

**Mesa Community Action Network, Inc.  
dba MesaCAN**

Financial Statements

June 30, 2025 and 2024

# Mesa Community Action Network, Inc. dba MesaCAN

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June 30, 2025 and 2024

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## **Independent Auditors' Report**

To the Board of Directors of  
Mesa Community Action Network, Inc. dba MesaCAN

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Mesa Community Action Network, Inc. dba MesaCAN (the Organization), which comprise the statements of financial position as of June 30, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

### ***Auditors' 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 auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2026 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Tempe, Arizona  
March 16, 2026

# Mesa Community Action Network, Inc. dba MesaCAN

## Statements of Financial Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 420,945	\$ 690,021
Contracts receivable, net	561,043	481,442
Due from related affiliate	64,821	-
Prepaid expenses	7,476	4,170
	<u>1,054,285</u>	<u>1,175,633</u>
Total current assets	<u>\$ 1,054,285</u>	<u>\$ 1,175,633</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 184,701	\$ 206,040
Accrued expenses	44,738	28,246
Due to related affiliate	261,728	83,767
Deferred conditional contributions	32,437	55,908
	<u>523,604</u>	<u>373,961</u>
Total current liabilities	<u>523,604</u>	<u>373,961</u>
<b>Net Assets</b>		
Without donor restrictions	105,721	276,853
With donor restrictions	424,960	524,819
	<u>530,681</u>	<u>801,672</u>
Total net assets	<u>530,681</u>	<u>801,672</u>
Total liabilities and net assets	<u>\$ 1,054,285</u>	<u>\$ 1,175,633</u>

See notes to financial statements

## Mesa Community Action Network, Inc. dba MesaCAN

Statements of Activities

Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Government contract revenue	\$ 3,489,974	\$ 131,869	\$ 3,621,843	\$ 3,472,189	\$ 86,345	\$ 3,558,534
Contributions	81,191	63,191	144,382	593,163	170,760	763,923
In-kind contributions	116,234	384,267	500,501	96,740	332,265	429,005
Interest income	4,230	-	4,230	9,308	-	9,308
Other income	3,154	-	3,154	5,094	-	5,094
Release from purpose restrictions	679,186	(679,186)	-	737,833	(737,833)	-
	<u>4,373,969</u>	<u>(99,859)</u>	<u>4,274,110</u>	<u>4,914,327</u>	<u>(148,463)</u>	<u>4,765,864</u>
Bingo revenue	1,413,985	-	1,413,985	1,341,814	-	1,341,814
Cost of goods sold	<u>(814,953)</u>	<u>-</u>	<u>(814,953)</u>	<u>(807,205)</u>	<u>-</u>	<u>(807,205)</u>
	<u>599,032</u>	<u>-</u>	<u>599,032</u>	<u>534,609</u>	<u>-</u>	<u>534,609</u>
Total revenue and support	<u>4,973,001</u>	<u>(99,859)</u>	<u>4,873,142</u>	<u>5,448,936</u>	<u>(148,463)</u>	<u>5,300,473</u>
<b>Expenses</b>						
Program services	4,239,790	-	4,239,790	4,134,871	-	4,134,871
Support services						
Bingo games	619,452	-	619,452	534,606	-	534,606
Management and general	284,891	-	284,891	218,127	-	218,127
Total expenses	<u>5,144,133</u>	<u>-</u>	<u>5,144,133</u>	<u>4,887,604</u>	<u>-</u>	<u>4,887,604</u>
Change in net assets	(171,132)	(99,859)	(270,991)	561,332	(148,463)	412,869
<b>Net (Deficit) Assets, Beginning</b>	<u>276,853</u>	<u>524,819</u>	<u>801,672</u>	<u>(284,479)</u>	<u>673,282</u>	<u>388,803</u>
<b>Net Assets, Ending</b>	<u>\$ 105,721</u>	<u>\$ 424,960</u>	<u>\$ 530,681</u>	<u>\$ 276,853</u>	<u>\$ 524,819</u>	<u>\$ 801,672</u>

