

---

**TU NIDITO CHILDREN AND  
FAMILY SERVICES, INC.**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

**DECEMBER 31, 2024 AND 2023**



# **TU NIDITO CHILDREN AND FAMILY SERVICES, INC.**

## **TABLE OF CONTENTS**

	<i><u>Page</u></i>
Independent Auditor's Report.....	1
Financial Statements	
Statements of Financial Position .....	3
Statement of Activities – 2024 .....	5
Statement of Activities – 2023 .....	6
Statement of Functional Expenses – 2024.....	7
Statement of Functional Expenses – 2023.....	8
Statements of Cash Flows .....	9
Notes to Financial Statements .....	10

## 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, 2024 and 2023, 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, 2024 and 2023, 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). 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 Cant & Monroe, L.L.P.*

July 18, 2025  
Tucson, Arizona

**TU NIDITO CHILDREN AND FAMILY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

December 31, 2024 and 2023

**ASSETS**

	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,033,479	\$ 1,004,566
Short-term investments, non-negotiable certificates of deposit	629,179	823,279
Short-term investments, negotiable certificates of deposit	240,379	239,849
Accounts receivable	39,880	30,986
Accrued interest receivable	9,482	7,504
Prepaid expenses and other current assets	<u>31,687</u>	<u>27,095</u>
Total current assets	<u>1,984,086</u>	<u>2,133,279</u>
 <b>PROPERTY AND EQUIPMENT, NET</b>	 <u>1,016,097</u>	 <u>692,595</u>
 <b>OTHER ASSETS</b>		
Securities	1,952,622	1,799,368
Beneficial interest in assets held by others	597,032	513,081
Right of use assets	<u>3,840</u>	<u>7,402</u>
Total other assets	<u>2,553,494</u>	<u>2,319,851</u>
Total assets	<u><u>\$ 5,553,677</u></u>	<u><u>\$ 5,145,725</u></u>

*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, 2024 and 2023

**LIABILITIES AND NET ASSETS**

	<u>2024</u>	<u>2023</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 4,275	\$ 13,679
Accrued wages and vacation	8,895	30,482
Deferred revenue	-	3,000
Current lease liabilities	<u>2,336</u>	<u>3,561</u>
Total current liabilities	<u>15,506</u>	<u>50,722</u>
<b>LONG-TERM LIABILITIES</b>		
Lease liabilities, net of current portion	<u>1,504</u>	<u>3,840</u>
Total liabilities	17,010	54,562
<b>NET ASSETS</b>		
Without donor restrictions		
Available for operations	3,747,239	3,711,174
Investment in property and equipment	<u>1,019,937</u>	<u>699,997</u>
Total net assets without donor restrictions	4,767,176	4,411,171
With donor restrictions	<u>769,491</u>	<u>679,992</u>
Total net assets	<u>5,536,667</u>	<u>5,091,163</u>
Total liabilities and net assets	<u><u>\$ 5,553,677</u></u>	<u><u>\$ 5,145,725</u></u>

*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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Revenues and other support			
Special events including \$16,321 of in-kind revenues	\$ 298,064	\$ -	\$ 298,064
Less: costs of direct donor benefits	(69,202)	-	(69,202)
Net special events revenue	228,862	-	228,862
Contributions	395,208	40,040	435,248
Foundation and private grants	385,290	-	385,290
Donated materials and services	770	-	770
Investment gain	94,279	49,459	143,738
Interest and dividend income	116,860	-	116,860
Total support and revenue	1,221,269	89,499	1,310,768
<b>EXPENSES</b>			
Program/activity expenses			
Program services	746,847	-	746,847
General and administrative	29,323	-	29,323
Fundraising	89,094	-	89,094
Total functional expenses	865,264	-	865,264
Increase in net assets	356,005	89,499	445,504
<b>NET ASSETS, BEGINNING OF YEAR</b>	4,411,171	679,992	5,091,163
<b>NET ASSETS, END OF YEAR</b>	\$ 4,767,176	\$ 769,491	\$ 5,536,667

