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Child Crisis Arizona and Affiliates

Consolidated Financial Statements
and Supplementary Information

December 31, 2025 and 2024

Independent Auditors' Report

To the Board of Directors of
Child Crisis Arizona

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Child Crisis Arizona and Affiliates (the Organization), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Also, the accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2026 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Tempe, Arizona
April 24, 2026

Child Crisis Arizona and Affiliates

Consolidated Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 9,078,478	$ 9,882,645
Certificates of deposit, current	356,592	1,096,998
Contracts revenue receivable, conditional contributions	1,590,891	670,984
Contracts revenue receivable, fee-for-service	547,291	504,932
Promises to give, current portion, net of allowance for uncollectible promises of $168,350 and $112,536	954,087	657,419
Grants receivable, current portion	1,473,125	1,283,125
Due from CCAF	9,325	3,794
Supplies inventory	95,994	92,952
Prepaid expenses and other assets	1,020,756	192,277
Restricted cash, new markets tax credit funded reserves	1,027,580	2,067,880
Total current assets	16,154,119	16,453,006
Other Assets		
Certificates of deposit, net of current portion	-	359,261
Promises to give, net of current portion, unamortized discount and allowance for uncollectible promises of $460,510 and $339,586	1,322,192	795,816
Grants receivable, net of current portion	1,550,000	2,625,000
Investments:		
Without donor restrictions	5,658,874	3,847,369
Deferred compensation plan	1,003,159	804,331
New markets tax credit leveraged loans receivable	27,572,900	27,572,900
Endowment held by CCAF	6,398,680	5,493,911
Operating lease right-of-use assets	164,971	301,909
Property and equipment, net (including finance lease right of use assets, in the net amounts of $25,610,715 and $26,311,360)	43,023,397	43,166,431
Beneficial interest in supporting organization	14,171,939	13,360,362
Assets restricted for long term purposes:		
Cash for capital campaign	-	726,460
Promises to give for capital campaign, net of allowance for uncollectible promises of $36,950 and $125,422	184,261	690,858
Total other assets	101,050,373	99,744,608
Total assets	$ 117,204,492	$ 116,197,614

See notes to consolidated financial statements

	2025	2024
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 262,139	$ 809,887
Due to CCAF	132,342	50,954
Accrued expenses	2,846,382	2,806,653
Deferred income	127,446	155,475
Operating lease liabilities, current portion	98,963	136,544
Total current liabilities	3,467,272	3,959,513
Long-Term Liabilities		
Operating lease liabilities, net of current portion	66,008	165,365
Accrued deferred compensation	1,003,159	804,331
Forgivable loans	1,009,000	1,059,000
New markets tax credit loans, net of debt issuance costs	36,369,724	40,088,512
Total long-term liabilities	38,447,891	42,117,208
Total liabilities	41,915,163	46,076,721
Net Assets		
Without donor restrictions:		
Undesignated	48,042,621	43,037,590
Board designated	2,355,245	2,827,911
	50,397,866	45,865,501
With donor restrictions	24,891,463	24,255,392
Total net assets	75,289,329	70,120,893
Total liabilities and net assets	$ 117,204,492	$ 116,197,614

Child Crisis Arizona and Affiliates

Consolidated Statements of Activities
Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support and Other Income						
Contributions and grants	$ 8,074,720	$ 3,487,094	$ 11,561,814	$ 7,819,161	$ 6,405,788	$ 14,224,949
Special events contributions and income, net	1,823,765	-	1,823,765	1,777,775	-	1,777,775
In-kind donated property, supplies and services	472,965	-	472,965	242,858	-	242,858
Contract revenue, conditional contributions	20,338,663	-	20,338,663	20,614,826	-	20,614,826
Contract revenue, fee-for-service	5,221,295	-	5,221,295	3,450,000	-	3,450,000
Gain (loss) on sale/retirement of fixed assets	33,169	-	33,169	(1,123)	-	(1,123)
Investment return	1,491,953	518,804	2,010,757	1,413,180	-	1,413,180
Inflation Reduction Act tax credit	750,000	-	750,000	-	-	-
Other income	118,889	-	118,889	496,319	-	496,319
Release from time restrictions	1,944,012	(1,944,012)	-	1,918,031	(1,918,031)	-
Release from time and purpose restrictions	2,237,392	(2,237,392)	-	13,290,816	(13,290,816)	-
Total revenues, support and other income	42,506,823	(175,506)	42,331,317	51,021,843	(8,803,059)	42,218,784
Operating Expenses						
Program services	31,611,848	-	31,611,848	29,723,301	-	29,723,301
Management and general	5,005,746	-	5,005,746	5,381,380	-	5,381,380
Fundraising activities	2,302,567	-	2,302,567	1,980,696	-	1,980,696
Total operating expenses	38,920,161	-	38,920,161	37,085,377	-	37,085,377
Change in net assets before nonoperating income (expenses)	3,586,662	(175,506)	3,411,156	13,936,466	(8,803,059)	5,133,407
Nonoperating Activities						
Change in beneficial interest in supporting organization	945,703	811,577	1,757,280	360,312	1,214,812	1,575,124
Excess of assets acquired over liabilities assumed	-	-	-	6,122,674	-	6,122,674
Total nonoperating income (expenses)	945,703	811,577	1,757,280	6,482,986	1,214,812	7,697,798
Change in net assets	4,532,365	636,071	5,168,436	20,419,452	(7,588,247)	12,831,205
Net Assets, Beginning	45,865,501	24,255,392	70,120,893	25,446,049	31,843,639	57,289,688
Net Assets, Ending	$ 50,397,866	$ 24,891,463	$ 75,289,329	$ 45,865,501	$ 24,255,392	$ 70,120,893

See notes to consolidated financial statements

Child Crisis Arizona and Affiliates

Consolidated Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services						
	Prevention	Intervention	Total Program Services	Management and General	Fundraising Activities	Direct Donor Benefit	Total
Salaries and wages	$ 5,344,897	$ 14,023,577	$ 19,368,474	$ 2,595,899	$ 934,893	$ -	$ 22,899,266
Payroll taxes and benefits	1,318,126	3,500,213	4,818,339	603,936	185,003	-	5,607,278
Training and travel	111,530	111,982	223,512	60,012	38,275	-	321,799
Program supplies	840,663	1,237,202	2,077,865	-	7,133	-	2,084,998
Office and janitorial supplies	94,250	96,981	191,231	83,315	50,281	-	324,827
Equipment rent and software	186,645	359,207	545,852	79,682	36,961	-	662,495
Marketing	5,560	25,760	31,320	204	298,370	-	329,894
Insurance	99,135	298,175	397,310	131,475	3,905	-	532,690
Repairs and maintenance	348,835	523,946	872,781	69,504	9,576	-	951,861
Telephone and utilities	275,034	543,305	818,339	80,283	19,440	-	918,062
Transportation	87,435	268,346	355,781	37,750	1,584	-	395,115
Banking fees	-	-	-	82,727	152,018	-	234,745
Professional services	50,200	204,739	254,939	166,672	41,308	-	462,919
Special event food and other	-	-	-	-	156,682	154,837	311,519
Building rent	43,380	-	43,380	-	-	-	43,380
Bad debt expense	-	-	-	-	218,154	-	218,154
Interest expense	-	-	-	663,158	-	-	663,158
Depreciation and amortization	566,515	909,694	1,476,209	333,329	72,427	-	1,881,965
Miscellaneous	27,569	108,947	136,516	17,800	76,557	-	230,873
	9,399,774	22,212,074	31,611,848	5,005,746	2,302,567	154,837	39,074,998
To reconcile to consolidated statement of activities:							
Special events food and other	-	-	-	-	-	(154,837)	(154,837)
Total expenses	$ 9,399,774	$ 22,212,074	$ 31,611,848	$ 5,005,746	$ 2,302,567	$ -	$ 38,920,161