See notes to financial statements

**Mesa Community Action Network, Inc. dba MesaCAN**

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services				Total Program Services	Support Services		Total
	Community Action Program	Weatherization	Assets to Opportunity	Other Programs		Bingo Games	Management and General	
Salaries and wages	\$ 443,562	\$ 153,183	\$ 10,444	\$ 172,041	\$ 779,230	\$ 102,873	\$ 169,794	\$ 1,051,897
Payroll taxes	42,952	12,352	850	13,166	69,320	8,429	13,009	90,758
Employee benefits	64,957	15,514	567	12,063	93,101	3,042	23,271	119,414
	<u>551,471</u>	<u>181,049</u>	<u>11,861</u>	<u>197,270</u>	<u>941,651</u>	<u>114,344</u>	<u>206,074</u>	<u>1,262,069</u>
Professional services	24,293	7,223	17,488	504,618	553,622	-	54,674	608,296
Advertising, marketing and printing	5,031	-	-	486	5,517	3,720	99	9,336
Supplies and postage	8,463	47	54	13,418	21,982	1,011	1,007	24,000
Telephone	8,317	1,486	254	5,248	15,305	-	3,253	18,558
Occupancy	125,509	7,342	752	18,434	152,037	103,260	4,050	259,347
Travel and vehicles	4,937	14,726	227	10,212	30,102	-	2,168	32,270
Interest and bank charges	-	-	315	-	315	9,729	4,920	14,964
Conferences	6,707	11,522	1	896	19,126	-	569	19,695
Insurance	25,728	7,517	694	11,094	45,033	-	4,971	50,004
Equipment lease, repair and maintenance	9,435	2,567	517	6,426	18,945	26,235	2,108	47,288
Client expenses	832,021	1,440,811	134,097	24,867	2,431,796	-	8	2,431,804
Bingo cost of goods sold	-	-	-	-	-	814,953	-	814,953
Bingo taxes	-	-	-	-	-	28,170	-	28,170
Miscellaneous expense	1,338	51	12	2,958	4,359	1,347	990	6,696
Contribution expense	-	-	-	-	-	331,636	-	331,636
	<u>1,603,250</u>	<u>1,674,341</u>	<u>166,272</u>	<u>795,927</u>	<u>4,239,790</u>	<u>1,434,405</u>	<u>284,891</u>	<u>5,959,086</u>
Amounts included with revenue on the statements of activities:								
Bingo cost of goods sold	-	-	-	-	-	(814,953)	-	(814,953)
	<u>\$ 1,603,250</u>	<u>\$ 1,674,341</u>	<u>\$ 166,272</u>	<u>\$ 795,927</u>	<u>\$ 4,239,790</u>	<u>\$ 619,452</u>	<u>\$ 284,891</u>	<u>\$ 5,144,133</u>

See notes to financial statements

**Mesa Community Action Network, Inc. dba MesaCAN**

Statement of Functional Expenses  
Year Ended June 30, 2024

	Program Services				Support Services			Total
	Community Action Program	Weatherization	Assets to Opportunity	Other Programs	Total Program Services	Bingo Games	Management and General	
Salaries and wages	\$ 478,488	\$ 125,013	\$ 419	\$ 68,720	\$ 672,640	\$ 104,507	\$ 127,635	\$ 904,782
Payroll taxes	39,780	10,109	204	5,598	55,691	8,681	10,072	74,444
Employee benefits	56,734	19,366	4,435	7,432	87,967	3,064	19,422	110,453
	575,002	154,488	5,058	81,750	816,298	116,252	157,129	1,089,679
Professional services	39,987	4,822	36,784	88,401	169,994	-	39,834	209,828
Advertising, marketing and printing	360	10	-	2,806	3,176	2,338	231	5,745
Supplies and postage	11,040	120	33	3,238	14,431	1,542	1,206	17,179
Telephone	11,750	1,052	337	2,595	15,734	473	3,698	19,905
Occupancy	130,048	5,110	1,046	9,121	145,325	100,884	3,970	250,179
Travel and vehicles	4,007	7,011	147	9,435	20,600	-	1,759	22,359
Interest and bank charges	1	-	25	45	71	9,989	1,423	11,483
Conferences	4,550	7,601	-	641	12,792	-	1,249	14,041
Insurance	24,391	4,569	593	4,211	33,764	-	4,142	37,906
Equipment lease, repair and maintenance	18,526	3,142	1,073	1,308	24,049	30,783	2,543	57,375
Client expenses	623,940	1,671,893	222,004	356,336	2,874,173	-	35	2,874,208
Bingo cost of goods sold	-	-	-	-	-	807,205	-	807,205
Bingo taxes	-	-	-	-	-	27,788	-	27,788
Miscellaneous expense	2,140	449	25	1,850	4,464	193	908	5,565
Contribution expense	-	-	-	-	-	244,364	-	244,364
Total expenses	1,445,742	1,860,267	267,125	561,737	4,134,871	1,341,811	218,127	5,694,809
Amounts included with revenue on the statements of activities:								
Bingo cost of goods sold	-	-	-	-	-	(807,205)	-	(807,205)
	<u>\$ 1,445,742</u>	<u>\$ 1,860,267</u>	<u>\$ 267,125</u>	<u>\$ 561,737</u>	<u>\$ 4,134,871</u>	<u>\$ 534,606</u>	<u>\$ 218,127</u>	<u>\$ 4,887,604</u>

