TU NIDITO CHILDREN AND FAMILY SERVICES, INC.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

RCM

REGIER CARR & MONROE, LLP, CPAs

TU NIDITO CHILDREN AND FAMILY SERVICES, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tu Nidito Children and Family Services, Inc.
Tucson, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tu Nidito Children and Family Services, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, 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 referred to above present fairly, in all material respects, the financial position of Tu Nidito Children and Family Services, Inc. as of December 31, 2021 and 2020, and the results of its operations 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). 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 Tu Nidito Children and Family Services, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tu Nidito Children and Family Services, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

(continued)

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 GAAS 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, 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 Tu Nidito Children and Family Services, Inc.'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 Tu Nidito Children and Family Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Regier Carr & Monroe, L.L.P.

August 9, 2022
Tucson, Arizona

TU NIDITO CHILDREN AND FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 1,794,839	$ 1,625,513
Short-term investments, certificates of deposit	435,343	433,718
Accounts receivable	26,046	79,016
Prepaid expenses and other assets	26,740	24,336
Total current assets	2,282,968	2,162,583
PROPERTY AND EQUIPMENT, NET	711,240	724,363
INVESTMENTS		
Securities	1,369,287	660,659
Beneficial interest in assets held by others	360,425	297,438
Total investments	1,729,712	958,097
Total assets	$ 4,723,920	$ 3,845,043

The Notes to Financial Statements are an integral part of these statement.

TU NIDITO CHILDREN AND FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES		
Accounts payable	$ 6,385	$ 9,009
Deferred revenue	-	21,000
Accrued wages and vacation	11,734	19,428
Total current liabilities	18,119	49,437
Total liabilities	18,119	49,437
NET ASSETS		
Without donor restrictions		
Available for operations	3,340,654	2,750,021
Investment in property and equipment	711,240	724,363
Total net assets without donor restrictions	4,051,894	3,474,384
With donor restrictions	653,907	321,222
Total net assets	4,705,801	3,795,606
Total liabilities and net assets	$ 4,723,920	$ 3,845,043

The Notes to Financial Statements are an integral part of these statements.

TU NIDITO CHILDREN AND FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Revenues and other support			
Special events including $3,005 of in-kind revenues	$ 166,276	$ -	$ 166,276
Less: costs of direct donor benefits	(15,088)	-	(15,088)
Net special events revenue	151,188	-	151,188
Contributions	481,711	20,726	502,437
Foundation and private grants	276,946	477,775	754,721
Donated materials and services	3,485	-	3,485
Paycheck Protection Program grant	128,557	-	128,557
Net realized and unrealized gains (losses) on investments	62,382	18,542	80,924
Interest and dividend income	37,399	28,481	65,880
Net assets released from restrictions	212,839	(212,839)	-
Total support and revenue	1,354,507	332,685	1,687,192
EXPENSES			
Program/activity expenses			
Program services	701,666	-	701,666
General and administrative	32,941	-	32,941
Fundraising	42,390	-	42,390
Total functional expenses	776,997	-	776,997
Increase in net assets	577,510	332,685	910,195
NET ASSETS, BEGINNING OF YEAR	3,474,384	321,222	3,795,606
NET ASSETS, END OF YEAR	$ 4,051,894	$ 653,907	$ 4,705,801

The Notes to Financial Statements are an integral part of these statements.

TU NIDITO CHILDREN AND FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Revenues and other support			
Special events including $3,150 of in-kind revenues	$ 28,278	$ -	$ 28,278
Less: costs of direct donor benefits	(23)	-	(23)
Net special events revenue	28,255	-	28,255
Contributions	472,285	11,900	484,185
Foundation and private grants	246,939	15,637	262,576
Donated materials and services	2,703	-	2,703
Paycheck Protection Program grant	114,042	-	114,042
Net realized and unrealized gains (losses) on investments	39,717	22,887	62,604
Interest and dividend income	19,678	3,226	22,904
Net assets released from restrictions	34,706	(34,706)	-
Total support and revenue	958,325	18,944	977,269
EXPENSES			
Program/activity expenses			
Program services	798,287	-	798,287
General and administrative	18,022	-	18,022
Fundraising	29,005	-	29,005
Total functional expenses	845,314	-	845,314
Other losses (gains)			
Loss on asset disposal	456	-	456
Total other losses (gains)	456	-	456
Total expenses and losses, net	845,770	-	845,770
Increase in net assets	112,555	18,944	131,499
NET ASSETS, BEGINNING OF YEAR	3,361,829	302,278	3,664,107
NET ASSETS, END OF YEAR	$ 3,474,384	$ 321,222	$ 3,795,606

