 30, 2020. The only portfolio segment is business loans.

Allowance for credit losses:		
Balance at beginning of year	$	84,578
Charge-offs		-
Recoveries		(41,482)
Provisions		7,659
Balance at end of year	$	50,755
Individually evaluated for impairment	$	50,755
Collectively evaluated for impairment		-
Balance at end of year	$	50,755
Loans receivable:		
Individually evaluated for impairment	$	32,076
Collectively evaluated for impairment		181,968
Balance at end of year	$	214,044

Credit Quality Indicators:
NEDCO categorizes loans in risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, collateral adequacy, credit documentation, public information, and current economic trends, among other factors.

NEDCO analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on an ongoing basis as new information is obtained. NEDCO uses the following definitions for risk ratings:

Pass – Loans classified as pass represent loans that are evaluated and are performing under the stated terms. Pass rated assets are analyzed by the paying capacity, the current net worth, and the value of the loan collateral of the obligor.

NOTE 5 LOANS RECEIVABLE (Continued)

Credit Quality Indicators (Continued):

Non-Pass – Loans classified as non-pass possess weaknesses that require management attention, such as being inadequately protected by the current net worth, paying capacity of the obligor, or by the collateral pledged. Non-pass loans must have a well-defined weakness or weaknesses that jeopardize the repayment of the debt as originally contracted. They are characterized by the distinct possibility that NEDCO may sustain a loss if the deficiencies are not corrected. Loans in this category are allocated a specific reserve based on the estimated discounted cash flows from the loan (or collateral value less cost to sell for collateral dependent loans) or are charged off if deemed uncollectible.

Based on the most recent analysis performed, the risk category of loans by class of loans as of June 30, 2020 is as follows:

	Pass	Non-Pass
Business loans	$ 181,968	$ 32,076

NEDCO's loan portfolio is managed on a pool basis due to its homogeneous nature. Loans that are delinquent 120 days or more or are not accruing interest are considered nonperforming. The following table presents the recorded investments in NEDCO's loan portfolio by class based on payment activity as of June 30, 2020:

		Still Accruing			
	Current	30-89 Days Past Due	Over 90 Days Past Due	Nonaccrual Balance	Total
Business loans	$ 186,692	$ -	$ -	$ 27,352	$ 214,044

The following table summarizes individually impaired loans by class of loans as of June 30, 2020:

	Recorded Investment	Unpaid Principal Balance	Average Recorded Investment	Interest Income Recognized
With a specific allowance recorded:				
Business loans	$ 32,076	$ 27,352	$ 32,076	$ -

NOTE 5 LOANS RECEIVABLE (Continued)

Impaired loans also include loans modified in a troubled debt restructuring (TDR) where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in interest rate on the loan, payment extensions, forgiveness of principle, forbearance or other actions intended to maximize collections. The balances of loans with modifications were as follows at June 30, 2020:

	Extended Maturity	Payment Reduction	Interest Rate Reduction at Below Market Rate	Total
Business loans	$ 21,338	$ -	$ -	$ 21,338

NOTE 6 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments with readily determinable fair values are measured at fair value in the consolidated statement of financial position as determined by quoted market prices in active markets (Level 1). Deferred compensation plan investments are measured at fair value within Level 2 of the fair value hierarchy because they are comprised of debt investments valued using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions. The Organization’s beneficial interest in the perpetual trust is measured at Level 3 within the fair value hierarchy.

NOTE 6 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following is a summary of financial instruments measured at fair value on a recurring basis at June 30, 2020:

	Level 1	Level 2	Level 3	Total
Unrestricted investments:				
Money market	$ 103,161	$ -	$ -	$ 103,161
Mutual funds	2,753	-	-	2,753
	$ 105,914	$ -	$ -	$ 105,914
Deferred compensation plan investments:				
Pooled separate funds	$ -	$ 245,711	$ -	$ 245,711
Beneficial interest in perpetual trust:				
Money market	$ -	$ -	$ 5,033	$ 5,033
Fixed income	-	-	194,037	194,037
Equities	-	-	28,867	28,867
	$ -	$ -	$ 227,937	$ 227,937
Endowment fund:				
Money market	$ 195	$ -	$ -	$ 195
Mutual funds	1,513,087	-	-	1,513,087
	$ 1,513,282	$ -	$ -	$ 1,513,282

The following table presents the fair value hierarchy for the balances of financial assets measured at fair value on a nonrecurring basis as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Impaired loans	$ -	$ -	$ 21,338	$ 21,338

The fair value of impaired loans is estimated based on either the loan’s obtainable market price of the fair value of the collateral if the loan is collateral dependent or the discounted cash flows of future payments. Each method contains significant unobservable inputs and thus is classified as Level 3 fair value measurement. Valuation techniques and unobservable input disclosures are not included herein, as impaired loans are 100% reserved for based on facts and circumstances.

