TU NIDITO CHILDREN AND FAMILY SERVICES, INC.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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

We have audited the accompanying financial statements of Tu Nidito Children and Family Services, Inc. (the "Agency") (an Arizona nonprofit corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(continued)

Opinion

In our opinion, the 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, 2015 and 2014, 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.

Regier Carr & Monroe, L.L.P.

June 6, 2016
Tucson, Arizona

TU NIDITO CHILDREN AND FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

ASSETS

	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	$ 899,160	$ 812,999
Certificates of deposit	123,370	122,939
Accounts receivable	1,990	5,853
Grants receivable	2,935	5,743
Special event receivables	147	-
Prepaid expenses and other assets	19,449	25,427
Total current assets	1,047,051	972,961
PROPERTY AND EQUIPMENT, NET	801,252	823,486
INVESTMENTS		
Securities	481,408	613,718
Investment in Olafson Gift, LLC	212,682	209,308
Total investments	694,090	823,026
Total assets	$ 2,542,393	$ 2,619,473

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

TU NIDITO CHILDREN AND FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

LIABILITIES AND NET ASSETS

	2015	2014
CURRENT LIABILITIES		
Accounts payable	$ 788	7,527
Deferred revenue	67,484	82,919
Accrued wages and vacation	22,915	11,766
Current portion of note payable	65,000	65,000
Total current liabilities	156,187	167,212
LONG-TERM LIABILITIES		
Long term portion of note payable	130,000	195,000
Total liabilities	286,187	362,212
NET ASSETS		
Unrestricted		
Available for operations	1,649,954	1,693,775
Investment in property and equipment	606,252	563,486
Total unrestricted net assets	2,256,206	2,257,261
Total liabilities and net assets	$ 2,542,393	$ 2,619,473

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

TU NIDITO CHILDREN AND FAMILY SERVICES, INC.
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2015 and 2014

	2015	2014
SUPPORT AND REVENUE		
Revenues and other support		
Special events including $25,818		
of in-kind revenues ($49,649 for 2014)	$ 636,720	$ 502,170
Less: costs of direct donor benefits	(131,151)	(96,151)
Net special events revenue	505,569	406,019
Contributions	221,500	279,497
Debt forgiven	65,000	65,000
Government grants	30,433	60,000
Foundation and private grants	152,796	81,082
Interest and dividend income	11,597	16,960
Donated materials and services	20,062	10,706
Total unrestricted support and revenue	1,006,957	919,264
EXPENSES		
Program/activity expenses		
Program services	858,641	806,171
General and administrative	30,649	33,589
Fundraising	107,308	130,965
Total functional expenses	996,598	970,725
Other expense (income)		
Net realized and unrealized loss on investments	12,593	11,332
(Gain) on equity investment	(3,374)	(4,982)
Loss on asset disposal	2,195	-
Total other expense (income)	11,414	6,350
Total expenses and losses	1,008,012	977,075
(Decrease) increase in unrestricted net assets	(1,055)	(57,811)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	2,257,261	2,315,072
UNRESTRICTED NET ASSETS, END OF YEAR	$ 2,256,206	$ 2,257,261