*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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Revenues and other support			
Special events including \$20,659 of in-kind revenues	\$ 335,775	\$ -	\$ 335,775
Less: costs of direct donor benefits	(71,915)	-	(71,915)
Net special events revenue	263,860	-	263,860
Contributions	350,135	33,180	383,315
Foundation and private grants	266,279	175,000	441,279
Donated materials and services	4,875	-	4,875
Investment gain	128,069	44,730	172,799
Interest and dividend income	69,697	-	69,697
Net assets released from restrictions	109,167	(109,167)	-
Total support and revenue	1,192,082	143,743	1,335,825
<b>EXPENSES</b>			
Program/activity expenses			
Program services	759,383	-	759,383
General and administrative	34,254	-	34,254
Fundraising	86,541	-	86,541
Total functional expenses	880,178	-	880,178
Increase in net assets	311,904	143,743	455,647
<b>NET ASSETS, BEGINNING OF YEAR</b>	4,099,267	536,249	4,635,516
<b>NET ASSETS, END OF YEAR</b>	\$ 4,411,171	\$ 679,992	\$ 5,091,163

*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, 2024

	Program Services								General and Administrative	Fundraising	Total Expenses
	One on One	Young Adults	Community Impact	Children to Children	CPC	Other Services	Volunteer	Total Programs			
Personnel											
Salaries	\$ 83,787	\$ 26,770	\$ 42,075	\$ 159,792	\$ 12,088	\$ 68,224	\$ 68,431	\$ 461,167	\$ 18,106	\$ 39,533	\$ 518,806
Payroll taxes	6,116	1,954	3,071	11,664	882	4,979	4,995	33,661	1,322	2,886	37,869
Employee benefits	9,336	2,983	4,688	17,805	1,347	7,601	7,625	51,385	2,018	4,405	57,809
Total personnel expense	99,239	31,707	49,834	189,261	14,317	80,804	81,051	546,213	21,446	46,824	614,484
Professional services	7,877	2,517	3,956	15,023	1,136	6,414	6,433	43,356	1,702	3,717	48,775
Client support services	1,374	439	690	2,620	198	1,119	1,122	7,562	297	648	8,507
Communications	1,237	395	621	2,360	178	1,008	1,010	6,809	267	584	7,660
Donated material and services	124	40	62	237	18	101	102	684	27	59	770
Insurance	2,712	867	1,362	5,173	391	2,209	2,215	14,929	586	1,280	16,795
Other expenses	8,075	2,580	4,055	15,401	1,165	6,576	6,595	44,447	1,745	3,810	50,002
Occupancy	3,438	1,098	1,726	6,556	496	2,798	2,808	18,920	743	1,622	21,286
Software	509	163	256	971	73	413	416	2,801	110	240	3,151
Supplies	607	194	305	1,157	88	493	495	3,339	131	286	3,756
Postage and printing	730	233	366	1,392	105	594	596	4,016	158	344	4,518
Repairs and maintenance	871	278	437	1,661	126	710	711	4,794	188	411	5,393
Special events	-	-	-	-	-	-	-	-	-	25,070	25,070
Total before depreciation	126,793	40,511	63,670	241,812	18,291	103,239	103,554	697,870	27,400	84,895	810,165
Depreciation	8,898	2,843	4,469	16,970	1,284	7,245	7,268	48,977	1,923	4,199	55,099
Total	\$ 135,691	\$ 43,354	\$ 68,139	\$ 258,782	\$ 19,575	\$ 110,484	\$ 110,822	\$ 746,847	\$ 29,323	\$ 89,094	\$ 865,264