NOTE 6 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following is a reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the year ended June 30, 2020:

	Benefical Interest in Perpetual Trust
June 30, 2019	$ 248,334
Distribution	(24,872)
Change in value	4,475
June 30, 2020	$ 227,937

NOTE 7 INVESTMENT IN AFFILIATE

The Organization has an investment in an affiliate that is accounted for using the equity method of accounting. The following is a reconciliation of beginning and ending balances of the equity method investment during the year ended June 30, 2020:

	Prospect Park, LP
Investment value at June 30, 2019	$ 1,401,981
Net loss	(45)
Investment value at June 30, 2020	$ 1,401,936

NOTE 7 INVESTMENT IN AFFILIATE (Continued)

The following is summarized financial statement information as of and for the year ended June 30, 2020:

	Prospect Park, LP
Statement of Financial Position:	
Total assets	$ 1,323,063
Total liabilities	42,805
Net assets without donor restrictions	1,280,258
Total liabilities and net assets	$ 1,323,063
Statement of Activities:	
Total revenue	$ 21,938
Total expenses	66,947
Change in net assets	(45,009)
Net assets at beginning of year	1,325,267
Net assets at end of year	$ 1,280,258

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2020:

Land	$ 3,301,368
Buildings and improvements	12,827,627
Furniture, fixtures, and equipment	723,140
Vehicles	295,623
Computer software	198,486
Leased equipment	211,946
	17,558,190
Accumulated depreciation	(3,784,537)
	$ 13,773,653

Depreciation expense was approximately $561,000 for the year ended June 30, 2020. The Organization has several deed restrictions on certain properties constructed with government funding. The deed restrictions have different expirations ranging through 2027. In addition, these restrictions are recorded under net assets with donor restrictions until the restrictions are met.

NOTE 9 PAYROLL PROTECTION PROGRAM GRANT

During the year ended June 30, 2020, Leaf received funding in the amount of $4,707,800 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, provides for funding to qualifying businesses for amount up to 2.5 times the average monthly payroll costs incurred during the year prior to the funding date of the qualifying business. The funded amount and accrued interest are forgivable after 24 weeks as long as Leaf uses the proceeds for eligible purposes, including payroll costs, interest on mortgage obligation, rent and utilities. The amount of the forgiveness will be reduced if Leaf reduced the number of employees or reduced salaries by more than 25% during the 24 week period beginning on the PPP funding origination date. Leaf has determined that the PPP funding represents a conditional contribution as they anticipate forgiveness of the majority of the amount received. Conditions to be met for recognition of this contribution include the incurring of eligible expenses as well as maintaining the full-time equivalent employee count. As of June 30, 2020, Leaf has partially met these conditions and has recorded contribution income relating to the PPP funding in the amount of $2,214,544. The remaining balance of $2,493,256 is included in deferred conditional contribution on the consolidated statement of financial position as of June 30, 2020, and will be recognized as contribution income when the remaining conditions are met.

NOTE 10 LINES OF CREDIT

Lines of credit consist of the following at June 30, 2020:

$1,000,000 revolving line of credit that requires monthly interest payments on the outstanding balance at the prime rate plus 0.50%, subject to a floor of 4.00%. The interest rate as of June 30, 2020 was 5.00%. The line of credit is guaranteed by The PRE-HAB Foundation (the Foundation), an Arizona nonprofit corporation related through common management. This line of credit expires on August 26, 2020. This line of credit was paid off in August 2020 subsequent to year end and the line of credit was not renewed.	$ 900,000
$50,000 revolving line of credit that requires monthly interest payments on the outstanding balance at the prime rate, 3.00% as of June 30, 2020. This line of credit expires on March 30, 2021.	19,070
$50,000 revolving line of credit that requires monthly interest payments on the outstanding balance at the prime rate, subject to a floor of 4.00% at June 30, 2020. The interest rate as of June 30, 2020 was 4.00%. This line of credit expires on February 2, 2021.	50,000
$225,000 and $177,379 revolving lines of credit. The lines of credit were used to provide loans to micro-enterprises through a CDBG funded Downtown Mesa business Development Loan Program. Currently, NEDCO is not allowed to draw more funds from this line of credit.	22,287
	$ 991,357