The Notes to Financial Statements are an integral part of these statements.

TU NIDITO CHILDREN AND FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services										
	One on One	Young Adults	Community Impact	Children to Children	CPC	Other Services	Volunteer	Total Programs	General and Administrative	Fundraising	Total Expenses
Personnel											
Salaries	$ 75,998	$ 36,708	$ 39,492	$ 92,200	$ 17,620	$ 172,652	$ 27,999	$ 462,669	$ 21,721	$ 21,923	$ 506,313
Payroll taxes	5,658	2,733	2,940	6,864	1,312	12,855	2,085	34,447	1,617	1,632	37,696
Employee benefits	8,572	4,140	4,455	10,400	1,987	19,475	3,158	52,187	2,450	2,473	57,110
Total personnel expense	90,228	43,581	46,887	109,464	20,919	204,982	33,242	549,303	25,788	26,028	601,119
Professional services	4,639	2,241	2,411	5,628	1,075	10,538	1,709	28,241	1,326	1,338	30,905
Client support services	429	207	223	521	100	976	158	2,614	123	124	2,861
Communications	1,179	570	613	1,431	273	2,679	434	7,179	337	340	7,856
Donated material and services	523	253	272	634	121	1,187	193	3,183	149	151	3,483
Insurance	2,055	993	1,068	2,494	477	4,670	757	12,514	587	593	13,694
Other expenses	5,970	2,884	3,103	7,243	1,384	13,564	2,200	36,348	1,706	1,722	39,776
Occupancy	2,557	1,235	1,329	3,102	593	5,808	942	15,566	731	738	17,035
Supplies	396	191	206	480	92	897	146	2,408	113	114	2,635
Postage and printing	828	400	430	1,005	192	1,883	305	5,043	237	239	5,519
Repairs and maintenance	703	340	365	853	163	1,598	259	4,281	201	203	4,685
Special events	-	-	-	-	-	-	-	-	-	9,142	9,142
Total before depreciation	109,507	52,895	56,907	132,855	25,389	248,782	40,345	666,680	31,298	40,732	738,710
Depreciation	5,747	2,776	2,986	6,972	1,332	13,056	2,117	34,986	1,643	1,658	38,287
Total	$ 115,254	$ 55,671	$ 59,893	$ 139,827	$ 26,721	$ 261,838	$ 42,462	$ 701,666	$ 32,941	$ 42,390	$ 776,997

The Notes to Financial Statements are an integral part of these statements.