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, 2015

	Program Services													
	One on One	Family Ties	Young Adults	Memory Beads	Children to Children	CPC	Camp Erin	Satellite	Other Services	Volunteer	Total Programs	General and Administrative	Fundraising	Total Expenses
Personnel														
Salaries	$ 149,024	$ 610	$ 2,381	$ 35,043	$ 47,925	$ 8,730	$ 20,330	$ 28,938	$ 212,700	$ 48,474	$ 554,155	$ 19,780	$ 36,569	$ 610,504
Payroll taxes	11,930	49	191	2,805	3,837	699	1,627	2,317	17,027	3,881	44,363	1,583	2,927	48,873
Employee benefits	12,043	50	192	2,832	3,873	706	1,643	2,339	17,189	3,917	44,784	1,599	2,955	49,338
Total personnel expense	172,997	709	2,764	40,680	55,635	10,135	23,600	33,594	246,916	56,272	643,302	22,962	42,451	708,715
Professional services	6,872	28	110	1,616	2,210	403	938	1,335	9,809	2,235	25,556	912	1,686	28,154
Client support services	13,039	53	208	3,065	4,193	764	1,779	2,532	18,610	4,241	48,484	1,731	3,200	53,415
Communications	1,518	6	24	357	488	89	207	295	2,167	494	5,645	202	373	6,220
Donated material and service	1,773	7	28	417	570	104	242	344	2,530	577	6,592	235	435	7,262
Insurance	3,126	13	50	735	1,005	183	427	608	4,462	1,017	11,626	415	767	12,808
Other expenses	12,217	50	195	2,873	3,929	716	1,667	2,372	17,438	3,974	45,431	1,622	2,998	50,051
Occupancy	5,105	21	82	1,200	1,642	299	696	991	7,286	1,660	18,982	678	1,253	20,913
Supplies	1,907	8	30	448	614	113	260	370	2,722	620	7,092	253	468	7,813
Postage and printing	2,086	9	33	490	671	122	285	405	2,977	678	7,756	277	512	8,545
Repairs and maintenance	1,786	7	29	420	575	105	244	347	2,550	581	6,644	237	438	7,319
Special events	-	-	-	-	-	-	-	-	-	-	-	-	50,646	50,646
Total before depreciation	222,426	911	3,553	52,301	71,532	13,033	30,345	43,193	317,467	72,349	827,110	29,524	105,227	961,861
Depreciation	8,479	35	135	1,994	2,727	497	1,157	1,647	12,102	2,758	31,531	1,125	2,081	34,737
Total	$ 230,905	$ 946	$ 3,688	$ 54,295	$ 74,259	$ 13,530	$ 31,502	$ 44,840	$ 329,569	$ 75,107	$ 858,641	$ 30,649	$ 107,308	$ 996,598

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, 2014

	Program Services													
	One on One	Family Ties	Young Adults	Memory Beads	Children to Children	CPC	Camp Erin	Satellite	Other Services	Volunteer	Total Programs	General and Administrative	Fundraising	Total Expenses
Personnel														
Salaries	$ 127,284	$ 2,811	$ 2,642	$ 11,469	$ 56,671	$ 9,951	$ 35,250	$ 29,797	$ 194,186	$ 35,925	$ 505,986	$ 21,083	$ 35,138	$ 562,207
Payroll taxes	10,703	236	222	964	4,765	837	2,964	2,505	16,328	3,021	42,545	1,773	2,955	47,273
Employee benefits	11,601	256	241	1,045	5,165	907	3,213	2,716	17,698	3,274	46,116	1,921	3,202	51,239
Total personnel expense	149,588	3,303	3,105	13,478	66,601	11,695	41,427	35,018	228,212	42,220	594,647	24,777	41,295	660,719
Professional services	5,522	122	115	497	2,459	432	1,529	1,293	8,425	1,559	21,953	915	1,524	24,392
Client support services	11,583	256	240	1,044	5,157	906	3,208	2,712	17,672	3,269	46,047	1,918	3,198	51,163
Communications	1,245	27	26	112	554	97	345	291	1,899	351	4,947	206	344	5,497
Donated material and service	2,424	54	50	218	1,079	190	671	567	3,698	684	9,635	402	669	10,706
Insurance	3,817	84	79	344	1,699	298	1,057	894	5,823	1,077	15,172	632	1,054	16,858
Other expenses	9,783	216	203	881	4,356	765	2,709	2,290	14,925	2,761	38,889	1,619	2,701	43,209
Occupancy	4,349	96	90	392	1,936	340	1,204	1,018	6,635	1,227	17,287	720	1,201	19,208
Supplies	2,526	56	52	228	1,125	197	700	591	3,854	713	10,042	419	697	11,158
Postage and printing	2,721	60	56	245	1,211	213	753	637	4,151	768	10,815	451	751	12,017
Repairs and maintenance	1,733	38	36	156	772	136	480	406	2,644	489	6,890	287	478	7,655
Special events	-	-	-	-	-	-	-	-	-	-	-	-	74,980	74,980
Total before depreciation	195,291	4,312	4,052	17,595	86,949	15,269	54,083	45,717	297,938	55,118	776,324	32,346	128,892	937,562
Depreciation	7,508	166	156	677	3,343	587	2,079	1,758	11,454	2,119	29,847	1,243	2,073	33,163
Total	$ 202,799	$ 4,478	$ 4,208	$ 18,272	$ 90,292	$ 15,856	$ 56,162	$ 47,475	$ 309,392	$ 57,237	$ 806,171	$ 33,589	$ 130,965	$ 970,725