See notes to consolidated financial statements

Child Crisis Arizona and Affiliates

Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services						
	Prevention	Intervention	Total Program Services	Management and General	Fundraising Activities	Direct Donor Benefit	Total
Salaries and wages	$ 5,080,678	$ 12,480,193	$ 17,560,871	$ 2,772,210	$ 884,685	$ -	$ 21,217,766
Payroll taxes and benefits	1,291,608	3,104,911	4,396,519	584,744	180,705	-	5,161,968
Training and travel	139,237	392,437	531,674	126,984	46,261	-	704,919
Program supplies	954,082	1,319,258	2,273,340	-	9,433	-	2,282,773
Office and janitorial supplies	140,436	134,931	275,367	159,062	85,769	-	520,198
Equipment rent and software	178,977	497,211	676,188	115,503	45,238	-	836,929
Marketing	12,476	29,644	42,120	7,568	315,950	-	365,638
Insurance	106,260	286,224	392,484	117,812	4,754	-	515,050
Repairs and maintenance	350,824	607,156	957,980	80,546	15,818	-	1,054,344
Telephone and utilities	247,041	504,119	751,160	88,576	23,245	-	862,981
Transportation	77,646	215,572	293,218	45,407	3,081	-	341,706
Banking fees	-	-	-	24,213	101,821	-	126,034
Professional services	47,891	139,049	186,940	306,277	91,244	-	584,461
Special event food and other	-	-	-	-	142,762	146,328	289,090
Building rent	45,307	3,904	49,211	13,448	-	-	62,659
Bad debt recovery	-	-	-	-	(26,190)	-	(26,190)
Interest expense	-	-	-	464,048	-	-	464,048
Depreciation and amortization	395,958	723,761	1,119,719	370,531	11,869	-	1,502,119
Miscellaneous	101,813	114,697	216,510	104,451	44,251	-	365,212
	9,170,234	20,553,067	29,723,301	5,381,380	1,980,696	146,328	37,231,705
To reconcile to consolidated statement of activities:							
Special events food and other	-	-	-	-	-	(146,328)	(146,328)
Total expenses	$ 9,170,234	$ 20,553,067	$ 29,723,301	$ 5,381,380	$ 1,980,696	$ -	$ 37,085,377

See notes to consolidated financial statements

Child Crisis Arizona and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Cash received from funding sources	$ 24,597,692	$ 24,484,114
Cash received from donors and grants	10,193,674	13,353,027
Cash received from special events	1,978,602	1,924,103
Miscellaneous receipts	164,385	1,142,020
Cash paid to employees	(22,858,161)	(21,146,880)
Cash paid for benefits and taxes	(5,208,557)	(5,012,520)
Cash paid to suppliers and vendors	(8,468,488)	(11,517,215)
Cash paid for interest	(663,158)	(464,048)
Cash received from (paid to) affiliate	75,857	(131,535)
Cash paid on operating leases	(70,074)	(169,515)
Net cash flows from operating activities	(258,228)	2,461,551
Cash Flows From Investing Activities		
Purchases of certificates of deposit	-	(1,448,000)
Proceeds from redemption of certificates of deposit	1,101,259	-
Purchases of investments	(554,350)	(313,450)
Proceeds from sale of investments	167,876	1,686,699
Transfer to CCAF for endowment investments	(147,928)	(3,851,688)
Purchases of property and equipment	(1,752,850)	(9,088,042)
Cash received from donors and grants for long term purposes	1,687,549	3,384,233
Cash received from acquisition	-	220,698
Net transfers from supporting organization	945,703	360,312
Issuance of new markets tax credit leveraged loans receivable	-	(9,435,400)
Net cash flows from investing activities	1,447,259	(18,484,638)
Cash Flows From Financing Activities		
Proceeds from new markets tax credit loans	-	12,740,000
Principal payments on new markets tax credit loans	(3,759,958)	(3,529,666)
Payment of loan fees	-	(257,710)
Net cash flows from financing activities	(3,759,958)	8,952,624
Net change in cash and cash equivalents	(2,570,927)	(7,070,463)
Cash and Cash Equivalents, Beginning	12,676,985	19,747,448
Cash and Cash Equivalents, Ending	$ 10,106,058	$ 12,676,985
Reconciliation to Consolidated Statements of Financial Position		
Cash	$ 9,078,478	$ 9,882,645
Cash restricted for long term purposes	-	726,460
Restricted cash, new markets tax credit funded reserves	1,027,580	2,067,880
	$ 10,106,058	$ 12,676,985
Supplemental Noncash Disclosures		
Donated inventory items	$ 340,147	$ 125,189
Excess of assets acquired over liabilities assumed (see note 23)	-	5,901,976
Debt forgiveness on forgivable loans	50,000	350,000
	$ 390,147	$ 6,377,165

1. Nature of Operations and Summary of Significant Accounting Policies

Organization

The primary mission of Child Crisis Arizona (CCA) is to provide children and youth in Arizona a safe environment, free from abuse and neglect by creating strong and successful families. These services are provided in eleven primary locations, utilizing both paid employees and volunteer staff.

CCA is related to Child Crisis Arizona Foundation (CCAF), a supporting organization to CCA, by four and three common board members for the years ended December 31, 2025 and 2024, respectively. CCA does not exercise control over CCAF, and the accounts of CCAF are not included in the accompanying consolidated financial statements of CCA.

CCA is the sole member of Child Crisis Arizona Holdings (CCAH), Child Crisis Arizona Legacy (CCAL) and Safe Kids Strong Families, LLC (SKSF) which operate as affiliates of CCA and are under the control of CCA.

The Organization provides several programs to further its mission, including but not limited to the following:

Prevention programs include:

- **Early Education Services** - offered through two centers, one in Mesa and the other in Phoenix, as well as home-based services. Both centers offer Early Head Start and Preschool programming for low-income children and families. The program works to prepare children for successful kindergarten entry while assisting families in overcoming racial and ethnic inequities, thereby breaking the cycle of generational poverty.