*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, 2023

	Program Services								General and Administrative	Fundraising	Total Expenses
	One on One	Young Adults	Community Impact	Children to Children	CPC	Other Services	Volunteer	Total Programs			
Personnel											
Salaries	\$ 92,479	\$ 33,370	\$ 38,636	\$ 113,544	\$ 18,163	\$ 130,900	\$ 55,348	\$ 482,440	\$ 21,763	\$ 33,155	\$ 537,358
Payroll taxes	6,898	2,489	2,882	8,470	1,355	9,765	4,129	35,988	1,623	2,473	40,084
Employee benefits	9,470	3,417	3,956	11,627	1,860	13,404	5,667	49,401	2,228	3,395	55,024
Total personnel expense	108,847	39,276	45,474	133,641	21,378	154,069	65,144	567,829	25,614	39,023	632,466
Professional services	7,271	2,624	3,038	8,927	1,428	10,291	4,352	37,931	1,711	2,607	42,249
Client support services	1,315	474	549	1,614	258	1,862	787	6,859	309	471	7,639
Communications	1,340	484	560	1,645	263	1,898	802	6,992	315	480	7,787
Donated materials and services	839	303	351	1,030	165	1,188	502	4,378	197	301	4,876
Insurance	2,496	901	1,043	3,065	490	3,533	1,494	13,022	587	895	14,504
Other expenses	8,651	3,121	3,614	10,621	1,699	12,245	5,177	45,128	2,036	3,101	50,265
Occupancy	3,929	1,418	1,642	4,824	772	5,560	2,352	20,497	925	1,409	22,831
Supplies	836	302	349	1,026	164	1,182	500	4,359	197	300	4,856
Postage and printing	920	332	384	1,129	181	1,301	550	4,797	216	330	5,343
Repairs and maintenance	1,187	428	496	1,457	233	1,681	710	6,192	279	425	6,896
Special events	-	-	-	-	-	-	-	-	-	34,354	34,354
Total before depreciation	137,631	49,663	57,500	168,979	27,031	194,810	82,370	717,984	32,386	83,696	834,066
Depreciation	7,936	2,864	3,315	9,743	1,559	11,232	4,750	41,399	1,868	2,845	46,112
Total	\$ 145,567	\$ 52,527	\$ 60,815	\$ 178,722	\$ 28,590	\$ 206,042	\$ 87,120	\$ 759,383	\$ 34,254	\$ 86,541	\$ 880,178

*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, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 445,504	\$ 455,647
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	55,099	46,112
Right of use assets - amortization	3,562	3,782
Net investment income	(143,738)	(172,799)
Accretion of operating lease liabilities	148	214
(Increase) decrease in assets		
Accounts and grants receivable	(8,894)	(9,055)
Accrued interest receivable	(1,978)	(7,504)
Prepaid expenses and other assets	(4,592)	(4,596)
(Decrease) increase in liabilities		
Accounts payable	(9,404)	145
Accrued expenses and deferred revenue	(24,587)	(2,470)
Operating lease liabilities	(3,709)	(3,997)
Net cash provided by operating activities	<u>307,411</u>	<u>305,479</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificates of deposit	(271,878)	(830,727)
Proceeds from redemption of certificates of deposit	465,978	744,286
Purchase of equipment	(378,601)	(58,594)
Purchase of investments	(330,820)	(229,661)
Proceeds from sale of investments	236,823	160,725
Net cash used by investing activities	<u>(278,498)</u>	<u>(213,971)</u>
Net increase in cash and cash equivalents	28,913	91,508
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,004,566</u>	<u>913,058</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 1,033,479</u></u>	<u><u>\$ 1,004,566</u></u>

*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, 2024 and 2023

### **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 2024, 362 families were directly supported, encompassing 606 children, 40 young adults, and 425 adults, and an additional 149 children and 858 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 4 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.

#### *Opportunity Youth*

The Agency partners with other community agencies to meet those in need where they are. This includes closed session support groups for marginalized youth (typically ages 16-24) who are experiencing unresolved and unaddressed grief from a death, but who have difficulty accessing available resources and support.

(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 from birth to age 18 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 4 through 18 years of age. Concurrent support groups are offered for both the diagnosed parent and other parent or adult caregiver.

### *Community Impact/Education/Response*

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 response 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 210 dedicated volunteers who spent thousands of hours supporting program participants 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 4 through 7, “middles” ages 8 through 12, and “teens” ages 13 through 18 or adults to provide comfort and support through structured sharing 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. Receivables are written off when management determines collection to be unlikely. Management reviewed the balances in accounts and grants receivable and based on historical experience as well as general economic conditions, management has determined that all accounts and grants receivable are collectible. Therefore, an allowance for doubtful accounts was not necessary at December 31, 2024 or 2023. The balance of accounts receivables was \$21,931 at January 1, 2023.

### *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 fifteen 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 was \$55,099 and \$46,112 for the years ended December 31, 2024 and 2023, respectively.

### *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. Advertising and marketing costs were \$1,134 and \$237 for the years ended December 31, 2024 and 2023, respectively.

*(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, 2024 and 2023.

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

### *Donated Materials and Services*

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.

It is the Agency's policy that gifts of tangible personal property and real estate that will not further the mission of the Agency will only be accepted upon approval of the Board of Directors. It is upon the Board of Director's discretion to determine if the contributed tangible personal property and real estate should be liquidated to cash.

