Hope Women's Center

Financial Statements and

Independent Auditors' Report

December 31, 2025 and 2024

CONTENTS

FESTER & CHAPMAN PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Hope Women's Center
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hope Women's Center (the Organization, a nonprofit organization), which comprise the statement of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Address • 9019 East Bahia Drive Suite 100 • Scottsdale, AZ 85260 | **Phone** • (602) 264-3077 | **Fax** • (602) 265-6241

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Fester & Chapman, PLLC

July 28, 2026

Hope Women's Center

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 2,100,137	$ 2,761,132
Prepaid expenses	18,846	23,264
Property and equipment, net:		
Land	215,220	215,220
Buildings and improvements	2,304,624	2,228,614
Leasehold improvements	161,982	113,546
Furniture and equipment	20,903	20,903
Vehicles	81,819	-
Less accumulated depreciation	(514,354)	(430,068)
Total property and equipment, net	2,270,194	2,148,215
Operating lease - right-of-use assets	43,949	50,530
Total assets	$ 4,433,126	$ 4,983,141

LIABILITIES AND NET ASSETS

	2025	2024
Liabilities:		
Accounts payable and accrued expenses	$ 49,546	$ 85,699
Operating lease liability, net	43,949	50,530
Note payable, net	-	367,617
Total liabilities	93,495	503,846
Net assets without donor restrictions	4,339,631	4,479,295
Total liabilities and net assets	$ 4,433,126	$ 4,983,141

The accompanying notes are an integral part of this statement.

Hope Women's Center

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2025 and 2024

	2025	2024
Revenue, support, and gains:		
Contributions and grants	$ 1,993,932	$ 1,374,640
Special events, net of direct donor benefits of $179,028 and $158,788, respectively	306,740	307,693
Merchandise sales	-	43,230
Other income	103,101	-
Rental income	69,889	65,189
Interest income	72,148	22,582
Gain on sale of fixed assets	-	83,213
Total revenue, support, and gains	2,545,810	1,896,547
Expenses:		
Program services	1,928,809	1,492,694
Supporting activities:		
General and administrative	637,783	282,485
Fundraising	118,882	240,992
Total supporting activities	756,665	523,477
Total expenses	2,685,474	2,016,171
Change in net assets	(139,664)	(119,624)
Net assets without donor restrictions, beginning of year	4,479,295	4,598,919
Net assets without donor restrictions, end of year	$ 4,339,631	$ 4,479,295

The accompanying notes are an integral part of this statement.

Hope Women's Center

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2025

	Program Services	Management and General	Fundraising	Direct Donor Benefits	Total
Salaries and wages	$ 1,258,279	$ 435,818	$ 7,736	$ -	$ 1,701,833
Payroll taxes and benefits	141,236	39,087	648	-	180,971
Total salaries and related	1,399,515	474,905	8,384	-	1,882,804
Advertising and promotion	15,925	23,003	6,933	88	45,949
Bank and merchant fees	1,864	13,737	351	11,436	27,388
Depreciation	80,071	3,371	843	-	84,285
Dues and subscriptions	3,669	3,641	1,630	-	8,940
Grants	40,761	-	-	-	40,761
Other fundraising	-	-	100,344	-	100,344
Insurance	-	33,367	-	-	33,367
Interest	9,668	372	-	-	10,040
Miscellaneous	3,087	71	-	-	3,158
Office	44,450	13,175	182	-	57,807
Postage and printing	11,127	3,622	-	-	14,749
Professional fees	3,268	34,681	-	-	37,949
Rent	33,151	-	-	-	33,151
Repairs and maintenance	124,716	-	-	-	124,716
Special events - direct donor benefit:					
Music and entertainment	-	-	-	17,536	17,536
Facilities, material, and event services	-	-	-	149,968	149,968
Supplies	70,983	-	-	-	70,983
Travel	11,546	15,116	215	-	26,877
Utilities	73,456	-	-	-	73,456
Volunteer expenses	1,552	18,722	-	-	20,274
Total	1,928,809	637,783	118,882	179,028	2,864,502
Less: expense netted against revenue on the Statement of Activities:					
Special events - direct donor benefit	-	-	-	(179,028)	(179,028)
Total expenses	$ 1,928,809	$ 637,783	$ 118,882	$ -	$ 2,685,474

The accompanying notes are an integral part of this statement.