See notes to financial statements

**Mesa Community Action Network, Inc. dba MesaCAN**

## Statements of Cash Flows

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (270,991)	\$ 412,869
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Forgiveness of amount due to related affiliate	-	(500,838)
(Increase) decrease in:		
Contracts receivable	(79,601)	(133,486)
Due from related affiliate	(64,821)	-
Prepaid expenses	(3,306)	5,182
Increase (decrease) in:		
Accounts payable	(21,339)	150,086
Accrued expenses	16,492	(17,428)
Due to related affiliate	177,961	17,476
Deferred revenue	(23,471)	(23,365)
	<u>(269,076)</u>	<u>(89,504)</u>
Net cash flows from operating activities	<u>(269,076)</u>	<u>(89,504)</u>
Net change in cash and cash equivalents	(269,076)	(89,504)
<b>Cash and Cash Equivalents, Beginning</b>	<u>690,021</u>	<u>779,525</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 420,945</u>	<u>\$ 690,021</u>
<b>Supplemental Cash Flow Disclosures</b>		
Interest paid	<u>\$ 1,939</u>	<u>\$ -</u>

See notes to financial statements

# Mesa Community Action Network, Inc. dba MesaCAN

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Notes to Financial Statements

June 30, 2025 and 2024

## 1. Nature of Activities and Summary of Significant Accounting Policies

### Nature of Activities

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.

#### 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.

#### Assets to Opportunity

Assets to Opportunity (ATO) are savings accounts held by individuals at designated local banks and credit unions to help working individuals and families save for homeownership 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 ATO program, matching funds are disbursed to appropriate parties for asset purchases or payment of tuition and similar fees.

#### Other Programs

MesaCAN Economic Development Program is a transformative program offering support to small businesses and entrepreneurs in Mesa. This is done through training and technical assistance, offering free workshops and mentoring. The West Valley VITA Program provides Volunteer Income Tax Assistance (VITA) services to the West Valley. MesaCAN runs 12 VITA sites in the West Valley offering low-income families, the elderly, people with disabilities, limited English speaking taxpayers and military/veteran families, an opportunity to receive a vital service that they otherwise would have to pay out of pocket.

MesaCAN also conducts a charitable bingo operation with a portion of the net proceeds going to A New Leaf, Inc. (Leaf), a 501(c)(3) nonprofit organization whose programs serve the homeless, victims of domestic violence, youth programs and behavioral health needs of children, adolescents and their families. Leaf is the sole member of MesaCAN.

### Basis of Presentation

The financial statements of MesaCAN have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

### Cash and Cash Equivalents

For the purpose of the statements of cash flows, MesaCAN considers all highly liquid financial instruments purchased with an original maturity of three months or less at date of acquisition to be cash equivalents.

# Mesa Community Action Network, Inc. dba MesaCAN

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Notes to Financial Statements

June 30, 2025 and 2024

## Contracts Receivable

Contracts receivable consist primarily of amounts due under cost reimbursement contracts which management has determined to be conditional contributions. Contracts receivable are carried at the outstanding balances less an allowance for doubtful accounts. MesaCAN evaluates the collectability of its contracts receivable based on a combination of factors. In circumstances where it is aware of a specific amount where there may be an inability to meet the financial obligation, it records a specific reserve to reduce the amounts recorded to what it believes will be collected. Accounts are charged off against the allowance when they are deemed to be uncollectible. Management has recorded an allowance for uncollectible accounts in the amount of \$26,000 as of June 30, 2025 and 2024.