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)*

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

### *Leases*

A lease is defined as a party obtaining the right to use an asset legally owned by another party. The Agency determines if an arrangement is a lease at inception. Right-of-use (“ROU”) assets and lease liabilities are recorded at the lease commencement date. Lease liabilities are recognized at the present value of the contractual fixed lease payments. The Agency uses discount rates to determine the present value of future lease payments. The Agency has made the policy election to use a risk-free rate as the discount rate for all operating leases, based on the U.S. Daily Treasury Par Yield Curve rates for various time periods that approximate the lease term. The lease terms used to calculate the ROU asset and lease liability may include options to extend or terminate when it is reasonably certain that the Agency will exercise that option. ROU assets are recognized equal to lease liabilities, adjusted for prepaid lease payments, initial direct costs and lease incentives. Operating lease expense is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred.

As a practical expedient, the Agency has elected an accounting policy not to separate non-lease components from lease components and instead account as a single lease component. The Agency has also elected not to recognize ROU assets and lease liabilities for leases that, at the commencement date, are for twelve months or less. Refer to Note 6, Leases for additional information.

### *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.

### *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).

*(continued)*

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

### *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.

## 2. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2024 and 2023, consists of the following:

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 1,245,065	\$ 906,576
Land and improvements	155,740	155,740
Equipment	134,359	115,129
Furniture and fixtures	<u>44,699</u>	<u>23,817</u>
Total	1,579,863	1,201,262
Less accumulated depreciation	<u>563,766</u>	<u>508,667</u>
Total, net	<u>\$ 1,016,097</u>	<u>\$ 692,595</u>

(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, 2024 and 2023, are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
<u>December 31, 2024</u>			
Mutual funds	\$ 852,255	\$ 827,388	\$ (24,867)
Equities	437,437	628,947	191,510
Corporate and government bonds	507,982	496,287	(11,695)
Certificates of deposit, negotiable	<u>240,000</u>	<u>240,379</u>	<u>379</u>
Subtotal	2,037,674	2,193,001	155,327
Beneficial interest held by another	<u>455,647</u>	<u>597,032</u>	<u>141,385</u>
Total	<u>\$ 2,493,321</u>	<u>\$ 2,790,033</u>	<u>\$ 296,712</u>
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
<u>December 31, 2023</u>			
Mutual funds	\$ 810,481	\$ 777,026	\$ (33,455)
Equities	437,763	586,009	148,246
Corporate and government bonds	454,632	436,333	(18,299)
Certificates of deposit, negotiable	<u>240,000</u>	<u>239,849</u>	<u>(151)</u>
Subtotal	1,942,876	2,039,217	96,341
Beneficial interest held by another	<u>415,606</u>	<u>513,081</u>	<u>97,475</u>
Total	<u>\$ 2,358,482</u>	<u>\$ 2,552,298</u>	<u>\$ 193,816</u>

The net investment gains for the years ending December 31, 2024 and 2023 were \$143,738 and \$172,799, respectively. The rate of return on the investments was approximately 14.89% for 2024 and 14.41% for 2023.

(continued)

#### 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.

The Agency has adopted an investment policy for its board designated endowment assets to support long term sustainability of the Agency. The policy’s objective is to provide a source of cash flow for operations, program or unanticipated needs.

Designated endowment funds are invested in a pooled fund with the JCF. 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.

From time to time, the fair value of assets associated with donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Agency to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature are reported as net assets with donor restrictions. There were no such deficiencies as of December 31, 2024.

*(continued)*

#### 4. ENDOWMENT (continued)

Changes in endowment net assets as of December 31, 2024, are as follows:

	<u>Restricted for Specific Purpose</u>	<u>Perpetual In Nature</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 97,475	\$ 415,606	\$ 513,081
Contributions	-	40,040	40,040
Investment gain	49,489	-	49,489
Fees	<u>(5,548)</u>	<u>-</u>	<u>(5,548)</u>
Endowments net assets, end of year	<u>\$ 141,416</u>	<u>\$ 455,646</u>	<u>\$ 597,062</u>

Changes in endowment net assets as of December 31, 2023, are as follows:

	<u>Restricted for Specific Purpose</u>	<u>Perpetual In Nature</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 57,308	\$ 382,426	\$ 439,734
Contributions	-	33,180	33,180
Investment gain	44,730	-	44,730
Fees	<u>(4,563)</u>	<u>-</u>	<u>(4,563)</u>
Endowments net assets, end of year	<u>\$ 97,475</u>	<u>\$ 415,606</u>	<u>\$ 513,081</u>

#### 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.

(continued)

## 5. FAIR VALUE MEASUREMENTS (continued)

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.