NOTE 11 LONG-TERM DEBT

Long-term debt const of the following at June 30, 2020:

Leaf:		
Subordinate note payable to Wells Fargo; maturing on May 21, 2021, due in 8 quarterly installment payments of principal and interest in the amount of $31,250 with final payment and accrued interest due at maturity. Interest of 5.00% per annum.	$	125,000
Note payable to Wells Fargo in the original principal amount of $1,924,000, due April 5, 2031. Interest rate of 3.85%, payable monthly. The first six months of the loan were interest only. As of June 30, 2020, monthly principal and interest payments of approximately $15,000 are due. The note is secured by property and equipment.		1,389,545
Mortgage payable to Wells Fargo; maturing on January 10, 2034 due in monthly installment payments of principal and interest in the amount of $1,694 with final payment and accrued interest due at maturity. Interest of 4.00% per annum. The note is secured by the property and is guaranteed by the PRE-HAB Foundation.		214,039
Note payable with annual interest installments of $50,000, at an interest rate of 5.00%. All unpaid principal and interest is due November 2022. The note is secured by real property. 55% of this note payable was funded by 2 board members of Leaf.		1,000,000
NEDCO:		
EQ2 note payable with RAZA Development originally for $300,000. Modified March 20, 2020 to a $125,000 commitment. Quarterly interest at 0.78% and matures June 30, 2021. This was modified December 30, 2020, subsequent to year end to a $100,000 commitment.		125,000

NOTE 11 LONG-TERM DEBT (Continued)

EQ2 unsecured note payable with Comerica Bank originating November 5, 2009 and maturing November 30, 2019 with interest rate of 3.00%. Interest waived from inception. All unpaid principal is due in full on the scheduled date of maturity. To be used to finance economic development and other community development projects. The note is in the process of being extended.	45,000
EQ2 unsecured note payable with Comerica Bank originating September 18, 2008 and maturing December 31, 2018 with interest of 3.00%. Interest waived from inception. All unpaid principal is due in full on the scheduled date of maturity. To be used to finance economic development and other community development projects. The note is in the process of being extended.	50,000
EQ2 unsecured note payable with Johnson Bank with interest rate of 3.00%, principal and accumulated interest due March 1, 2023. To be used to provide direct loans, subordinated loans, and lines of credit to new and existing companies primarily located in targeted redevelopment areas.	25,000
EQ2 unsecured note payable with National Bank of Arizona, interest due quarterly at 2.00%. All unpaid principal and interest is due in full on July 23, 2021.	50,000
EQ2 unsecured note payable with National Bank of Arizona, interest due quarterly at 2.00%. All unpaid principal and interest is due in full on December 31, 2024.	50,000

NOTE 11 LONG-TERM DEBT (Continued)

EQ2 unsecured note payable with National Bank of Arizona, interest due quarterly at 3.00%. All unpaid principal and interest is due in full on December 31, 2027.	50,000
Cottages:	
Loan payable to the City of Phoenix funded on January 23, 2012. The loan bears interest at 0.00% per annum for a term of 30 years so long as housing remains available for the purpose of providing support to chronic homeless with special needs. Upon completion of the 30-year term, the entire balance of the loan will be forgiven upon compliance with the terms and conditions of the loan. If compliance terms are not met, at the option of the City of Phoenix, an interest rate of 8.00% per annum may be charged on the outstanding loan balance.	1,300,000
Loan payable to the City of Mesa funded on May 9, 2012. The loan bears interest at 0.00% per annum for a term of 15 years so long as housing remains available for the purpose of providing support to chronic homeless with special needs. Upon completion of the 15-year term, the entire balance of the loan will be forgiven upon compliance with the terms and conditions of the loan. If compliance terms are not met, at the option of the City of Mesa, an interest rate of 5% per annum may be charged on the outstanding loan balance.	159,025
Loan payable to Magellan Health funded in November 2012. The loan bears interest at 0.00% per annum for a term of 25 years so long as housing remains available for the purpose of providing support to chronic homeless with special needs. Upon completion of the 25-year term, the entire balance of the loan will be forgiven upon compliance with the terms and conditions of the loan.	325,000