TU NIDITO CHILDREN AND FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services											
	One on One	Family Ties	Young Adults	Community Impact	Children to Children	CPC	Other Services	Volunteer	Total Programs	General and Administrative	Fundraising	Total Expenses
Personnel												
Salaries	$ 105,743	$ 1,402	$ 19,353	$ 21,092	$ 78,928	$ 18,680	$ 258,271	$ 28,273	$ 531,742	$ 12,005	$ 17,222	$ 560,969
Payroll taxes	8,729	116	1,598	1,741	6,516	1,542	21,319	2,334	43,895	991	1,422	46,308
Employee benefits	12,601	167	2,306	2,513	9,405	2,226	30,777	3,369	63,364	1,431	2,052	66,847
Total personnel expense	127,073	1,685	23,257	25,346	94,849	22,448	310,367	33,976	639,001	14,427	20,696	674,124
Professional services	5,500	73	1,007	1,097	4,105	972	13,433	1,471	27,658	624	896	29,178
Client support services	819	11	150	163	611	145	2,002	219	4,120	93	133	4,346
Communications	1,136	15	208	227	848	201	2,775	304	5,714	129	185	6,028
Donated materials and services	509	7	93	102	380	90	1,244	136	2,561	58	83	2,702
Insurance	2,361	31	432	471	1,762	417	5,768	631	11,873	268	385	12,526
Other expenses	7,287	97	1,334	1,454	5,439	1,287	17,798	1,948	36,644	827	1,187	38,658
Occupancy	4,523	60	828	902	3,376	799	11,046	1,209	22,743	513	737	23,993
Supplies	874	12	160	174	652	154	2,136	234	4,396	99	142	4,637
Postage and printing	1,137	15	208	227	849	201	2,778	304	5,719	129	185	6,033
Repairs and maintenance	493	7	90	98	368	87	1,204	132	2,479	56	80	2,615
Special events	-	-	-	-	-	-	-	-	-	-	3,150	3,150
Total before depreciation	151,712	2,013	27,767	30,261	113,239	26,801	370,551	40,564	762,908	17,223	27,859	807,990
Depreciation	7,036	93	1,288	1,403	5,251	1,243	17,184	1,881	35,379	799	1,146	37,324
Total	$ 158,748	$ 2,106	$ 29,055	$ 31,664	$ 118,490	$ 28,044	$ 387,735	$ 42,445	$ 798,287	$ 18,022	$ 29,005	$ 845,314

The Notes to Financial Statements are an integral part of these statements.

TU NIDITO CHILDREN AND FAMILY SERVICES, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 910,195	$ 131,499
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	38,287	37,324
Net realized and unrealized (gains) losses on investments	(80,924)	(64,849)
Loss on asset disposal	-	456
Paycheck Protection Program grant	(128,557)	(114,042)
Increase (decrease) in assets		
Accounts and grants receivable	52,970	49,353
Prepaid expenses and other assets	(2,404)	1,029
Increase (decrease) in liabilities		
Accounts payable	(2,624)	(7,709)
Accrued expenses and deferred revenue	(28,694)	28,314
Less transfers of contributions for long term investment	(20,726)	(11,900)
Net cash provided by operating activities	737,523	49,475
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(436,571)	(241,262)
Proceeds from redemption of certificates of deposit	434,946	466,615
Purchase of equipment	(25,164)	(8,008)
Purchase of investments	(846,910)	(173,323)
Proceeds from sale of investments	156,219	144,110
Net cash (used) provided by investing activities	(717,480)	188,132
CASH FLOWS FROM FINANCING ACTIVITIES		
Transfers of contributions restricted for long term investment	20,726	11,900
Proceeds from Paycheck Protection Program note payable	128,557	114,042
Net cash provided by financing activities	149,283	125,942
Net increase in cash and cash equivalents	169,326	363,549
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,625,513	1,261,964
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,794,839	$ 1,625,513

The Notes to Financial Statements are an integral part of these statements.

TU NIDITO CHILDREN AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Tu Nidito Children and Family Services, Inc. (the "Agency") is a nonprofit social service agency located in Tucson, Arizona. The Agency's primary funding comes from public contributions.

Included in the accompanying financial statements are programs and services that provide comfort, hope and support for children and families whose lives have been impacted by a serious medical condition or death. Through its array of support groups and individual services the Agency provides emotional, social, and educational tools to children and families and empowers them with strength and skills for navigating their grief in the present and future. The Agency and its highly skilled staff and trained volunteers serve Arizona's most vulnerable children and their families. In 2021, 326 families were directly supported, encompassing 546 children, 53 young adults, and 387 adults, and an additional 263 children, 89 young adults, and 1,802 adults participated in grief education or intervention within one or more of the Agency's non-competitive programs and services, as follows:

Children to Children Bereavement Support Groups

Ongoing support groups for children, teenagers and families who are grieving the death of a loved one. The Agency provides a safe place where grieving youth can share their loss experience in a caring, supportive environment. Support group curriculum provides skills and tools for healthy coping, strengthens communication and support systems, and integrates hope and joy into daily life while decreasing feelings of isolation. Children ages 3 1/2 through 18 years of age and their families meet twice per month. Groups and concurrent adult groups are facilitated by trained volunteers and coordinated by a staff member in English and Spanish.