Fair value measurements were reported based on the following:

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>			
<u>December 31, 2024</u>				
Mutual funds	\$ 827,388	\$ 827,388	\$ -	\$ -
Equities	628,947	628,947	-	-
Bonds	496,287	496,287	-	-
Certificates of deposit, negotiable	<u>240,379</u>	<u>-</u>	<u>240,379</u>	<u>-</u>
Subtotal	2,193,001	1,952,622	240,379	-
Beneficial interest	<u>597,032</u>	<u>-</u>	<u>597,032</u>	<u>-</u>
Total	<u>\$ 2,790,033</u>	<u>\$ 1,952,622</u>	<u>\$ 837,411</u>	<u>\$ -</u>

(continued)

## 5. FAIR VALUE MEASUREMENTS (continued)

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
<u>December 31, 2023</u>				
Mutual funds	\$ 777,026	\$ 777,026	\$ -	\$ -
Equities	586,009	586,009	-	-
Bonds	436,333	436,333	-	-
Certificates of deposit, negotiable	<u>239,849</u>	<u>-</u>	<u>239,849</u>	<u>-</u>
Subtotal	2,039,217	1,799,368	239,849	-
Beneficial interest	<u>513,081</u>	<u>-</u>	<u>513,081</u>	<u>-</u>
Total	<u>\$ 2,552,298</u>	<u>\$ 1,799,368</u>	<u>\$ 752,930</u>	<u>\$ -</u>

## 6. LEASES

Effective January 1, 2022 (the “implementation date”), the Agency adopted new guidance intended to improve financial reporting for leases. A lease is defined as a party obtaining the right to use an asset legally owned by another party. The Agency determines if an arrangement is a lease at inception. For operating leases entered into prior to January 1, 2022, the Right-of-Use (“ROU”) assets and operating lease liabilities were recognized in the statement of financial position on the implementation date based on the present value of the remaining future minimum payments over the lease term from the implementation date. This ROU asset was adjusted for unamortized lease incentives and restructuring liabilities that existed on the implementation date. For leases entered into subsequent to January 1, 2022, the operating lease ROU asset and operating lease liabilities are based on the present value of minimum payments over the lease term at the commencement date of the lease.

The Agency uses discount rates to determine the present value of future lease payments. The Agency has made the policy election to use a risk-free rate as the discount rate for all operating leases, based on the U.S. Daily Treasury Par Yield Curve rates for various time periods that approximate the lease term. The lease terms used to calculate the ROU asset and lease liability may include options to extend or terminate when it is reasonably certain that the Agency will exercise that option.

(continued)



## 6. LEASES (continued)

The Agency leases office equipment under non-cancelable operating leases with varying expiration dates through November 2027. Leases are negotiated with third-parties and, in some instances contain renewal, expansion and termination options. None of the Agency's leases contain significant purchase options. All of the Agency's material leases are operating leases.

The following chart provides additional information about the Agency's office equipment leases for the year ended December 31, 2024:

	<u>2024</u>	<u>2023</u>
Lease cost:		
Operating lease cost	\$ 3,710	\$ 3,997
Other information:		
Operating cash outflows from operating leases	\$ 3,710	\$ 3,997
Weighted-average remaining lease term	1.95 years	1.90 years
Weighted-average discount rate	2.90%	2.40%

Future minimum lease payments for the Agency's operating leases as of December 31, 2024, are as follows:

<u>Year ending December 31,</u>	
2025	\$ 2,420
2026	816
2027	<u>748</u>
Total future lease payments	3,984
Less: Present value discount	<u>(144)</u>
Total	<u>\$ 3,840</u>
Current lease liabilities	\$ 2,336
Long-term lease liabilities	<u>1,504</u>
Total lease liabilities	<u>\$ 3,840</u>

(continued)

## **6. LEASES (continued)**

Note: Table excludes obligations for leases with original terms of 12 months or less which have not been recognized as a right to use asset or liability in the consolidated balance sheet.

## **7. 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, 2024, the Agency had approximately \$102,000 of cash and investments in excess of FDIC and SIPC limits.