NOTE 11 LONG-TERM DEBT (Continued)

Loan payable to the City of Mesa funded on January 18, 2008. The loan bears interest at 0.00% per annum for a term of 15 years so long as housing remains available for low-income housing. Upon completion of the 15-year term, the entire balance of the loan will be forgiven upon compliance with the terms and conditions of the loan. If compliance terms are not met, at the option of the City of Mesa, an interest rate of 5.00% per annum may be charged on the outstanding loan balance.	145,000
	5,052,609
Current portion	(485,303)
Long-term portion	$ 4,567,306

Future minimum principal payments required on all long term debt as of June 30, 2020 are as follows:

Years Ending June 30,	
2021	$ 485,303
2022	190,793
2023	1,311,303
2024	141,835
2025	192,387
Thereafter	2,730,988
	$ 5,052,609

NOTE 12 GUARANTEED LOAN OBLIGATION

Leaf has guaranteed certain debt obligations totaling $668,678 as of June 30, 2020, for the PRE-HAB Foundation (the Foundation), an Arizona nonprofit corporation related through common management. The obligation bears an adjustable rate of interest and is payable in monthly installments by the Foundation through April 2022. Leaf does not anticipate default by the Foundation. Leaf's liability for these guarantees is presented as guaranteed loan obligations in the accompanying consolidated statement of financial position. Reduction of the liability due to repayment of the debts by the Foundation is recognized as contribution revenue in the accompanying consolidated statement of activities.

NOTE 13 LEASES

Capital Leases:
The Organization leases equipment under various capital leases expiring at dates through March 2025. Future minimum payments are as follows:

Years Ending June 30,		
2021	$	55,387
2022		45,055
2023		14,064
2024		14,063
2025		11,720
Total minimum lease payments		140,289
Less amounts representing interest		(13,336)
		126,953
Current portion		(49,583)
Long-term portion	$	77,370

Equipment leased under these capital lease agreements had a total cost of approximately $212,000 and total accumulated depreciation of approximately $91,000 as of June 30, 2020.

Operating Leases:
The Organization has entered into various operating leases for office space with affiliated and unaffiliated organizations that expire at various times through June 2021.

Approximate minimum future rental payments under these operating leases are as follows:

Years Ending June 30,		
2021	$	309,000

Rent expense was approximately $1,498,000 for the year ended June 30, 2020, which includes in-kind rent of approximately $490,000.

The Organization leases a portion of their office space and property to affiliated and unaffiliated organizations that expire at various times through June 2056.

NOTE 14 ENDOWMENT FUND

The endowment fund consists of donations restricted in perpetuity by the donors which are included in net assets with donor restrictions on the accompanying consolidated statement of financial position. Endowment net asset composition as of June 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Funds
Original corpus	$ -	$ 1,440,329	$ 1,440,329
Accumulated investment earnings	-	140,213	140,213
	$ -	$ 1,580,542	$ 1,580,542

Changes in the endowment fund for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Funds
Balance, June 30, 2019	$ -	$ 1,475,430	$ 1,475,430
Promise to give allowance adjustment	-	2,631	2,631
Earnings on internal borrowings	-	69,464	69,464
Interest and dividend income	-	12,814	12,814
Realized gains	-	27,892	27,892
Unrealized loss	-	(4,177)	(4,177)
Fees	-	(3,512)	(3,512)
Amounts appropriated for expenditure	-	-	-
Balance, June 30, 2020	$ -	$ 1,580,542	$ 1,580,542

NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 consist of:

Purpose restricted:	
La Mesita program services	$ 590,292
Shelter services	31,628
VITA program	58,961
Autumn house	81,792
Time and purpose restricted:	
West valley community behavioral health center physical improvements program	200,000
East valley men's shelter	759,000
Phoenix Day programs	87,890
La Mesita Phase 2	2,205,000
IDA program	921,610
Pledges, net	617,032
La Mesita endowment earnings	140,213
Time restricted:	
La Mesita endowment	1,440,329
Beneficial interest in perpetual trust - The New Foundation	227,937
Total net assets with donor restrictions	$ 7,361,684