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, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	$ (1,055)	$ (57,811)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Debt forgiven	(65,000)	(65,000)
Depreciation	34,737	33,163
Donated assets	(13,500)	-
Donated investments	-	(15,502)
Net realized and unrealized loss on investments	12,593	11,332
Equity investment (income)	(3,374)	(4,982)
Loss on asset disposal	2,195	-
Interest and dividend income from investments	(7,333)	-
Interest from certificates of deposit	(431)	(491)
Increase (decrease) in assets		
Accounts receivable	6,524	21,343
Prepaid expenses and other assets	5,978	27,032
Increase (decrease) in liabilities		
Accounts payable	(6,739)	1,393
Accrued expenses	(4,286)	27,123
Net cash used by operating activities	(39,691)	(22,400)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(1,198)	(10,054)
Purchase of investments	(182,871)	(443,522)
Proceeds from sale of investments	309,921	432,758
Net cash provided (used) by investing activities	125,852	(20,818)
Net increase (decrease) in cash	86,161	(43,218)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	812,999	856,217
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 899,160	$ 812,999

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

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 the future. The Agency and its highly skilled staff and trained volunteers serve Southern Arizona's most vulnerable children and their families. In 2015, 358 families were supported, encompassing 914 children, 22 young adults and 510 adults within one or more of the Agency's non-competitive programs and services as follows:

Children to Children Grief 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 children can share their loss experience in a caring, supportive environment. Families meet twice a month to take part in age-appropriate support and activities for children ages 3½ through 18 years of age. Groups and concurrent adult groups are facilitated by trained volunteers and coordinated by a staff member.

Grief 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 on the University of Arizona campus 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.

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 each family member through the difficulty and stress of diagnosis, change in prognosis and course of treatment. Professional support specialists, and highly trained volunteers provide individualized support to the seriously ill child, their siblings and their caregivers.

(continued)

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

Group Support for Children with Serious Medical Conditions (Family Ties)

Ongoing support groups for families who have a child with a serious medical condition. The Agency provides a safe environment for children and families to come together and share their challenges, hopes, laughter and tears as they deal with diagnosis, changes in prognosis and course of treatment. Each evening consists of age specific children's groups for the seriously ill child and their siblings and concurrent adult groups. Groups meet monthly and are facilitated by trained volunteers and coordinated by a staff member.

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.

Support Group for Children who Have a Parent with Cancer or Other Serious Medical Conditions (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. 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.

Angel Ties

The Agency is dedicated to supporting families through a child's serious medical condition, from diagnosis through treatment or through bereavement should the child die. Recognizing the unique needs of parents whose children have died from serious medical conditions, the Agency offers a group that is exclusive for parents who have experienced the death of a child from a serious medical condition.

Satellite Location Grief Support Groups

The Agency provides closed-session bereavement support programs in outlying or underserved areas in and near Tucson. The program is offered through weekly support groups in 8-10 week sessions in various suburban locations, and in most of the Boys and Girls Clubs of Tucson Clubhouse locations.

(continued)

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

Camp Erin

The Agency is the Arizona provider for Camp Erin, a nationwide network of bereavement camps. The Agency provides a free weekend bereavement camp for children and teens ages 6 through 17 who have experienced the death of someone close to them. Campers participate in fun, traditional camp activities combined with grief education and emotional support led by expert bereavement professionals and trained volunteers. The provider contract runs through 2022.