- **Family Education** - providing free classes, workshops and events to increase parents' knowledge and skills to care for youth safety thereby reducing the possibilities of child abuse, neglect, or unintentional injury.

- **Distribution Center** - offering free basic needs items (clothing, hygiene needs, diapers and household goods) to children, youth and families in crisis. Included is programming for homeless high school students, helping them stay in school and graduate with a post-secondary plan in place.

- **Healthy Families** - pairs parents of infants with family support specialists who serve as mentors, guides, and champions of early developmental success. Support specialists use evidence-based curriculum to educate caregivers, and connect them to local resources for child care, health care and more, laying the foundation for a lifetime of love, learning, and growth.

Intervention programs serve children and youth who are or have been part of the child welfare system through the:

- **Emergency Children's Shelter** - singular in the state of Arizona, offering around-the-clock, head-to-toe care for children ages 2 through 10 years.

- **Group Home** - serving adolescent boys ages 10 through 17 years, concentrating on providing a normal teen experience and transitioning from youth to self-sufficient adulthood.

- **Independent Living for Foster Youth** - providing apartment living, meals and supportive services to aid youth, ages 18 through 21 years to allow high school graduation, pursuit of post-secondary education, and career development to transition to an independent adulthood.

- **Extended Foster Care** - supports young adults ages 18 through 21 years who have aged out of foster care by connecting them with success coaches. These mentors help them navigate adulthood, access resources, and build a stable foundation for financial security, higher education, and career success.

- **Refugee Resettlement Program** - providing care and reunification services for unaccompanied minor children entering the United States.

- **Foster Care and Adoption Program** - working with single- and two-parent families wishing to grow their family through the provision of foster care or adoptive services. This program guides families through licensure or certification, monitoring and supporting children placed in homes.

- **Counseling Center** - offers therapeutic services for children and youth in the child welfare system, concentrating on attachment and bonding, grief and loss, anger management and trauma.

- **Whispering Hope Ranch** - the ranch provides therapeutic and recreational camp experiences for children, youth, and adults of all abilities. Through partnerships with nonprofits and support for children in our care, campers engage with animals and nature in a safe, supportive environment that fosters personal growth, healing, and connection.

Principles of Consolidation

The consolidated financial statements include the accounts of CCA, CCAH, CCAL and SKSF (collectively, the Organization) because CCA has both control and economic interest in these affiliates. All significant inter-organization transactions and accounts between CCA, CCAH, CCAL and SKSF have been eliminated in the consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of ninety days or less at date of acquisition to be cash equivalents. Cash held in accounts with stock brokerage firms are reported as investments as they represent accounts used for the purchases and sales of investments and are excluded from this definition. As of December 31, 2025 and 2024, there were no cash equivalents.

Restricted Cash, New Markets Tax Credit Funded Reserves

The Organization entered into financing agreements in December 2022 to assist with the construction of a new agency headquarters building. The financing agreements require the Organization to maintain cash received restricted for the construction of the building in separate accounts.

The Organization entered into financing agreements in February 2024 to assist with financing of operating expenses for childhood education programs and the property on which such programs are housed. The financing agreements require the Organization to maintain separate fee reserve accounts until the loans are fully repaid or all funds have been disbursed.

Contracts Revenue Receivable

Contracts revenue receivables are unsecured and include fee-for-service revenue and revenue from cost reimbursement grants; these balances are presented separately on the consolidated statements of financial position. Contracts revenue receivables are carried at the outstanding balances less an allowance for credit losses, if applicable, and are stated at the amount management expects to collect. The allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events, and also future events. In circumstances where the Organization is aware of a specific amount where there may be an inability to meet the financial obligation, it records a specific reserve to reduce the amounts recorded to what it believes will be collected.

Accounts are charged off against the allowance when they are deemed to be uncollectible. Contracts revenue receivable at December 31, 2025 and 2024 is considered by management to be fully collectible and, accordingly, an allowance for credit losses has not been provided.

Promises to Give and Grants Receivable

Unconditional promises to give and certain grants receivable are recognized as revenues in the period the promise is received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates as determined by management applicable to the year in which the promises are received. Amortization of the discounts is included in contributions. In circumstances where it is aware of a specific amount where there may be an inability to meet the financial obligation, the Organization records a specific reserve to reduce the amounts recorded to what it believes will be collected. Additionally, the Organization reserves a portion of all promises based upon historical uncollectible rates. Promises are charged off against the allowance when they are deemed to be uncollectible. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Grants receivable at December 31, 2025 and 2024 are considered to be fully collectible by management and, accordingly, an allowance for doubtful accounts is not deemed necessary.

Beneficial Interest in Trusts

The Organization had an interest in an irrevocable charitable remainder unitrust. Assets received under charitable remainder unitrust agreements were recorded at fair value on the date the agreement was recognized, which the Organization estimates based on the present value of the expected future cash flows of the asset. Upon the death of the beneficiaries, a portion of the remaining principal was distributed to the Organization. This trust terminated during the year ended December 31, 2024.

Fair Value Measurements

A framework for measuring fair value has been established by the Accounting Standards Codification (ASC) and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified term (contractual term), the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement and usually reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the assets (i.e., real estate valuations, broker quotes).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

Investments are recorded at fair value or net asset value in the consolidated statements of financial position. Investment return or loss is included in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

New Markets Tax Credit Leveraged Loans Receivable

New Markets Tax Credit (NMTC) leveraged loans receivable consist of two promissory notes receivable. One of these promissory notes receivable was entered into in December 2022 with EBT NMTC Investment Fund VII, LLC (EBTIF). This leveraged loan receivable is collateralized by EBTIF's interest in Enterprise Sub-CDE 31, LLC and Pohlcat, LLC (collectively, the community development entities, or CDEs) related to the NMTC transaction and is stated at the principal amount outstanding. Payments on the leveraged loan receivable are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. Management assesses the credit quality of the leveraged loan receivable based on indicators such as collateralization, collection experience and management's internal metrics and reviews the collectability of the leverage loan receivable on an ongoing basis. The leveraged loan receivable is periodically evaluated for impairment based on relevant facts and circumstances. Management has determined that no allowance is necessary, and no impairment has occurred as of December 31, 2025 and 2024.

The second NMTC leveraged loan receivable was entered into in February 2024 and consists of a promissory note receivable with Twain Investment Fund 773, LLC (TIF). This leveraged loan receivable is collateralized by TIF's interest in Silly Mountain NMTC, LLC (the CDE) related to the NMTC transaction and is stated at the principal amount outstanding. Payments on the leveraged loan receivable are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. Management assesses the credit quality of the leveraged loan receivable based on indicators such as collateralization, collection experience and management's internal metrics and review the collectability of the leverage loan receivable on an ongoing basis. The leveraged loan receivable is periodically evaluated for impairment based on relevant facts and circumstances. Management has determined that no allowance is necessary, and no impairment has occurred as of December 31, 2025 and 2024.