NOTE 16 IN-KIND DONATIONS AND RENT

The Organization received donated professional services and materials as follows during the year ended June 30, 2020:

	Program	Management and General	Fundraising	Total
Rent	$ 279,477	$ 26,042	$ -	$ 305,519
Professional fees	147,115	-	3,948	151,063
Clothing and household goods	622,821	-	-	622,821
Food	278,095	-	39,454	317,549
Supplies	14,610	-	51,517	66,127
Entrance fees	4,274	-	2,288	6,562
Client assistance	3,110	-	-	3,110
Total	$ 1,349,502	$ 26,042	$ 97,207	$ 1,472,751

NOTE 17 RETIREMENT PLANS

The Organization sponsors a 401(k) retirement plan (the Plan) for the benefit of its eligible employees. Under the terms of the Plan, employees who have attained the age of 21 and completed one year of service can make voluntarily contributions, subject to Internal Revenue Service limitations. As of January 1, 2014, the Organization implemented a Safe Harbor Provision into their Plan. Employees qualifying for the Plan and working a minimum of one thousand hours are eligible for the Safe Harbor Provision. Employer contributions to the Plan are discretionary and require board approval. The Organization matches employee contributions up to 50% of the first 4% of deferrals, and vest at a graduated rate over 4 years of employment. The Organization made employer contributions of approximately $150,000 during the year ended June 30, 2020.

The Organization also has a deferred compensation plan for the benefit of certain eligible employees, which qualifies under Section 457(B) of the Internal Revenue Code. The Organization holds investments for the sole purpose of funding deferred compensation liabilities. According to the terms of the deferred compensation agreement, all earnings or losses on the deferred compensation amounts to be invested will be allocated directly to the participants in the plan and are recorded to the deferred compensation liability. The deferred compensation plan assets in the amount of $245,711 as of June 30, 2020, are included in investments on the consolidated statement of financial position. During the year ended June 30, 2020, the Organization made employer contributions to the deferred compensation plan of approximately $4,000.

NOTE 18 TRANSACTIONS WITH AFFILIATES

Leaf owns a limited partnership investment in Prospect Park 1, LP (the Park), an affordable housing establishment. Investment in affiliate was $1,401,936 as of June 30, 2020. During the year ended June 30, 2014, Leaf also provided the Park with $100,000 for repayment of debt to third parties. Further, Leaf has funded certain other operating expenses of the Park. Amounts owed to Leaf are presented as amounts due from affiliates in the accompanying consolidated statement of financial position in the amount of $11,346 for the year ended June 30, 2020. In addition, Leaf leases space from the Park. In lieu of making monthly rent payments, Leaf reduces the due from affiliate balance by the monthly commercial rent expense due. Rent expense to the Park was approximately $19,000 during the year ended June 30, 2020.

Leaf has several transactions with the Foundation. Leaf guarantees debt for the Foundation as disclosed in Note 12. The Foundation receives rent from Leaf that reflects fair market rent rates, reimburses Leaf for management and support service costs, and pays donations to Leaf. The following are the transactions with the Foundation for the year ended June 30, 2020:

Rent paid to the Foundation	$	822,058
Reimbursement for management and support service costs paid to Leaf	$	317,028
Donations paid to Leaf from bingo operations	$	248,500

Amounts owed to Leaf are presented as amounts due from affiliates in the accompanying consolidated statement of financial position in the amount of $332,573 for the year ended June 30, 2020.

La Mesita Apartments Phase 3 LP owes Leaf for advances of construction development, and operating expenses in the amount of $82,306 as of June 30, 2020. La Mesita Apartments LP owes Leaf for operating expenses in the amount of $166,198 as of June 30, 2020. These amounts are included as due from affiliates on the accompanying consolidated statement of financial position.

In addition, La Mesita Apartments LP has one outstanding noninterest bearing note payable and La Mesita Apartments Phase 3 LP has two outstanding noninterest bearing notes payable due to Leaf as of June 30, 2020. These notes are included as notes receivable, related parties on the accompanying consolidated statement of financial position.