PB & J with Love

The Agency provides monthly meal/food support to single parents who are diagnosed with a serious medical condition such as cancer. Battling a serious medical condition is physically and emotionally exhausting. For single parents, their challenges are compounded. Families enrolled in the PB & J with Love program receive eight family meals a month to ease some of their burden and to ensure that these parents going through chemotherapy and other treatments have nutritious meals for themselves and their children.

Memory Beads

Memory Beads is a community program to help individuals, families, schools, and others to process their grief journey through the facilitated process of making special bead necklaces. Once a month the Agency opens its doors to the community to come and make a memory bead necklace as well as at specially scheduled times in the community.

Volunteer Program

Volunteers are the heart of the Agency. The Agency has more than 350 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.

- 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. Office volunteers can choose any weekday for three to four hours per week. Individual requirements are dependent upon the assignment.

(continued)

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

General and Administrative

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

Fundraising

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.

Basis of Accounting

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

Basis of Presentation

As required by the Classification of Net Assets of Not-for-Profit Entities topic of the FASB Accounting Standards Codification, the financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.

Temporarily restricted net assets carry donor-imposed restrictions that limit their use. No temporarily restricted net assets existed at December 31, 2015 and 2014.

Permanently restricted net assets also possess donor-imposed restrictions that limit their use to investment in perpetuity to provide a permanent source of income for the Agency's operations. No permanently restricted net assets existed at December 31, 2015 and 2014.

Recognition of Donor Restrictions

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires within the reporting period in which the contribution is received. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Investments

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

(continued)

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

Investment in Real Estate Joint Venture

Investments in real estate joint ventures are accounted for using the equity method of accounting. Accordingly, investments are recorded at acquisition costs plus the company's equity in the undistributed earnings or losses of the entity.

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. In April 2011, the Agency's Board of Directors voted to accept a contribution of an investment in real estate.

Accounts and Grant Receivables

Accounts and grant receivables 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, 2015 or 2014.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets or as 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.

Depreciation expense for the year ended December 31, 2015 was $34,737 ($33,163 for the year ended December 31, 2014).

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.

(continued)

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

Advertising and Marketing

Advertising and marketing costs are expensed as incurred. Such costs totaled approximately $0 for the year ended December 31, 2015 and $25 for the year ended December 31, 2014.

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.

The fair values of investments represent a significant estimate in reported assets.

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.

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 organizations described in Section 501(c)(3), qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations 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).

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2015 and 2014 consists of the following:

	2015	2014
Building and improvements	$ 843,879	$ 843,879
Land and improvements	155,740	155,740
Equipment	55,598	37,896
Furniture and fixtures	42,428	42,528
Fixed asset deposits	-	8,425
Total	1,097,645	1,088,468
Less accumulated depreciation	296,393	264,982
Total, net	$ 801,252	$ 823,486

3. INVESTMENTS

Marketable securities are stated at fair value. Fair values and unrealized appreciation (depreciation) at December 31, 2015 and 2014 are as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
December 31, 2015			
Mutual funds	$ 199,075	$ 196,123	$ (2,952)
Equities	166,788	166,320	(468)
Corporate and Government bonds	120,245	118,965	(1,280)
Total	$ 486,108	$ 481,408	$ (4,700)

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3. INVESTMENTS (continued)

December 31, 2014	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual funds	$ 292,634	$ 291,718	$ (916)
Corporate bonds	322,000	322,000	-
Total	$ 614,634	$ 613,718	$ (916)

Investments consist of mutual funds, corporate bonds, and other securities and are presented in the financial statements at fair value.

The following summarizes the investments return and its classification in the financial statements for the years ending December 31, 2015 and 2014:

	2015	2014
Realized (loss) gain on sale of investments	$ (7,893)	$ 139
Gain from LLC - Note 5	3,374	4,982
Unrealized (loss) on investments	(4,700)	(11,471)
Interest and dividends	11,597	16,960
Net investment gain (loss)	$ 2,378	$ 10,610

The rate of return on the investments was approximately .34% for 2015 and 1.29% for 2014.