Bereavement Support Group for Young Adults

An ongoing grief support program specifically designed for young adults ages 18 through 29. The group meets twice a month and is facilitated by trained volunteers and coordinated by staff. The group provides young adults with a safe and supportive place where they can grieve the death of a loved one and meet others experiencing similar circumstances and issues.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

One-on-One Support for Children with Serious Medical Conditions (Pathways)

Provision of intensive home, hospital and community-based support for children diagnosed with a serious medical condition. Services are designed to assist the seriously-ill child, their siblings, and adult caregivers through the difficulty and stress of diagnosis, change in prognosis and course of treatment. Professional support specialists provide guidance and tools to assist each family member in the development of positive coping skills, communication tools and other helpful strategies while also ensuring that the adults are better prepared to meet their children's needs. Services are offered in English and Spanish.

Support for Families Experiencing the Death of Their Child (Angels By Your Side)

The Agency continues to stay with families in the event their child's serious medical condition progresses. The Agency's staff support specialists assist families in navigating the devastation of a failing prognosis and, when appropriate, offer age-specific support for the diagnosed child to work through the dying process. The Agency professionals remain present with the family into the most difficult time imaginable, including the death of their child, and continue to provide individualized one on one bereavement services to all interested family members for a minimum of 18 months. Expenses for this program are reported with other services in the accompanying statement of functional expenses.

Support Group for Children who Have a Parent with Cancer or Other Serious Medical Condition (CPC)

The Agency offers ongoing support groups for children and teenagers who have a parent diagnosed with cancer or other serious medical conditions. The Agency provides a safe place where children, teens and parents can share their experiences in a caring, supportive environment. Support group curriculum provides skills and tools for healthy coping, strengthens communication and support systems, and integrates hope and joy into daily life while decreasing feelings of isolation. Families meet twice a month to take part in age appropriate support and activities for children ages 3½ through 18 years of age. Concurrent support groups are offered for both the diagnosed parent and other parent or adult caregiver.

Community Impact/Education/Intervention

Recognizing that children and families coming to the Agency may not get the same type of grief support from their communities, the Agency trains teachers, counselors, and community agencies and individuals on children and grief and provides tools for ongoing support and understanding. The Agency support specialists are also available to support our community's children in response to crisis situations including the death of a student or faculty member through an in-depth intervention program.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Volunteer Program

Volunteers are the heart of the Agency. The Agency has more than 135 dedicated people who volunteer their time in different ways:

- Support group volunteers facilitate peer support groups for children, teens and adults whose lives have been impacted by serious illness or death. This group works with an assigned age group: "littles" ages 3½ through 7, "middles" ages 8 through 12, and "teens" ages 13 through 18 or adults to provide comfort and support through structured "talking circles" questions and activities.

- One-on-one volunteers assist the Agency's staff support specialists who are working with a family who has a child with a serious medical condition. A volunteer's role can include various facets from respite and companionship to shopping and home assistance.

- Special event volunteers assist with fundraising and community events. Individual requirements are dependent upon the assignment.

- Office volunteers assist in answering phones, managing the library, providing computer support, running errands, preparing materials and other duties associated with running an office. Individual requirements are dependent upon the assignment.

- The Agency is governed by a volunteer Board of Directors, entrusted with the authority to establish major policies and accountability for the Agency's actions, including fiscal responsibility. Membership on the Agency's Board is an opportunity to contribute skills, experiences, knowledge and wisdom to an organization carrying out a vital service to children and their families as they deal with serious medical conditions and death. Each Board member is elected to a three-year term and is accountable for established duties and responsibilities. Each Board member may serve additional terms as stated in the by-laws.