Property and Equipment

Acquisitions of property and equipment in excess of $10,000 are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of buildings and equipment is calculated using the straight-line method over the estimated useful lives of the respective assets:

Asset Class	Years
Buildings and improvements	10 - 31
Furniture and fixtures	3 - 5
Vehicles	7
Playground equipment	3 - 5

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in operations.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Endowment Funds

The Organization's endowment fund consists of funds designated by the Board and donors to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization follows Arizona's Management of Charitable Funds Act (MCFA) and its own governing documents. MCFA requires the preservation of endowment funds. When a donor's intent is not expressed, MCFA directs the Organization to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors and the donor's intent that the fund continues in perpetuity.

The Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment fund also includes accumulated earnings in the fund that are also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MCFA.

In accordance with MCFA, the Organization 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 Board-designated and 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) the Organization's other resources, and (7) the Organization's investment policies.

The Board had designated certain net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Since these amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as Board-designated net assets without donor restrictions. The Organization's policy is to maintain the Board-designated net assets without donor restrictions balance at the investment account balance (held by CCAF) until the Board approves spending from the funds.

Investment Return Objectives, Risk Parameters and Strategies: The Organization has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds, if possible.

Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: For any donor-restricted endowment funds, the Organization's policy is to appropriate a certain amount for distribution each year once the fund reaches $2,000,000. Also, an amount no greater than 7% of the total market value of the fund may be distributed annually, with a target distribution of 5%. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation. In addition, the Organization's endowment policy requires that if the total fund market value falls below the amount of original contributions, any spending from the fund must be approved by the Board of Directors.

Beneficial Interest in Supporting Organization

CCA is financially interrelated with CCAF as CCA has an ongoing economic interest in the net assets of CCAF. In accordance with its governing documents, CCAF exists to raise, hold, and invest assets for CCA. Therefore, CCA recognizes its interest in the net assets of CCAF as a beneficial interest in supporting organization and adjusts that interest for its share of the change in the net assets of CCAF.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a Board-designated endowment and reserves for building improvements and preventative maintenance.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions or required to be held in perpetuity. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are released from restriction when the assets are placed in service.

Revenue Recognition

The majority of the Organization's revenue arrangements generally consist of a single performance obligation to transfer promised services. Fee-for-service contract revenues where performance obligations are satisfied at a point in time consist primarily of shelter and foster care days of care services, behavioral health services, and camp revenue. Each performance obligation is met based on time and effort incurred by the Organization's personnel. Amounts are billed in the period each performance obligation is completed. Amounts billed for these services are considered past due at 30 days after invoices are submitted. Contracts revenue receivable, fee-for-service on the accompanying consolidated statements of financial positions represents the amounts outstanding for this revenue. These balances were $547,291, $504,932 and $319,089 as of December 31, 2025, 2024 and 2023, respectively.

Contributions

Contributions received are recorded as either support with donor restrictions or as support without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. The Organization has several cost reimbursement contracts with federal, state, and city agencies such as Early Head Start, the Office of Refugee Resettlement (ORR), Victims of Crime Act (VOCA) and First Things First. The Organization has determined that these contracts are conditional contributions and therefore revenue is recognized when the conditions are met, which is as allowable costs are incurred.

In-Kind Donated Property, Supplies and Services

Donated services are recorded at their estimated fair value if they enhance the Organization's nonfinancial assets or require specialized skills that the Organization would normally purchase if not provided by donation and are provided by individuals possessing those skills. No amounts have been reflected in the consolidated financial statements for certain donated volunteer services because they did not qualify for recognition under the generally accepted accounting principles guidelines. Donated use of facilities is recorded at the estimated fair value.

The Organization receives contributed supplies inventory to be used for program service needs. These items include diapers, clothing, toys and hygiene supplies. These contributed items are initially recorded in the period received at the fair value of the item received and are carried at the lower of cost or market. Cost is determined by the specific identification method.

Leasing Activities

The Organization recognizes the assets and liabilities arising from leases on the consolidated statements of financial position. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases with similar commencement dates, length of terms, renewal options, or other contract terms are accounted for using the portfolio approach whereby the resulting accounting at the portfolio level does not materially differ from that at the individual lease level. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. The Organization does not separate lease and nonlease components for all asset classes when determining the measurement of the right-of-use assets and lease liabilities. When the rate implicit in the lease is not determinable, rather than use the Organization's incremental borrowing rate, the Organization uses a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes. In addition, the Organization does not apply the recognition requirements to any leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather short-term leases will continue to be recorded on a straight-line basis over the lease term.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment.

Functional Allocation of Expenses

The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services and supporting services. Payroll expenses for certain employee positions and other expenses such as food and other program supplies are allocated based on the ratio of clients served. Other expenses, including information technology, professional service fees and travel are allocated based on employee count by program. Occupancy, depreciation, insurance and other related expenses are allocated based on square footage utilized by the program.

Performance Indicator

The Organization's performance indicator is the change in net assets before non-operating income and expenses. Non-operating income and expenses are excluded from the performance indicator and include the change in beneficial interest in the supporting organization and the excess of assets over liabilities assumed in acquisitions.

Income Tax Status

CCA, CCAH and CCAL qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC), qualify for the charitable contribution deduction and have been classified as organizations that are not private foundations. Income determined to be unrelated business taxable income (UBTI) would be subject to income tax. SKSF qualifies as a disregarded entity for tax purposes; all of SKSF's financial statement amounts are included in CCA's tax return.

The Organization recognizes uncertain tax positions in the consolidated financial statements when it is more likely-than-not that the positions will not be sustained upon examination by the tax authorities. As of December 31, 2025 and 2024, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

The Organization recognizes interest and penalties associated with income tax in operating expenses. During the years ended December 31, 2025 and 2024, the Organization did not have any income tax related interest and penalty expense.

Management's Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Date of Management's Review

In preparing these consolidated financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through April 24, 2026, the date the consolidated financial statements were available to be issued.

2. Liquidity and Availability

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments and has the goal of maintaining liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in mutual funds. These mutual funds can be liquidated at any time and used for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures of its ongoing programmatic activities as well as the conduct of fundraising, management and general activities undertaken to support those activities to be general expenditures.

The Organization operates with a balanced budget and anticipates collecting sufficient revenue through contractual and philanthropic sources to cover general expenditures not covered by donor-restricted resources. The Organization excludes assets with donor purpose restrictions unless those amounts relate to ongoing program activities, and excludes assets expected to be realized longer than one year from the consolidated statements of financial position date when determining its financial assets available for general expenditures. The Organization includes Board-designated reserves that are designated for preventative maintenance and program expansion in the amounts available.

As of December 31, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one year of the consolidated statements of financial position date to meet general expenditures obligations.