4. FAIR VALUE MEASUREMENTS

U.S. generally accepted accounting principles establish a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consists of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Agency measures fair values using Level 1 inputs because they generally provide the most reliable evidence of fair value.

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)

4. 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		
	Fair Value	Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2015				
Mutual funds	$ 196,123	$ 196,123	$ -	$ -
Equities	166,320	166,320		
Corporate bonds	118,965	118,965	-	-
Total	$ 481,408	$ 481,408	$ -	$ -

		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, 2014				
Mutual funds	$ 291,718	$ 291,718	$ -	$ -
Corporate bonds	322,000	322,000	-	-
Total	$ 613,718	$ 613,718	$ -	$ -

(continued)

5. INVESTMENT IN OLAFSON GIFT, LLC (THE "LLC")

During 2011, the Agency received, through a distribution of a charitable remainder trust, a 50% ownership in three residential properties with an estimated fair value of $412,000. In June 2011, the Agency transferred its interest in the properties plus $10,000 to the Olafson Gift, LLC (the "LLC"), in return for 50% ownership in the LLC. Olafson Gift, LLC, was formed for the sole purpose of temporarily renting the properties with a goal of eventually selling the three properties.

The investment in Olafson Gift, LLC is accounted for using the equity method of accounting. Accordingly, investments are recorded at acquisition costs plus the Agency's equity in the undistributed earnings or losses of the LLC, adjusted for impairment loss, if any.

The carrying value of the Agency's investment for the years ended December 31, 2015 and 2014 approximates the Agency's underlying equity in net assets of Olafson Gift, LLC. 50% of Olafson Gift, LLC's equity totaled $212,682 and $209,308, respectively, as of December 31, 2015 and 2014. Olafson Gift, LLC's net income for the years ended December 31, 2015 and 2014 was $3,374 and $4,982, respectively.

Management has evaluated the value of the investment and has not recognized an impairment. The Agency's investment was appraised in 2011 and management has not identified any events or changes in circumstances that would have an adverse effect on that fair value.

6. ANGEL CHARITY NOTE PAYABLE

On July 21, 2006, the Agency entered into an agreement with the Angel Charity for Children, Inc. (the "Charity") whereby the Charity would provide funding related to the construction of a new program facility.

During 2007, the Charity provided $650,000 to the Agency in the form of a non-interest bearing promissory note which was executed in January 2008. The note is to be forgiven evenly over a period of 10 years, beginning January 2009, provided that the Agency continues to use the facility to operate its children and youth programs. Accordingly, the Agency has recognized $65,000 as forgiven debt in the accompanying statement of activities at December 31, 2015 ($65,000 for 2014). The note is collateralized by a first deed of trust, security agreement and assignments of leases and rents on the property.

Long-term debt was as follows at December 31:	2015	2014
Notes payable	$ 195,000	$ 260,000
Current portion	(65,000)	(65,000)
Non-current portion	$ 130,000	$ 195,000

(continued)

6. ANGEL CHARITY NOTE PAYABLE (continued)

Future maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2016	$ 65,000
2017	65,000
2018	65,000
Total	$ 195,000

7. OPERATING LEASES

The Agency leases office equipment under operating leases with varying expiration dates through September 17, 2020.

The minimum lease payments required under the above operating leases as of December 31, 2015 are as follows:

Year ending December 31,	Amount
2016	$ 5,577
2017	2,029
2018	2,029
2019	2,029
2020	1,522
Total	$ 13,186

Total rent expense (including taxes) for operating leases was $4,690 for 2015 and $4,405 for 2014.

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, 2015 the Agency had approximately $42,000 of cash and investments in excess of FDIC and SIPC limits, and at December 31, 2014 the Agency's cash and investments were fully insured.

(continued)

8. CONCENTRATIONS OF CREDIT RISK (continued)

Revenues

During 2015, the Agency received approximately 65% of its gross revenues from fundraising and special events (51% for the year ended December 31, 2014). The two largest fundraising events accounted for 45% of the Agency's total gross revenues (46% for the year ended December 31, 2014).

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 6, 2016, the date the financial statements were available to be issued.