### *Revenues*

During 2024, the Agency received approximately 27% of its gross revenues from fundraising and special events (29% for the year ended December 31, 2023). The two largest fundraising events accounted for 23% of the Agency's total gross revenues for the year ended December 31, 2024 (24% for the year ended December 31, 2023).

## **8. 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, 2024 and 2023, the Agency contributed \$4,804 and \$7,325, respectively, to the plan.

*(continued)*

## 9. NET ASSETS

Net assets with donor restriction activity was as follows for the year ended December 31, 2024:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Investment Gain</u>	<u>Releases and Transfers</u>	<u>Ending Balance</u>
Child and family services	\$ 118,555	\$ -	\$ 49,459	\$ -	\$ 168,014
Expansion of grief support services	145,831	-	-	-	145,831
In perpetuity endowment	<u>415,606</u>	<u>40,040</u>	<u>-</u>	<u>-</u>	<u>455,646</u>
Total	<u>\$ 679,992</u>	<u>\$ 40,040</u>	<u>\$ 49,459</u>	<u>\$ -</u>	<u>\$ 769,491</u>

Net assets with donor restriction activity was as follows for the year ended December 31, 2023:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Investment Gain (Loss)</u>	<u>Releases and Transfers</u>	<u>Ending Balance</u>
Child and family services	\$ 153,823	\$ -	\$ 44,730	\$ (80,000)	\$ 118,555
Expansion of grief support services	-	175,000	-	(29,169)	145,831
In perpetuity endowment	<u>382,426</u>	<u>33,180</u>	<u>-</u>	<u>-</u>	<u>415,606</u>
Total	<u>\$ 536,249</u>	<u>\$ 208,180</u>	<u>\$ 44,730</u>	<u>\$ (109,167)</u>	<u>\$ 679,992</u>

(continued)

## 10. AVAILABILITY AND LIQUIDITY

The following represents the Agency's financial assets at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,033,479	\$ 1,004,566
Certificates of deposit, non-negotiable	629,179	823,279
Certificates of deposit, negotiable	240,379	239,849
Securities	1,952,622	1,799,368
Beneficial interest in assets held by others	597,032	513,081
Accounts receivable	39,880	30,986
Accrued interest receivable	<u>9,482</u>	<u>7,504</u>
Total financial assets	<u>4,502,053</u>	<u>4,418,633</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	313,845	264,386
Perpetual endowment	<u>455,646</u>	<u>415,606</u>
	<u>769,491</u>	<u>679,992</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,732,562</u>	<u>\$ 3,738,641</u>

The Agency's operating reserve policy is generally to maintain financial assets to meet 9 to 12 months of operating expenses (approximately \$657,000 to \$876,000). 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.

## 11. DONATED MATERIALS AND SERVICES

Contributed nonfinancial assets reflected in the Agency's financial statements for the years ended December 31, 2024 and 2023, consist of the following:

	<u>2024</u>	<u>2023</u>
Donated materials and service for special events	\$ 16,321	\$ 20,659
Other donated materials and services	<u>770</u>	<u>4,875</u>
Total contributed nonfinancial assets	<u>\$ 17,091</u>	<u>\$ 25,534</u>

(continued)

## **11. DONATED MATERIALS AND SERVICES (continued)**

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Valuations are provided by the donors based on comparable sales.

Donated materials and services for special events are comprised of items and services, such as donated auction items, that are used in relation to the Agency's Remarkable Celebration. These donations are used in the Agency's program services, general and administrative activities, and fundraising activities.

Other donated materials and services are miscellaneous items and services, such as computers and volunteer background checks, that the Agency received. These donations are used in the Agency's program services.

In addition, a substantial number of volunteers have made significant contributions of their time to various functions of the Agency. Board members also contribute a significant amount of time in financial, fundraising, and other activities. The value of these services does not meet the requirements for recognition in the financial statements. The Agency has determined it is not practical to estimate a fair value for these services.

## **12. PAYCHECK PROTECTION PROGRAM LOANS**

The Agency obtained two loans of \$128,557 and \$114,042 under the Paycheck Protection Program (PPP) that were forgiven during the years ended December 31, 2021 and 2020, respectively. The SBA may undertake a review of a loan of any size during the ten-year period following forgiveness. The review will include the loan forgiveness applications, as well as whether the Agency met the eligibility requirements of the program and received the proper loan amounts. The timing and outcome of any SBA review is not known.

## **13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 18, 2025, the date the financial statements were available to be issued.