NOTE 18 TRANSACTIONS WITH AFFILIATES (Continued)

Notes receivable, related parties are as follows as of June 30, 2020:

Note receivable - La Mesita Apartments, LP due December 2043	$ 800,000
Note receivable - La Mesita Apartments Phase 3, LP for construction costs due December 2047	303,959
Note receivable - La Mesita Apartments Phase 3, LP due April 2047	300,000
Total	1,403,959
Less discount to net present value (at rates of 1.75% to 3.27%)	(390,065)
Notes receivable, related parties, net	$ 1,013,894

Certain members of the board of directors of the Organization have pledged or contributed donations in the amount of $14,500 during the year ended June 30, 2020. Promises to give from members of the board was $1,000 as of June 30, 2020.

MesaCAN leases a facility from the Foundation, an organization related through common management. Total rent paid to the Foundation was approximately $72,000 for the year ended June 30, 2020.

NOTE 19 CONTINGENCIES

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

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

NOTE 19 CONTINGENCIES (Continued)

The full impact of the COVID-19 outbreak continues to evolve as the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Due to COVID-19, MesaCAN has had to temporarily close their bingo operations beginning in March 2020 and began to gradually reopen bingo operations beginning in September 2020. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effect of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2021.

NOTE 20 SUBSEQUENT EVENTS

Subsequent to year-end, the Organization paid a $1,000,000 promissory note in full that was originally due November 2022.

Subsequent to year-end, the Organization sold property located at 1200 North 77th Street, Scottsdale, Arizona in the amount of $5,500,000 for a gain of $1,590,046.

Subsequent to year-end, the Organization received a contract through the City of Mesa under the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amount of $8,000,000. The contract is for the period July 1, 2020 through December 31, 2020, and the funds are to be used to help provide utility assistance for residents of Mesa, Arizona that have been negatively affected by COVID-19.

NOTE 21 NEW ACCOUNTING PRONOUNCEMENTS

The FASB has issued ASU No. 2014-09, *Revenue from Contracts with Customers*. For nonpublic companies, this standard must be adopted for annual reporting periods beginning after December 15, 2019. The standard's core principle is that an organization will recognize revenue when it transfers promises goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an organization providing users of financial statements with comprehensive information about the nature, timing, and uncertainty of revenue and cash flows arising from the organization's contracts with customers. Management is currently in the process of evaluating the impact of this ASU on the consolidated financial statements.

NOTE 21 NEW ACCOUNTING PRONOUNCEMENTS (Continued)

The FASB has issued ASU No. 2016-02, *Leases*. For nonpublic companies, the standard must be adopted for annual reporting periods beginning after December 15, 2021. The standard's core principle is the recognition of lease assets and lease liabilities by lessees for substantially all leases, including those currently classified as operating leases. Under the ASU, a lessee will be required to recognize assets and liabilities for operating and finance leases with terms of more than 12 months. Management is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

A NEW LEAF, INC. AND AFFILIATES

SUPPLEMENTARY SCHEDULES

A NEW LEAF, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2020

	A New Leaf, Inc.	Phoenix Day	The New Foundation	NEDCO	MesaCAN	A New Leaf Cottages	Eliminations	Total
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	$ 4,636,916	$ -	$ 142,671	$ 69,146	$ 334,136	$ 150,825	$ -	$ 5,333,694
Restricted cash - deposits and funded reserves	77,594	-	-	-	-	252,353	-	329,947
Restricted cash - designated for direct loan fund	-	-	-	119,011	-	-	-	119,011
Restricted cash - Individual Development Accounts (IDA)	-	-	-	-	1,009,603	-	-	1,009,603
Accounts receivable, net of allowance for uncollectible accounts of $766,577	2,238,000	-	17,662	11,865	433,366	1,533	-	2,702,426
Promises to give, net	520,313	-	-	-	-	-	-	520,313
Prepaid expenses	231,542	-	415	-	6,440	1,939	-	240,336
Loans receivable, current portion, net	-	-	-	47,939	-	-	-	47,939
Due from affiliates	3,045,653	-	-	-	-	-	(2,464,676)	580,977
TOTAL CURRENT ASSETS	10,750,018	-	160,748	247,961	1,783,545	406,650	(2,464,676)	10,884,246
NON-CURRENT ASSETS								
Loans receivable, net of current portion	-	-	-	115,350	-	-	-	115,350
Notes receivable, related parties, net	1,013,894	-	-	-	-	-	-	1,013,894
Deposits	345,098	-	-	-	-	3,549	-	348,647
Investments	105,914	-	-	-	-	-	-	105,914
Investments held for deferred compensation plan	245,711	-	-	-	-	-	-	245,711
Investment in affiliate	1,401,936	-	-	-	-	-	-	1,401,936
Investment in subsidiaries	(1,898,299)	-	-	-	-	-	1,898,299	-
Property and equipment, net	10,431,251	-	1,806,277	-	-	1,536,125	-	13,773,653
Beneficial interest in perpetual trust	-	-	227,937	-	-	-	-	227,937
Assets Restricted for Long-Term Purposes - Endowment:								
Cash	37,723	-	-	-	-	-	-	37,723
Investments	1,513,282	-	-	-	-	-	-	1,513,282
Promises to give, net	29,537	-	-	-	-	-	-	29,537
TOTAL NON-CURRENT ASSETS	13,226,047	-	2,034,214	115,350	-	1,539,674	1,898,299	18,813,584
TOTAL ASSETS	$ 23,976,065	$ -	$ 2,194,962	$ 363,311	$ 1,783,545	$ 1,946,324	$ (566,377)	$ 29,697,830