## Due From and Due to Affiliates

Due from and due to affiliates represent balances for 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.

## Net Assets

MesaCAN 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 released from restriction 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

Earned revenues where performance obligations are satisfied at a point in time with a single performance obligation consists of bingo game revenues. Bingo game revenues are derived from hosting bingo games that customers pay to participate in. The performance obligation is the delivery of the activity to the customer and the transaction prices for the games are established by MesaCAN. MesaCAN recognizes revenue as the customer pays and participates in the activity.

## Contributions and Government Contract Revenue

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 statements of activities as net assets released from restrictions. It is MesaCAN's policy to classify donor restricted contributions and grants as support without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Government contract revenue is derived by services provided by MesaCAN and is paid on a cost reimbursement basis. MesaCAN has determined that these contracts are conditional contributions and therefore revenue is recognized when the conditions are substantially met, which is as allowable costs are incurred. As of June 30, 2025 and 2024, these contracts included conditional promises to give in the amount of approximately \$1,158,000 and \$1,160,000, respectively, which represents unspent amounts included in these contract agreements that are expected to be spent during the next year.

# Mesa Community Action Network, Inc. dba MesaCAN

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Notes to Financial Statements

June 30, 2025 and 2024

## **In-Kind Contributions**

Contributions of donated noncash tangible assets (in-kind contributions) are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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. MesaCAN utilized the services of numerous volunteers who support the programs and activities of MesaCAN's program services, administration and fundraising and development activities. This support has not been recorded in the accompanying financial statements as it does not meet the recognition criteria.

## **Advertising**

MesaCAN uses advertising to promote its programs to the community. Advertising costs are charged to operations as incurred. Advertising expense charged to operations was approximately \$3,000 for each of the years ended June 30, 2025 and 2024.

## **Functional Expenses**

The 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. Certain employee positions are allocated based on time and effort. Other expenses are allocated based on a full-time employee equivalent basis. Occupancy, insurance and repairs and maintenance are allocated based on square footage utilized by function.

## **Income Tax Status**

MesaCAN qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, MesaCAN has been classified as an organization that is not a private foundation under Section 509(a)(1). In addition, MesaCAN qualifies 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.

MesaCAN recognizes uncertain tax positions in the 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, 2025 and 2024, MesaCAN had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

MesaCAN recognizes interest and penalties associated with income tax in operating expenses. During the years ended June 30, 2025 and 2024, MesaCAN did not have any income tax related interest and penalty expenses.

## **Use of Estimates**

The preparation of 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 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 financial statements, MesaCAN has evaluated events and transactions for potential recognition or disclosure through March 16, 2026, the date the financial statements were available to be issued.

## Mesa Community Action Network, Inc. dba MesaCAN

Notes to Financial Statements

June 30, 2025 and 2024

### 2. Liquidity and Availability

MesaCAN regularly monitors liquidity required to meet its operating needs and operates on a balanced budget. MesaCAN's goal is to maintain liquid financial assets sufficient to cover a minimum of 30 days of general expenditures, which include expenditures related to its ongoing activities. MesaCAN considers all expenditures of its ongoing program activities to be general expenditures.

Financial assets that could readily be made available to meet general expenditures within the next year are calculated as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 420,945	\$ 690,021
Contracts receivable, net	561,043	481,442
Due from related affiliate	64,821	-
Total	<u>\$ 1,046,809</u>	<u>\$ 1,171,463</u>

### 3. Concentrations of Credit Risk

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

The contracts receivable balance at June 30, 2025, includes amounts from two payer sources whose balances make up approximately 86% of gross contracts receivable. The contracts receivable balance at June 30, 2024, includes amounts from three payer sources whose balances make up approximately 85% of gross contracts receivable. Concentrations of credit risk with respect to contracts receivable are limited due to the nature of the receivables and the collection history of these types of contracts and with these payer sources. Concentration of risk is defined as any balance due from a single funding source that exceeds 10% of the gross contracts receivable balance.