Hope Women's Center

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2024

	Program Services	Management and General	Fundraising	Direct Donor Benefits	Total
Salaries and wages	$ 1,018,759	$ 127,345	$ 127,345	$ -	$ 1,273,449
Payroll taxes and benefits	101,489	12,686	12,686	-	126,861
Total salaries and related	1,120,248	140,031	140,031	-	1,400,310
Advertising and promotion	10,005	5,665	4,178	-	19,848
Bank and merchant fees	1,299	16,548	-	10,186	28,033
Depreciation	63,362	2,668	667	-	66,697
Dues and subscriptions	1,462	6,041	1,500	-	9,003
Grants	32,158	-	-	-	32,158
Other fundraising	-	-	93,170	-	93,170
Insurance	-	28,734	-	-	28,734
Interest	16,338	372	-	-	16,710
Miscellaneous	2,081	71	-	-	2,152
Office	30,948	12,652	-	-	43,600
Postage and printing	4,101	2,966	-	-	7,067
Professional fees	38,750	27,533	-	-	66,283
Rent	6,300	-	-	-	6,300
Repairs and maintenance	75,915	3,196	799	-	79,910
Special events - direct donor benefit:					
Meals and entertainment	-	-	-	101,482	101,482
Facilities, material, and event services	-	-	-	47,120	47,120
Supplies	16,285	-	-	-	16,285
Travel	7,233	8,309	-	-	15,542
Utilities	61,495	2,589	647	-	64,731
Volunteer expenses	4,714	25,110	-	-	29,824
Total	1,492,694	282,485	240,992	158,788	2,174,959
Less: expense netted against revenue on the Statement of Activities:					
Special events - direct donor benefit	-	-	-	(158,788)	(158,788)
Total expenses	$ 1,492,694	$ 282,485	$ 240,992	$ -	$ 2,016,171

The accompanying notes are an integral part of this statement.

Hope Women's Center

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ (139,664)	$ (119,624)
Adjustments to reconcile change in net assets		
to net cash and cash equivalents (used) provided by operating activities:		
Depreciation	84,285	66,697
Amortization of debt issuance costs	-	374
Gain on sale of fixed assets	-	(83,213)
Noncash operating lease expenses	6,581	-
Changes in:		
Prepaid expenses	4,418	(22,914)
Accounts payable and accrued expenses	(36,153)	24,055
Operating lease liability	(6,581)	-
Net cash and cash equivalents used by operating activities	(87,114)	(134,625)
Cash flows from investing activities:		
Proceeds from sale of fixed assets	-	553,807
Purchase of land, buildings, and equipment	(206,264)	(138,951)
Net cash and cash equivalents (used) provided by investing activities	(206,264)	414,856
Cash flows from financing activities:		
Payments of long-term debt	(367,617)	(15,140)
Net cash and cash equivalents used by financing activities	(367,617)	(15,140)
Net (decrease) increase in cash and cash equivalents	(660,995)	265,091
Cash and cash equivalents, beginning of the year	2,761,132	2,496,041
Cash and cash equivalents, end of the year	$ 2,100,137	$ 2,761,132

Supplemental disclosures

	2025	2024
Cash paid during the year for interest	$ 10,040	$ 16,338
Right-of-use assets obtained in exchange for lease liability	$ 8,188	$ 50,530

The accompanying notes are an integral part of this statement.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hope Women's Center (the Organization) located in Phoenix, Arizona, is a trauma informed, non-profit organization that provides free life skills and faith based education, individual mentoring and support groups, material assistance, brief solutions focused counseling, pregnancy and parenting support, community resource referrals, advocacy, and other programs for vulnerable women and teen girls across Arizona. There are six center locations (Phoenix, Apache Junction, Northern Arizona, Coolidge, Maricopa, and the West Valley) with one mission - to engage, encourage, and equip vulnerable women and teen girls with a holistic approach to meet their physical, emotional, and spiritual needs.

The significant accounting policies of the Organization follow:

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of Not-for-Profit Entities. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the restricted stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization did not have net assets with donor restrictions at December 31, 2025 and 2024.