A NEW LEAF, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)
June 30, 2020

	A New Leaf, Inc.	Phoenix Day	The New Foundation	NEDCO	MesaCAN	A New Leaf Cottages	Eliminations	Total
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable	$ 300,668	$ -	$ 849	$ 20,234	$ 164,050	$ -	$ -	$ 485,801
Accrued expenses	1,188,805	-	359	6,787	39,227	15,803	-	1,250,981
Due to affiliates	20,397	-	2,119,067	122,839	202,172	201	(2,464,676)	-
Deferred revenue	1,115,888	-	584,736	-	320,529	-	-	2,021,153
Deferred conditional contribution (PPP)	2,493,256	-	-	-	-	-	-	2,493,256
Lines of credit	900,000	-	-	91,357	-	-	-	991,357
Notes payable, current portion	137,036	-	128,267	220,000	-	-	-	485,303
Capital leases, current portion	49,583	-	-	-	-	-	-	49,583
TOTAL CURRENT LIABILITIES	6,205,633	-	2,833,278	461,217	725,978	16,004	(2,464,676)	7,777,434
NON-CURRENT LIABILITIES								
Tenant security deposits	6,050	-	-	-	-	-	-	6,050
Accrued deferred compensation	245,711	-	-	-	-	-	-	245,711
Notes payable, net of current portion	1,202,003	-	1,261,278	175,000	-	1,929,025	-	4,567,306
Capital leases, net of current portion	77,370	-	-	-	-	-	-	77,370
Guaranteed loan obligation	17,348	-	-	-	-	-	-	17,348
TOTAL NON-CURRENT LIABILITIES	1,548,482	-	1,261,278	175,000	-	1,929,025	-	4,913,785
TOTAL LIABILITIES	7,754,115	-	4,094,556	636,217	725,978	1,945,029	(2,464,676)	12,691,219
NET ASSETS								
Without donor restrictions	9,781,876	-	(2,127,531)	(272,906)	135,957	1,295	2,126,236	9,644,927
With donor restrictions	6,440,074	-	227,937	-	921,610	-	(227,937)	7,361,684
TOTAL NET ASSETS	16,221,950	-	(1,899,594)	(272,906)	1,057,567	1,295	1,898,299	17,006,611
TOTAL LIABILITIES AND NET ASSETS	$ 23,976,065	$ -	$ 2,194,962	$ 363,311	$ 1,783,545	$ 1,946,324	$ (566,377)	$ 29,697,830