General and Administrative

General and administrative expense includes the functions of general administration necessary to maintain and operate personnel, accounting and legal services and board administration.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

The financial statements of the Agency have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Agency to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

Investments

Investments in marketable equity securities with readily determinable values and all investments in debt securities are stated at fair market value.

Short-Term Investments

The Agency classifies certificates of deposit that have maturities of greater than three months but less than one year as short-term investments. Short-term certificates of deposit are carried at cost.

Investment Policy

The Agency invests in various instruments including insured certificates of deposits, savings accounts, other interest-bearing accounts, money market accounts, and certain debt and equity securities based on specific criteria prescribed in the Agency's Investment Policy. Deviation from the Investment Policy requires approval by the Board of Directors.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts and Grant Receivables

Accounts are stated at cost less an allowance for doubtful accounts. Management has reviewed the balances in accounts and grants receivable and, based on historical experience, management has determined that all accounts and grants receivable are collectible. Therefore, an allowance for doubtful accounts was not necessary at December 31, 2021 or 2020.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets or decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment

Purchased property and equipment are carried at cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The Agency capitalizes property and equipment with a cost in excess of $500 and a useful life greater than one year. Furniture and fixtures are being depreciated from five to ten years. Equipment is being depreciated from five to thirty-nine years. Buildings and improvements are being depreciated from seven to forty years. The cost of repairs and maintenance and all other equipment purchases are charged to expense in the year incurred.

Depreciation expense for the year ended December 31, 2021 was $38,287, and $37,324, for the year ended December 31, 2020.

Cash and Cash Equivalents

The Agency considers all cash and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Advertising and Marketing

Advertising and marketing costs are expensed as incurred. There was $1,652 of expense incurred for the year ended December 31, 2021, and no expense incurred for the year ended December 31, 2020.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Significant estimates included in these financial statements are the fair value of investments and management's estimate of the useful lives of assets.

Revenue Recognition

The Agency records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

The Agency recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There were no conditional contributions for the years ended December 31, 2021 and 2020.

Grants are generally recorded on a reimbursement basis, that is, when qualifying expenses are incurred by the Agency, both a receivable from the funder and revenue are recorded.

Donated Goods, Services and Facilities

Donated goods and services are valued at their fair market value. Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.

- The services would typically need to be purchased if not donated.

Although the Agency utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

(continued)

Functional Allocation of Expenses

The costs of providing the Agency's programs have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated based on time and effort. General and administrative expense includes the functions of general administration necessary to maintain and operate personnel, accounting and legal services and board administration. Fundraising includes time, effort and supplies used to promote, encourage and secure financial support from donors, who include individuals, foundations and corporations. The Agency's primary source of funding is from corporate and individual donations, gifts and grants.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Income Tax Status and Uncertain Tax Positions

The Agency is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and has been determined to not be a private foundation under Sections 509(a)(1) and (3), respectively. The Agency is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Agency is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Agency has determined it is not subject to unrelated business income tax. The returns are subject to examination for three years (four years for Arizona).

Income Tax Status and Uncertain Tax Positions (continued)

The Agency believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Agency would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Change in Accounting Principle - Fair Value Disclosure and Measurements

The Agency has adopted provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-13, Fair Value Measurements: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurements. This ASU modifies the disclosure requirements for fair value measurements. Those modifications include the removal and addition of disclosure requirements, as well as clarifying specific disclosure requirements. The Agency retrospectively adopted ASU 2018-13 for the fiscal year beginning January 1, 2021. The adoption of this ASU did not have a significant impact on the Agency's financial statements.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

- Leases

  In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-02, Leases (Topic 842), that will supersede the current lease requirements in Accounting Standards Codification ("ASC') 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either financing or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital lease obligations recognized on the statement of financial position. Lessor accounting under the new standard will remain similar to lessor accounting under current GAAP. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Agency's year ending December 31, 2022, and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined.

2. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020, consists of the following:

	2021	2020
Building and improvements	$ 869,861	$ 846,484
Land and improvements	155,740	155,740
Equipment	85,357	84,216
Furniture and fixtures	22,854	22,208
Total	1,133,812	1,108,648
Less accumulated depreciation	422,572	384,285
Total, net	$ 711,240	$ 724,363

(continued)

3. INVESTMENTS

Investments consist of mutual funds, corporate bonds, other securities, and a beneficial interest in assets held by another and are presented in the financial statements at fair value. Fair values and unrealized appreciation (depreciation) at December 31, 2021 and 2020, are as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
December 31, 2021			
Mutual funds	$ 577,155	$ 595,807	$ 18,652
Equities	307,930	442,882	134,952
Corporate and government bonds	329,311	330,598	1,287
Subtotal	1,214,396	1,369,287	154,891
Beneficial interest held by another	232,225	360,425	128,200
Total	$ 1,446,621	$ 1,729,712	$ 283,091

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
December 31, 2020			
Mutual funds	$ 235,947	$ 255,626	$ 19,679
Equities	166,428	244,502	78,074
Corporate and government bonds	152,895	160,531	7,636
Subtotal	555,270	660,659	105,389
Beneficial interest held by another	232,225	297,438	65,213
Total	$ 787,495	$ 958,097	$ 170,602

(continued)

3. INVESTMENTS (continued)

The following summarizes the return on investments and classifications in the financial statements for the years ending December 31, 2021 and 2020:

	2021	2020
Unrealized gains on investments	$ 60,457	$ 45,794
Realized gain on sale of investments	20,467	16,810
Net realized/unrealized gains	80,924	62,604
Interest and dividends	65,880	22,904
Net investment gains	$ 146,804	$ 85,508

The rate of return on the investments was approximately 15.32% for 2021 and 8.33% for 2020.

4. ENDOWMENT

Endowment Investments Held and Managed by the Jewish Community Foundation

In 2016, the Agency entered into an agreement with the Jewish Community Foundation of Southern Arizona (the "JCF"), to establish an organization endowment fund (the "Fund") in support of the Agency's charitable operations. JCF, an Arizona nonprofit organization, holds and administers the Fund, including subsequent contributions and future earnings, for the benefit of the Agency. Principal and earnings of the Fund are restricted solely for the Agency's charitable purposes. The organization endowment fund agreement provides that JCF shall have the power to modify any restrictions or condition on the distribution of assets for any specified charitable purpose or to specified organizations, if, in their sole judgment, such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or to the area served by JCF.

The Agency has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) through their endowment policy as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as net assets with donor restrictions (a) the original fair value of gifts donated to the endowment, (b) the original fair value of subsequent gifts donated to the endowment, and (c) accumulations to the endowment made in accordance with the instructions of the applicable donor gift instrument at the time the accumulation is added to the fund. The earnings of the donor restricted endowment fund are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Agency 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) other resources of the Agency, and (7) the Agency's investment policies. The Agency's donors have placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

(continued)

4. ENDOWMENT (continued)

Fund distributions to charitable beneficiaries, including the Agency, shall be made from the net distributable income, consistent with the current spending policies, and at the reasonable discretion, of JCF. Distribution requests are initiated by the Agency's Board of Directors, upon review of annual endowment activity. Through the organization endowment agreement, JCF is granted the power to carry out the purpose of the Fund, and to manage the investments contained therein.

Activity as of December 31 in the Fund as administered by JCF consists of the following:

	2021	2020
Investment, at fair value, beginning of period	$ 297,438	$ 261,974
Contributions to endowment	20,726	11,900
Dividends and interest	28,481	3,226
Realized gain	4,065	7,379
Unrealized gain	14,477	15,508
Investment expense	(4,762)	(2,549)
Investment, at fair value, end of period	$ 360,425	$ 297,438

Changes in endowment net assets as of December 31, 2021, are as follows:

	Restricted for Specific Purpose	Perpetual In Nature	Total Net Endowment Assets
Endowment net assets, beginning of year	$ 52,913	$ 244,525	$ 297,438
Contributions	-	20,726	20,726
Dividends and interest	28,481	-	28,481
Realized gain	4,065	-	4,065
Unrealized gain	14,477	-	14,477
Investment income	(4,762)	-	(4,762)
Endowments net assets, end of year	$ 95,174	$ 265,251	$ 360,425