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

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

Revenue Recognition: Merchandise sales revenue consists of sales of donated clothing and household goods at the Organization's New Life Thrift & Gift shop. Payment for these goods are due at the point in time the goods are transferred. Earned revenue is recognized in the period that the related sale takes place. The thrift store was closed in May 2024 with the sale of the Organization's Camp Verde property.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Organization considers short-term investments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2025 and 2024, cash and cash equivalents includes $1,899,835 and $2,152,983, respectively in money market funds.

Pledges Receivable: Pledges receivable are stated at net present value of expected cash flows, less an allowance for doubtful accounts, as deemed necessary, and are recognized as contribution revenue in the year the unconditional promise to give is made. The Organization provides for losses on receivables using the allowance method. The allowance is based on experience, knowledge of the donor or grantor, the industry and other circumstances which may affect the ability of donors or grantors to meet their obligations. It is the Organization's policy to charge off uncollectible pledges receivable when management determined the receivable will not be collected.

Prepaid Expenses: Prepaid expenses consist of amounts paid in advance for events related to the subsequent year.

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

Property and Equipment, Net: All acquisitions of property and equipment with a cost of $2,000 or more and an estimated life of one year or more are capitalized. Assets are stated at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is provided on the straight-line basis over the following estimated useful lives of the respective assets:

Leasehold improvements	Lesser of the estimated useful life or remaining of the applicable lease
Buildings and improvements	7-39 years
Furniture and equipment	7 years
Vehicles	5 years

Contributions: Contributions are reported in accordance with the FASB ASC subtopic of *Revenue Recognition for Not-for-Profit Entities*. Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Taxes: The Organization is exempt from federal and state income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

Functional Expense Allocation: The statements of activities and functional expenses report certain categories of expenses that are attributable to program and supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, interest, repairs and maintenance and utilities, which are allocated on a square footage basis; payroll and related expenses are allocated on a basis of estimates of time and effort.

Advertising and Promotion: Advertising and promotional costs are expensed in the year expended.

NOTE 2- LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of each fiscal year end to fund expenses without limitations at December 31:

	2025	2024
Financial assets available to meet cash needs for general expenditures within one year - cash and cash equivalents	$ 2,100,137	$ 2,761,132

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting grants, contributions, and other revenues.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization's cash and cash equivalents on deposit at financial institutions are insured in limited amounts by Federal Deposit Insurance Corporation (FDIC). Balances may at times exceed insured amounts; however, the Organization attempts to manage the concentration of credit risk by maintaining deposits in multiple financial institutions. At December 31, 2025 and 2024, $1,649,835 and $2,081,859, respectively, of cash and cash equivalents exceeded FDIC limits.

NOTE 4 - LEASES

The Organization has several non-cancelable operating leases for certain equipment and facilities that expire on various dates through 2030. Rental expense for those leases was $33,151 and $6,300 for the years ended December 31, 2025 and 2024, respectively, and is included in occupancy expenses in the statement of activities.

NOTE 4 - LEASES - Continued

During the years ended December 31, the Organization had the following cash and non-cash activities associated with leases:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 16,990	$ 5,968
Non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 8,188	$ 50,530

Because the Organization does not have access to the rate implicit in the leases, the Organization utilizes the appropriate US Treasury Bill rate relative to each lease term as the interest rate. As of December 31, 2025, the weighted average interest rate on the operating leases was 5.14%. The weighted average remaining lease term of the operating lease was 4 years at December 31, 2025.

Future minimum operating lease commitments as of December 31, 2025 are as follows:

Year ending December 31,	
2026	$ 19,083
2027	$ 15,099
2028	7,133
2029	5,130
2030	738
	47,183
Less: interest	(3,234)
Present value of lease liabilities	$ 43,949

NOTE 5 - NOTE PAYABLE

Long-term debt due for the years ended December 31, 2025 and 2024, consists of the following:

	2025	2024
Note payable due in monthly installments of $2,234, including principal and interest at 4.25%, maturing in August 2031. The loan is secured by real property.	$ -	$ 369,851
Less unamortized debt issuance costs	-	(2,234)
Note payable, net	$ -	$ 367,617

In August 2025, the Organization repaid the note payable in full.

NOTE 6 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2025, the Organization received an unrestricted contribution of $365,000, or 14% of total revenue and support, from a Board member.

NOTE 7 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 28, 2026, the date which the financial statements were available to be issued, and has concluded that no events have occurred since the year ended December 31, 2025, that would require an adjustment to the financial statements.