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 9,078,478	$ 10,609,105
Certificates of deposit	356,592	1,456,259
Contracts revenue receivable	2,138,182	1,175,916
Promises to give, net	2,460,540	2,144,093
Grants receivable	3,023,125	3,908,125
Due from CCAF	9,325	3,794
New market tax credit cash reserves	1,027,580	2,067,880
Investments without donor restrictions	5,658,874	3,847,369
Investments in deferred compensation plan	1,003,159	804,331
New markets tax credit leveraged loans receivable	27,572,900	27,572,900
Endowment fund held by CCAF	6,398,680	5,493,910
Beneficial interest in supporting organization	14,171,939	13,360,362
Total financial assets	72,899,374	72,444,044
Adjustments:		
Cash, with donor restrictions	-	(726,460)
Board-designated cash improvement reserve	-	(50,000)
Certificates of deposit, noncurrent	-	(359,261)
Grants receivable, noncurrent	(1,550,000)	(2,625,000)
Promises to give, noncurrent and restricted for long-term purposes	(1,506,453)	(1,486,674)
New market tax credit cash reserves	(1,027,580)	(2,067,880)
Investments in deferred compensation plan	(1,003,159)	(804,331)
New markets tax credit leveraged loans receivable	(27,572,900)	(27,572,900)
Endowment fund held by CCAF	(6,398,680)	(5,493,911)
Beneficial interest in supporting organization	(14,171,939)	(13,360,362)
Financial assets available for general expenditures	$ 19,668,663	$ 17,897,265

While the Organization's investments without donor restrictions are classified as long-term on the consolidated statements of financial position based on management's intent, the investments could be readily liquidated without significant penalty to fund operating cash flow needs and is therefore included in the calculation above. The Organization also has a line of credit available in the amount of $1,000,000 to meet short-term needs.

3. Concentration of Credit Risk and Concentrations of Income Sources

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and cash equivalents, investments, and contracts revenue receivable. The Organization maintains its cash in bank accounts with financial institutions, which at times may exceed federally insured limits. The Organization maintains an investment account with a stock brokerage firm where investment balances are insured by the Securities Investor Protection Corporation (SIPC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

The Organization has a concentration in contracts revenue receivable due from certain agencies. The mix of gross contracts revenue receivable and revenue from various contract sources at December 31, and for the years ended December 31, is as follows:

	2025			
	Contracts Revenue Receivable	Percent	Contract Revenue	Percent
Arizona Department of Child Safety	$ 470,908	22 %	$ 4,077,586	16 %
Early Head Start	-	-	4,730,605	18
Office of Refugee Resettlement	1,279,749	60	13,496,002	53
Other	387,525	18	3,255,765	13
	$ 2,138,182	100 %	$ 25,559,958	100 %

	2024			
	Contracts Revenue Receivable	Percent	Contract Revenue	Percent
Arizona Department of Child Safety	$ 365,464	31 %	$ 2,764,198	11 %
Early Head Start	-	-	4,796,885	20
Gila River Indian Community	116,368	10	397,424	2
Office of Refugee Resettlement	221,093	19	13,089,476	54
Victims of Crime Act	253,333	22	908,737	4
Other	219,658	18	2,108,106	9
	$ 1,175,916	100 %	$ 24,064,826	100 %

Concentrations of credit risk with respect to contracts revenue receivable are limited due to the nature of the receivables and the collection history of these types of accounts. The Organization requires no collateral on its contracts revenue receivable and promises to give.

4. Certificates of Deposit

Certificates of deposit consist of the following at December 31:

Certificate of Deposit	Maturity Date	Interest Rate	2025	2024
Charles Schwab BK SSB	04/29/2025	5.15 %	$ -	$ 250,610
BMW BK North Amer Salt Lake	05/15/2025	4.30	-	20,003
State BK India Chicago ILL	05/16/2025	4.35	-	250,088
Morgan Stanley BK N A	11/10/2025	5.10	-	252,130
Bank of America N A	05/11/2026	5.00	251,130	253,007
Charles Schwab BK SSB	04/29/2025	5.15	-	105,256
BMW BK North Amer Salt Lake	05/15/2025	4.30	-	113,017
Bank of America N A	11/10/2025	5.10	-	105,894
Flagstar BK Natl Assn Hicksvi	05/08/2026	5.00	105,462	106,254
Total			$ 356,592	$ 1,456,259

5. Promises to Give

Promises to give consist of the following at December 31:

	2025	2024
Receivable in less than one year	$ 1,318,648	$ 1,410,512
Receivable in two to five years	1,772,991	1,263,614
Receivable thereafter	34,711	47,511
Total promises to give	3,126,350	2,721,637
Discount to present value	(127,560)	(94,144)
Allowance for uncollectible promises	(538,250)	(483,400)
Net promises to give	2,460,540	2,144,093
Current portion	(954,087)	(657,419)
Noncurrent portion and restricted for long-term purposes	$ 1,506,453	$ 1,486,674

The estimated cash flows for promises to give were discounted over the collection period using a discount range of 0.32% to 4.82% as determined by management. Promises to give, current portion on the consolidated statements of financial position do not include current portion of promises to give restricted for long-term purposes.

Cost reimbursement grants are conditional contributions. As of December 31, 2025 and 2024, these grants included conditional promises to give in the amounts of approximately $7,500,000 and $6,200,000, respectively, which represent unspent amounts included in these grant agreements that are expected to be spent during the next year.

6. Beneficial Interest in Trust

The Organization was a beneficiary of a remainder interest in a charitable remainder unitrust, which was held by a third-party trustee. The trustee made distributions to the income beneficiaries based upon the terms of the trust agreement with the donors. Under the agreement, the Organization was to receive the remainder of the trust assets upon the death of the donor. The Organization had recorded its beneficial interest in this trust at the net present value of the estimated future amounts to be received using a discount rate of 5.25%. The remaining beneficial interest in the charitable remainder trust was recorded on the consolidated statements of financial position at present value. In 2024, the remainder interest in the trust was paid out and the trust was terminated.

7. Leasing Activities

The Organization leases office equipment under various operating lease agreements expiring through June 2028.

The Organization leases vehicles under various operating lease agreements expiring through October 2026, with the option to purchase the vehicles at the end of the lease. The Organization does not plan to exercise these options to purchase the vehicles as it is not an allowable cost under their funding contracts.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Organization's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term.

The Organization made significant assumptions and judgments in applying the requirements for leases. In particular, the Organization:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.

- Determined whether contracts contain embedded leases.

- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases.

- Determined for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments.

The Organization does not have any material leasing transactions with related parties.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of December 31:

	2025	2024
Operating lease right-of-use assets	$ 164,971	$ 301,909
Operating lease liabilities:		
Current	$ 98,963	$ 136,544
Long-term	66,008	165,365
Total operating lease liabilities	$ 164,971	$ 301,909

Below is a summary of expenses incurred pertaining to leases during the years ended December 31:

	2025	2024
Operating lease expense	$ 70,074	$ 169,515
Short-term lease expense	21,634	59,315
Total lease expense	$ 91,708	$ 228,830

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 4.96% and 4.64% as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the weighted average remaining lease term was 1.65 years and 2.41 years, respectively.