(continued)

4. ENDOWMENT (continued)

Changes in endowment net assets as of December 31, 2020, are as follows:

	Restricted for Specific Purpose	Perpetual In Nature	Total Net Endowment Assets
Endowment net assets, beginning of year	$ 29,349	$ 232,625	$ 261,974
Contributions	-	11,900	11,900
Dividends and interest	3,226	-	3,226
Realized gain	7,379	-	7,379
Unrealized gain	15,508	-	15,508
Investment income	(2,549)	-	(2,549)
Endowments net assets, end of year	$ 52,913	$ 244,525	$ 297,438

5. FAIR VALUE MEASUREMENTS

U.S. Generally Accepted Accounting Principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 Fair Value Measurements are based on quoted prices (unadjusted) in active markets for identical assets that the reporting entity has the ability to access at the measurement date. An active market for the assets is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Fair Value Measurements are based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. If the asset has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset.

Level 3 Fair Value Measurements are based on unobservable inputs for the asset. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the assets at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant that holds the asset. Therefore, unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the (including assumption about risk). Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

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5. FAIR VALUE MEASUREMENTS (continued)

Fair value measurements were reported based on the following:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
Mutual funds	$ 595,807	$ 595,807	$ -	$ -
Equities	442,882	442,882	-	-
Bonds	330,598	330,598	-	-
Subtotal	1,369,287	1,369,287	-	-
Beneficial interest	360,425	-	360,425	-
Total	$ 1,729,712	$ 1,369,287	$ 360,425	$ -

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020				
Mutual funds	$ 255,626	$ 255,626	$ -	$ -
Equities	244,502	244,502	-	-
Bonds	160,531	160,531	-	-
Subtotal	660,659	660,659	-	-
Beneficial interest	297,438	-	297,438	-
Total	$ 958,097	$ 660,659	$ 297,438	$ -

(continued)

6. PAYCHECK PROTECTION PROGRAM GRANT

On February 1, 2021, the Agency qualified for and received a loan pursuant to the Paycheck Protection Program (the “PPP”), a program implemented by the U.S. Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender for an aggregate principal amount of $128,557. Under the terms of the agreement, the loan was unsecured, with interest at 1%. The Agency applied for forgiveness of the total loan amount, by providing evidence that the loan proceeds were used to fund eligible costs, during either an 8- or 24-week period, and that additional criteria for forgiveness has been met.

During the year ended December 31, 2021, the Agency successfully applied for forgiveness of the loan. The Agency received forgiveness of $128,557, which was recorded as revenue for the year ended December 31, 2021.

Additionally, on April 15, 2020, the Agency qualified for and received a loan pursuant to the Paycheck Protection Program (the “PPP”), a program implemented by the U.S. Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender for an aggregate principal amount of $114,042. Under the terms of the agreement, the loan was unsecured, with interest at 1%. The Agency applied for forgiveness of the total loan amount, by providing evidence that the loan proceeds were used to fund eligible costs, during either an 8- or 24-week period, and that additional criteria for forgiveness has been met.

During the year ended December 31, 2020, the Agency successfully applied for forgiveness of the loan. The Agency received forgiveness of $114,042, which was recorded as revenue for the year ended December 31, 2020.

7. OPERATING LEASES

The Agency leases office equipment under operating leases with varying expiration dates through September 2025. The minimum lease payments required under the above operating leases as of December 31, 2021 are as follows:

Year ending December 31,	
2022	$ 3,929
2023	3,180
2024	2,856
2025	2,061
Total	$ 12,026

Total rent expense (including taxes) for operating leases was $4,157 for 2021, and $3,442 for 2020.