A NEW LEAF, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	A New Leaf, Inc.	Phoenix Day	The New Foundation	NEDCO	MesaCAN	A New Leaf Cottages	Eliminations	Total
REVENUE AND SUPPORT								
Contract revenue	$ 13,992,821	$ 447,251	$ 242,660	$ 157,129	$ 2,667,652	$ -	$ -	$ 17,507,513
Behavioral health revenue	7,581,525	-	1,401,301	-	-	-	-	8,982,826
Payroll protection program government grant	2,214,544	-	-	-	-	-	-	2,214,544
Contributions	6,199,600	809,777	6,595	15,553	27,928	1,248	(800,118)	6,260,583
In-kind donations and rent	1,472,171	560	20	-	-	-	-	1,472,751
Client fees	113,850	393,489	-	-	-	-	-	507,339
Rental income	298,782	-	95,291	-	-	184,008	(86,412)	491,669
Investment return	19,651	-	8,247	39,276	158	2,112	-	69,444
Other income	246,147	259	1,259	244	5,543	7,575	-	261,027
	32,139,091	1,651,336	1,755,373	212,202	2,701,281	194,943	(886,530)	37,767,696
Bingo revenue	-	-	-	-	986,308	-	-	986,308
Cost of goods sold	-	-	-	-	(589,513)	-	-	(589,513)
	-	-	-	-	396,795	-	-	396,795
Special events income	87,176	-	-	-	-	-	-	87,176
Direct benefit to donors	(66,191)	-	-	-	-	-	-	(66,191)
	20,985	-	-	-	-	-	-	20,985
TOTAL REVENUE AND SUPPORT	32,160,076	1,651,336	1,755,373	212,202	3,098,076	194,943	(886,530)	38,185,476
EXPENSES								
Program services	25,821,175	1,013,825	1,937,587	399,896	2,643,376	166,105	(86,412)	31,895,552
Bingo games	-	-	-	-	429,361	-	(200,500)	228,861
Management and general	4,236,359	412,125	755,741	24,408	97,136	21,606	(599,618)	4,947,757
Fundraising	1,384,557	-	-	-	4,294	-	-	1,388,851
TOTAL EXPENSES	31,442,091	1,425,950	2,693,328	424,304	3,174,167	187,711	(886,530)	38,461,021
OTHER INCOME (EXPENSE)								
Gain (loss) on investment in subsidiaries	(930,723)	-	-	-	-	-	930,723	-
Transfer from (to) affiliate	(108,230)	108,230	-	-	-	-	-	-
TOTAL OTHER INCOME (EXPENSE)	(1,038,953)	108,230	-	-	-	-	930,723	-
CHANGE IN NET ASSETS	(320,968)	333,616	(937,955)	(212,102)	(76,091)	7,232	930,723	(275,545)
NET ASSETS AT BEGINNING OF YEAR	16,542,918	(333,616)	(961,639)	(60,804)	1,133,658	(5,937)	967,576	17,282,156
NET ASSETS AT END OF YEAR	$ 16,221,950	$ -	$ (1,899,594)	$ (272,906)	$ 1,057,567	$ 1,295	$ 1,898,299	$ 17,006,611

A NEW LEAF, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(320,968)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		330,764
Provision for uncollectible promises to give		(4,954)
Amortization of discount on promises to give		(2,892)
Amortization of discount on notes receivable		(13,128)
Bad debt provision for accounts receivable		62,316
In-kind rent receivable		184,539
Realized and unrealized (gain)/loss on investments		(28,083)
Net loss on investment in affiliate		45
Net loss on investment in subsidiaries		930,723
Net change in guaranteed loan obligation		(19,559)
(Increase) decrease in:		
Accounts receivable		50,088
Promises to give		253,101
Due from affiliates		(220,613)
Prepaid expenses		23,169
Deposits		(194,756)
Increase (decrease) in:		
Accounts payable		(447,137)
Accrued expenses		(44,196)
Due to affiliates		16,647
Deferred revenue		494,998
Deferred conditional contribution (PPP)		2,493,256
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		3,543,360
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment		(340,337)
Purchases of investments		(1,559,962)
Proceeds from sale of investments		566,817
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(1,333,482)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt		1,000,000
Principal payments on long-term debt		(173,641)
Payments on capital leases		(39,558)
Payments on lines of credit		(100,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		686,801
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,896,679
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,855,554
CASH AND CASH EQUIVALENTS, END OF YEAR	$	4,752,233

A NEW LEAF, INC.
STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2020

RECONCILIATION TO STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	$	4,636,916
Restricted cash - deposits and funded reserves		77,594
Restricted cash - Endowment		37,723
	$	4,752,233
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Noncash investing and financing transactions:		
Equipment financed through capital lease	$	58,695
Investment return on deferred compensation investments	$	4,876
Employee withdrawal on deferred compensation investments	$	116,250
Interest paid	$	124,482