The table below summarizes the Organization's scheduled future minimum lease payments for years ending after December 31, 2025:

Years ending December 31:	
2026	$ 104,433
2027	65,975
2028	1,040
Total lease payments	171,448
Less present value discount	(6,477)
Total lease liabilities	164,971
Less current portion	(98,963)
Long-term lease liabilities	$ 66,008

8. Investments and Fair Value of Financial Instruments

Investments with readily determinable fair values are measured at fair value in the consolidated statements of financial position as determined by quoted market prices in active markets (Level 1) and investments held as an endowment with CCAF are valued based on the underlying value of the investments in CCAF's investment pool (Level 2). The beneficial interest in supporting organization is valued at the net asset value of CCAF and the beneficial interest in trust was valued based on expected future cash flows discounted to present value.

The following is a summary of financial instruments measured at fair value on a recurring basis at December 31:

	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments without donor restrictions:				
Money market funds	$ 32,346	$ -	$ -	$ 32,346
Mutual funds	5,626,528	-	-	5,626,528
	$ 5,658,874	$ -	$ -	$ 5,658,874
Deferred compensation plan investments				
Mutual funds	$ 1,003,159	$ -	$ -	$ 1,003,159
Endowment held by CCAF	$ -	$ 6,398,680	$ -	$ 6,398,680
Beneficial interest in supporting organization	$ -	$ -	$ 14,171,939	$ 14,171,939

	2024			
	Level 1	Level 2	Level 3	Total
Investments without donor restrictions:				
Money market funds	$ 204	$ -	$ -	$ 204
Mutual funds	3,847,165	-	-	3,847,165
	$ 3,847,369	$ -	$ -	$ 3,847,369
Deferred compensation plan investments				
Mutual funds	$ 804,331	$ -	$ -	$ 804,331
Endowment held by CCAF	$ -	$ 5,493,911	$ -	$ 5,493,911
Beneficial interest in supporting organization	$ -	$ -	$ 13,360,362	$ 13,360,362

Investment return is summarized as follows for the years ended December 31:

	2025	2024
Interest and dividends	$ 1,019,761	$ 782,335
New markets tax credit interest	259,674	302,844
Realized gain	116,961	23,627
Unrealized gain	614,361	304,374
Investment return	$ 2,010,757	$ 1,413,180

The following is a reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended December 31, 2025 and 2024:

	Beneficial Interest in Trusts	Beneficial Interest In Supporting Organization
December 31, 2023	$ 103,595	$ 12,145,550
Disbursement of trust funds	(103,595)	-
Contribution from supporting organization	-	(481,000)
Transfer to endowment held by supporting organization	-	120,688
Change in beneficial interest in supporting organization	-	1,575,124
December 31, 2024	-	13,360,362
Contribution from supporting organization	-	(985,000)
Transfer to endowment held by supporting organization	-	39,297
Change in beneficial interest in supporting organization	-	1,757,280
December 31, 2025	$ -	$ 14,171,939

9. Property and Equipment

Property and equipment consist of the following at December 31:

	2025	2024
Land	$ 5,181,452	$ 5,181,452
Building and improvements	45,643,081	45,404,566
Furniture, equipment and vehicles	4,585,840	2,994,523
	55,410,373	53,580,541
Accumulated depreciation	(12,386,976)	(10,583,096)
	43,023,397	42,997,445
Construction in progress	-	168,986
	$ 43,023,397	$ 43,166,431

Depreciation and amortization expense was approximately $1,882,000 and $1,502,000 for the years ended December 31, 2025 and 2024, respectively.

10. Beneficial Interest in Supporting Organization

Changes in the Organization's beneficial interest in the supporting organization, CCAF, are as follows for the years ended December 31, 2025 and 2024:

Beneficial interest in supporting organization as of December 31, 2023	$ 12,145,550
Contributions from CCAF to CCA - 2024	(481,000)
Transfer to endowment held by CCAF - 2024	120,688
Change in beneficial interest - 2024	1,575,124
Beneficial interest in supporting organization as of December 31, 2024	13,360,362
Contributions from CCAF to CCA - 2025	(985,000)
Transfer to endowment held by CCAF - 2025	39,297
Change in beneficial interest - 2025	1,757,280
Beneficial interest in supporting organization as of December 31, 2025	$ 14,171,939

11. Line of Credit

The Organization has a line of credit with a bank available in the amount of $1,000,000. This line has a maturity date of August 25, 2026, and bears interest at a variable rate of the Wall Street Journal Prime rate plus 0.50% and a floor rate of 6.25%. There was no balance outstanding on this line as of December 31, 2025 and 2024.

12. Forgivable Loans

Forgivable loans consist of the following at December 31, 2025 and 2024:

	2025	2024
Community Development Block Grant note payable to the City of Phoenix (CDBG loan) bearing interest at 0%. No payments were due under the note and the note was forgiven at a rate of 20% per year beginning in 2021 in accordance with the CDBG loan agreement. The loan was secured by the building upon which the building improvements were performed.	$ -	$ 15,800
Community Development Block Grant note payable to the City of Phoenix (CDBG loan) bearing interest at 0%. No payments are due under the note and the note will be forgiven at a rate of 20% per year beginning in 2022 in accordance with the CDBG loan agreement. The loan is secured by the building upon which the building improvements have been performed.	16,800	33,600
Community Development Block Grant note payable to the City of Phoenix (CDBG loan) bearing interest at 0%. No payments are due under the note and the note will be forgiven at a rate of 20% per year beginning in 2024 in accordance with the CDBG loan agreement. The loan is secured by the building upon which the building improvements have been performed.	52,200	69,600
Community Development Block Grant note payable to the City of Phoenix (CDBG loan) bearing interest at 0%. No payments are due under the note and the note will be forgiven after forty years, maturing in 2052, in accordance with the CDBG loan agreement. The loan is secured by a deed of trust on the property.	$ 800,000	$ 800,000
Community Development Block Grant note payable to the City of Phoenix (CDBG loan) bearing interest at 0%. No payments are due under the note and the note will be forgiven after three years, maturing in 2026, in accordance with the CDBG loan agreement. The loan is secured by a deed of trust on the property.	140,000	140,000
	$ 1,009,000	$ 1,059,000

In accordance with the terms of the CDBG loans, the Organization must use the funds for the purpose of making building improvements to provide services to low- and moderate-income persons. The properties with these improvements must be devoted primarily to this purpose for varying periods up to forty years, beginning in 2012. If the property use is changed or the properties are sold or vacated in less than the number of years stated in the agreement, the Organization will immediately become liable for the balance of the loans.

13. New Markets Tax Credit Program and Loans (Headquarters Building)

The NMTC program was designed to stimulate investment and economic growth in low-income communities by offering investors a 39% tax credit against federal income taxes over a seven-year period for Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs). CDEs receive NMTC allocations pursuant to Section 45D of the Internal Revenue Code. These designated CDEs must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICI). To earn the tax credit, the QEI must remain invested in the CDE for a seven-year period. Also, the entity receiving the loans needs to be treated as a Qualified Active Low-Income Community Business (QALICB) for the duration of the seven-year period.