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8. CONCENTRATIONS OF CREDIT RISK

Cash in Banks

The Federal Deposit Insurance Corporation (FDIC) insures cash accounts held at banks up to $250,000 per institution. Investments held at other institutions are covered up to $500,000 under insurance provided by the Securities Investor Protection Corporation (SIPC); however, SIPC does not protect against losses in market value. The Agency's investments are on deposit at a brokerage that provides additional insurance above SIPC limits. At December 31, 2021 the Agency had approximately $833,000 of cash and investments in excess of FDIC and SIPC limits.

Revenues

During 2021, the Agency received approximately 10% of its gross revenues from fundraising and special events (3% for the year ended December 31, 2020). The two largest fundraising events accounted for 10% of the Agency's total gross revenues for the year ended December 31, 2021 (3% for the year ended December 31, 2020).

9. EMPLOYEE BENEFIT PLAN

During 2018, the Agency adopted a SIMPLE IRA plan. Employees are generally eligible to participate in the plan if they received at least $5,000 in compensation during the plan year. Each year the Agency may elect to make a matching contribution up to 3% or non-elective contributions of 2% of employee compensation. During the years ended December 31, 2021 and 2020, the Agency contributed $3,896 and $11,510, respectively, to the plan.

10. NET ASSETS

Net assets with donor restriction activity was as follows for the year ended December 31, 2021:

	Beginning Balance	Contributions	Investment Gain	Releases and Transfers	Ending Balance
Child and family services	$ 76,697	$ 127,775	$ 47,023	$ (32,539)	$ 218,956
Connie Hillman Family Foundation challenge grant	-	350,000	-	(180,300)	169,700
In perpetuity endowment	244,525	20,726	-	45,401	310,652
Total	$ 321,222	$ 498,501	$ 47,023	$ (167,438)	$ 699,308

(continued)

10. NET ASSETS (continued)

Net assets with donor restriction activity was as follows for the year ended December 31, 2020:

	Beginning Balance	Contributions	Investment Gain	Releases and Transfers	Ending Balance
Child and family services	$ 69,653	$ 15,637	$ 26,113	$ (34,706)	$ 76,697
In perpetuity endowment	232,625	11,900	-	-	244,525
Total	$ 302,728	$ 27,537	$ 26,113	$ (34,706)	$ 321,222

11. AVAILABILITY AND LIQUIDITY

The following represents the Agency's financial assets at December 31, 2021 and 2020:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	$ 1,794,839	$ 1,625,513
Certificates of deposit	435,343	433,718
Securities	1,369,287	660,659
Beneficial interest in assets held by others	360,425	297,438
Accounts receivable	26,046	79,016
Total financial assets	3,985,940	3,096,344
Less amounts not available to be used within one year:		
Net assets with donor restrictions	388,656	76,697
Less net assets with purpose restrictions to be met in less than one year	(388,656)	(76,697)
Perpetual endowment	310,652	244,525
	310,652	244,525
Financial assets available to meet general expenditures over the next twelve months	$ 3,675,288	$ 2,851,819

(continued)

11. AVAILABILITY AND LIQUIDITY (continued)

The Agency's operating reserve policy is generally to maintain financial assets to meet 9 to 12 months of operating expenses (approximately $609,000 to $812,000). As part of its liquidity plan, when operational reserves exceed 12 months or 100% of the current fiscal year budget plus board approved spend down, the Agency will follow its short term investment policy. When these reserves exceed 24 months of the fiscal year budget plus board approved spend down, the Agency will follow its long term investment policy.

12. CONTINGENCIES

COVID-19 Pandemic

During the year ended December 31, 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. The extent to which the COVID-19 pandemic will impact the Agency's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Agency's donors, suppliers, and vendors and the remedial actions and stimulus measures adopted by local and federal government, and to what extent normal economic and operating conditions can resume. Even after the COVID-19 pandemic has subsided, the Agency may continue to experience adverse impacts to its operations as a result of any economic recession or depression that has occurred or may occur in the future. While the closures and limitations are expected to be temporary, the duration of the disruption and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of the coronavirus continue to spread, the impact could have a material adverse effect on the Agency's financial position, results of operations and cash flow.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 9, 2022, the date the financial statements were available to be issued.