### 4. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Proposed restricted:		
ATO program matching funds	\$ 241,675	\$ 376,958
ATO administrative nonmatch funds	37,492	37,492
VITA program funds	145,793	110,369
Total	<u>\$ 424,960</u>	<u>\$ 524,819</u>

## Mesa Community Action Network, Inc. dba MesaCAN

Notes to Financial Statements

June 30, 2025 and 2024

### 5. In-Kind Contributions

MesaCAN received the following contributions of nonfinancial assets for the year ended June 30, 2025:

Type	Community Action Program	Weatherization	Assets to Opportunity	Other Programs	Support Services	Total
In-kind rent	\$ 115,348	\$ -	\$ -	\$ -	\$ -	\$ 115,348
Tax preparation services	-	-	-	380,829	-	380,829
Household goods	-	-	-	4,024	-	4,024
Financial custodial services	300	-	-	-	-	300
Total	<u>\$ 115,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,853</u>	<u>\$ -</u>	<u>\$ 500,501</u>

MesaCAN received the following contributions of nonfinancial assets for the year ended June 30, 2024:

Type	Community Action Program	Weatherization	Assets to Opportunity	Other Programs	Support Services	Total
In-kind rent	\$ 80,476	\$ -	\$ -	\$ -	\$ -	\$ 80,476
Tax preparation services	-	-	-	325,389	-	325,389
Household goods	-	-	-	362	-	362
Financial custodial services	22,778	-	-	-	-	22,778
Total	<u>\$ 103,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,751</u>	<u>\$ -</u>	<u>\$ 429,005</u>

MesaCAN's policy is to utilize all in-kind contributions that are received to carry out the mission of MesaCAN. All donated services and items were utilized by MesaCAN's programs and supporting services. In-kind rent is based on the contracted rate with the lessor. Donated tax preparation services and financial custodial services are valued at the standard hourly rates charged for those services.

### 6. Revenue Dependency

During the year ended June 30, 2025 approximately 84% of total contract revenue was derived from revenue received through contracts with three funding sources. During the year ended June 30, 2024, approximately 79% of total contract revenue was derived from revenue received through contracts with two funding sources. The loss of these contracts would cause a significant impact on MesaCAN's ability to continue operations at its current level. However, these contracts are renewed annually, and MesaCAN expects the continuation of these contracts into the foreseeable future.

### 7. Transactions With Affiliates

Leaf is the sole member of MesaCAN. Leaf provides management and support services for MesaCAN for which MesaCAN reimburses Leaf. MesaCAN also leases the majority of its employees from Leaf. The total amount of payroll and management and support services provided by Leaf to MesaCAN during the years ended June 30, 2025 and 2024 was approximately \$1,533,000 and \$1,369,000, respectively. During the years ended June 30, 2025 and 2024, MesaCAN leased facilities from Leaf for approximately \$115,000 and \$74,000, respectively. In addition, MesaCAN donates a portion of the proceeds from its bingo operations to Leaf. Total contribution expense related to the bingo operations was \$331,636 and \$244,364 for the years ended June 30, 2025 and 2024, respectively. Amounts due to Leaf at June 30, 2025 and 2024 were \$261,728 and \$83,767, respectively. During the year ended June 30, 2024, Leaf forgave \$500,838 of the due to related affiliate balance on the statement of financial position. Amounts due from Leaf at June 30, 2025 were \$64,821. There was no balance due from Leaf at June 30, 2024.

## **Mesa Community Action Network, Inc. dba MesaCAN**

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Notes to Financial Statements

June 30, 2025 and 2024

Additionally, MesaCAN leases a facility from The PRE-HAB Foundation, dba A New Leaf Foundation (the Foundation), an organization related through common management. Total rent paid to the Foundation was approximately \$42,000 and \$83,000 for the years ended June 30, 2025 and 2024, respectively.

### **8. Contingency**

MesaCAN participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. Accordingly, MesaCAN'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 MesaCAN's management expects such amounts, if any, to be minimal.

**Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With *Government Auditing Standards***

Independent Auditors' Report

To the Board of Directors of  
Mesa Community Action Network, Inc. dba MesaCAN

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Mesa Community Action Network, Inc. dba MesaCAN (the Organization), which comprise the Organization's statement of financial position as of June 30, 2025, and the related statements of activities,, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 16, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baker Tilly US, LLP*

Tempe, Arizona  
March 16, 2026