In December 2022, the Organization entered into multiple agreements to facilitate the construction on a new headquarters building, approximately 35,000 square feet, located at 804 and 828 N Country Club Drive and, 424 and 430 W Rio Salado Parkway (Project Property) in Mesa, Arizona. Construction began in 2023 and was completed in 2024.

Enterprise Financial CDE, LLC (Enterprise Allocatee) received an allocation of NMTC authority under Section 45D of the Code, in the amount of $60,000,000 and has entered into an allocation agreement with the CDFI Fund governing such allocation. Enterprise Allocatee has made a sub-allocation to Enterprise Sub-CDE 31, LLC (the Enterprise CDE) of a portion of the allocation in the amount of $10,000,000. Phoenix Community Development and investment Corporation (PCDIC Allocatee) received an allocation of NMTC authority under Section 45D of the Code, in the amount of $55,000,000 and has entered into an allocation agreement with the CDFI Fund governing such allocation. PCDIC Allocatee has made a sub-allocation to Pohlcat, LLC (PCDIC CDE) of a portion of the allocation in the amount of $15,000,000.

Enterprise Bank & Trust made a capital contribution to EBT NMTC Investment Fund VII, LLC, whose sole member is Enterprise Bank & Trust, in the amount of $7,770,850, the Investor Member Capital Contribution, of which $458,350 was bridge equity. EBT NMTC Investment Fund VII, LLC also obtained a loan from CCA in the amount of $18,137,500, known as the Leverage Loan.

EBT NMTC Investment Fund VII, LLC used the proceeds of the Leverage Loan and the Investor Member Capital Contribution to pay certain fees to PCDIC Allocatee in the amount of $450,000 for services PCDIC Allocatee performed, made a capital contribution in the amount of $10,000,000 to Enterprise CDE which is expected to constitute a QEI eligible for NMTCs, made two capital contributions each in the amount of $7,500,000 to PCDIC CDE which each is expected to constitute a QEI eligible for NMTCs, and returned the bridge equity to the investor member.

Enterprise CDE used all of the proceeds of EBT NMTC Investment Fund VII, LLC's $10,000,000 QEI to pay certain fees to Enterprise Allocatee in the amount of $100,000 and made loans and other investments that constitute QLICI to QALICB for purposes of the NMTC program which investments initially consisted of loans to CCAH in an aggregate amount equal to $9,900,000. PCDIC CDE used all of the proceeds of EBT NMTC Investment Fund VII, LLC's $15,000,000 QEI to pay certain fees to PCDIC Allocatee in the amount of $300,000 and made loans and other investments that constitute QLICI to QALICB for purposes of the NMTC program which investments initially consisted of loans to CCAH in an aggregate amount equal to $14,700,000. EBT NMTC Investment Fund VII, LLC has a 99.99% membership interest in both Enterprise CDE and PCDIC CDE. The CDEs used the funding to originate the four QLICI Loans.

The transaction is subject to a put/call option agreement. Enterprise Bank & Trust has a put option whereby upon exercise of the option after the last day of the tax credit investment period or the occurrence of a NMTC recapture event, CCA is obligated to purchase Enterprise Bank & Trust's 99.99% membership interest in EBT NMTC Investment Fund VII, LLC for $1,000. At the end of the seven-year tax credit investment period, CCA has a call option whereby if exercised, they have the right to purchase Enterprise Bank & Trust's 99.99% membership interest in the EBT NMTC Investment Fund VII, LLC at fair value.

The tax credits associated with the transaction are contingent on the Organization maintaining compliance with applicable portions of Section 42 of the Internal Revenue Code. Failure to maintain compliance or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus penalties and interest. CCA and CCAH have both signed a QALICB Indemnification Agreement that obligates them, jointly and severally, to pay any NMTC recapture amount, as defined in Section 45D(g)(2) of the Internal Revenue Code, to investors within the NMTC structure with respect to related tax credits that have been claimed with respect to the designated qualified equity investment amount at the time of any recapture or disallowance of tax credits claimed. Recapture or disallowance can result from CCAH failing to qualify as a QALICB, failure of the CDE loans to qualify as a QLICI, among other circumstances.

NMTC leverage loan receivable consists of the following at December 31:

	2025	2024
Promissory note in the original amount of $18,137,500 due from EBT NMTC Investment Fund VII, LLC (an unrelated entity) dated December 20, 2022, with quarterly interest only payments at the rate of 1.00% per annum beginning on March 10, 2023 through December 10, 2029. Commencing March 10, 2030, principal and interest payments of $21,471 will be due quarterly until maturity on December 19, 2053; collateralized by a security interest in EBT NMTC Investment Fund VII, LLC's interest in the CDEs; loan agreement and other governing documents restrict the use of the funds to CCAH, who is a qualified active low-income community business for the term of the note. The loan principal may be prepaid at any time without penalty or premium.	$ 18,137,500	$ 18,137,500

NMTC loans payable consists of the following at December 31:

	2025	2024
Note payable to Enterprise Bank and Trust (source loan) originating December 20, 2022 and maturing December 20, 2027. Interest only period commencing December 20, 2022 through December 20, 2024 at a floating rate per annum equal to the wall Street Journal Prime Rate plus 0.50% with a floor of 4.00%. During the amortization period, the interest rate will be a fixed rate per annum equal to the greater of the 5-Year Treasury Rate on the first day of the amortization period plus 2.75% or 4.00%. Before each payment date, CCA shall prepay all capital campaign proceeds received by CCA in the preceding calendar month. CCA must deposit all capital campaign proceeds received into the capital campaign proceeds account that Enterprise Bank & Trust shall be entitled to in the event of default. During the year ended December 31, 2025, the source loan was paid in full.	$ -	$ 3,759,958
Enterprise CDE Loan A, bears interest at 1.00% per annum, interest only payments due quarterly beginning in December 2022 through December 2029. Commencing in March 2030, principal and interest payments of $72,504 will be due quarterly until maturity on December 19, 2057. CCA guarantees the loan owed by CCAH.	7,075,000	7,075,000
Enterprise CDE Loan B, bears interest at 1.00% per annum, interest only payments due quarterly beginning in December 2022 through September 2029. Additional interest only payment is due in December 2029. An initial principal payment of $75,000 is due in December 2029. Commencing in March 2030, principal and interest payments of $28,182 will be due quarterly until maturity on December 19, 2057. CCA guarantees the loan owed by CCAH.	2,825,000	2,825,000
PCDIC CDE Loan A, bears interest at 1.00% per annum, interest only payments due quarterly beginning in December 2022 through December 2029. Commencing in March 2030, principal and interest payments of $113,368 will be due quarterly until maturity on December 19, 2057. CCA guarantees the loan owed by CCAH.	11,062,500	11,062,500
PCDIC CDE Loan B, bears interest at 1.00% per annum, interest only payments due quarterly beginning in December 2022 through December 2029. Commencing in March 2030, principal and interest payments of $37,277 will be due quarterly until maturity on December 19, 2057. CCA guarantees the loan owed by CCAH.	3,637,500	3,637,500
	24,600,000	28,359,958
Less net debt issuance costs	(728,315)	(760,895)
NMTC Loans, net of debt issuance costs	$ 23,871,685	$ 27,599,063

All of these loans payable were obtained to finance the construction project and are collateralized by a Deed of Trust and a regulatory agreement that restricts the use of the property to operating as a qualified active low-income community business for the term of the note. With the exception of the source loan, loans cannot be prepaid through December 2029.

The loan agreements also include certain covenants. The Enterprise Bank and Trust source loan was paid in full during the year ended June 30, 2025.

The table below summarizes the Organization's scheduled future principal payments for years ending after December 31, 2025:

Years ending December 31:	
2026	$ -
2027	-
2028	-
2029	75,000
2030	762,926
Thereafter	23,762,074
Total principal payments	24,600,000
Less net debt issuance costs	(728,315)
NMTC Loans, net of debt issuance costs	$ 23,871,685

14. New Markets Tax Credit Program and Loans (Childhood Education Programs)

In February 2024, the Organization entered into multiple agreements to finance the operating expenses for childhood education programs and the property on which such programs are housed.

Phoenix Community Development and Investment Corporation (PCDIC Allocatee) received an allocation of NMTC authority under Section 45D of the Code, in the amount of $60,000,000 and has entered into an allocation agreement with the CDFI Fund governing such allocation. PCDIC Allocatee has made a sub-allocation to Silly Mountain NMTC, LLC (Silly Mountain CDE) of a portion of the allocation in the amount of $13,000,000.

U.S. Bancorp Community Development Corporation (Investor Member) made a capital contribution to Twain Investment Fund 773, LLC, whose sole member is U.S. Bancorp Community Development Corporation, in the amount of $12,022,607, of which $3,954,600 was the Investor Member capital contribution and $8,068,007 was bridge equity. Twain Investment Fund 773, LLC also obtained a loan from CCAL in the amount of $9,435,400, known as the Leverage Loan.

Twain Investment Fund 773, LLC used the proceeds of the Leverage Loan, the Investor Member capital contribution, and Investor Member bridge equity to pay certain fees to PCDIC Allocatee in the amount of $390,000 for services PCDIC Allocatee performed, made a capital contribution in the amount of $13,000,000 to Silly Mountain CDE which is expected to constitute a QEI eligible for NMTCs, and returned the bridge equity to the investor member.

Silly Mountain CDE used all of the proceeds of Twain Investment Fund 773, LLC's $13,000,000 QEI to pay certain fees to PCDIC Allocatee in the amount of $260,000 and made loans and other investments that constitute QLICI to QALICB for purposes of the NMTC program which investments initially consisted of loans to CCA in an aggregate amount equal to $12,740,000. Silly Mountain CDE used the funding to originate the two QLICI Loans.

The transaction is subject to a put/call option agreement. U.S. Bancorp Community Development Corporation has a put option whereby upon exercise of the option after the last day of the tax credit investment period or the occurrence of a NMTC recapture event, CCAL is obligated to purchase U.S. Bancorp Community Development Corporation's 99.99% membership interest in Silly Mountain NMTC, LLC for $1,000. At the end of the seven-year tax credit investment period, CCAL has a call option whereby if exercised, they have the right to purchase U.S. Bancorp Community Development Corporation's 99.99% membership interest in the Silly Mountain NMTC, LLC at fair value.

The tax credits associated with the transaction are contingent on the Organization maintaining compliance with applicable portions of Section 42 of the Internal Revenue Code. Failure to maintain compliance or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus penalties and interest. CCA and CCAL have both signed a QALICB Indemnification Agreement that obligates them, jointly and severally, to pay any NMTC recapture amount, as defined in Section 45D(g)(2) of the Internal Revenue Code, to investors within the NMTC structure with respect to related tax credits that have been claimed with respect to the designated qualified equity investment amount at the time of any recapture or disallowance of tax credits claimed. Recapture or disallowance can result from CCA failing to qualify as a QALICB, failure of the CDE loans to qualify as a QLICI, among other circumstances.

NMTC leverage loan receivable consists of the following at December 31:

	2025	2024
Promissory note in the original amount of $9,435,400 due from Twain Investment Fund 773, LLC (an unrelated entity) dated February 28, 2024, with quarterly interest only payments at the rate of 1.35% per annum beginning on June 15, 2024 through February 28, 2031. Commencing June 15, 2031, principal and interest payments of $134,779 will be due quarterly until maturity on February 27, 2051; collateralized by a security interest in Twain Investment Fund 773, LLC's interest in the CDE; loan agreement and other governing documents restrict the use of the funds to CCA, who is a qualified active low-income community business for the term of the note. The loan principal may be prepaid at any time without penalty or premium.	$ 9,435,400	$ 9,435,400

NMTC loans payable consists of the following at December 31:

	2025	2024
Silly Mountain CDE Loan A, bears interest at 1.00% per annum, interest only payments due quarterly beginning in June 2024 through February 2031. Commencing in June 2031, principal and interest payments of $114,932 will be due quarterly until maturity on February 27, 2054.	$ 9,435,400	$ 9,435,400
Silly Mountain CDE Loan B, bears interest at 1.00% per annum, interest only payments due quarterly beginning in June 2024 through February 2031. Commencing in June 2031, principal and interest payments of $40,253 will be due quarterly until maturity on February 27, 2054.	3,304,600	3,304,600
	12,740,000	12,740,000
Less net debt issuance costs	(241,961)	(250,551)
NMTC Loans, net of debt issuance costs	$ 12,498,039	$ 12,489,449

All of these loans payable were obtained to finance childhood education programs and are collateralized by a Deed of Trust and a regulatory agreement that restricts the use of the property to operating as a qualified active low-income community business for the term of the note. The loans cannot be prepaid through February 2031.

The loan agreements also include certain covenants. There are no principal payments due within the next five years.

15. Endowment Funds

Endowment net asset composition by type of fund as of December 31, is as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 2,005,245	$ -	$ 2,005,245
Donor restricted endowment funds	-	4,393,435	4,393,435
Total endowment funds	$ 2,005,245	$ 4,393,435	$ 6,398,680

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,727,911	$ -	$ 1,727,911
Donor restricted endowment funds	-	3,766,000	3,766,000
Total endowment funds	$ 1,727,911	$ 3,766,000	$ 5,493,911

Changes in endowment funds for the years ended December 31, 2025 and 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds, December 31, 2023	$ 1,344,505	$ 35,000	$ 1,379,505
Contributions	-	3,731,000	3,731,000
Board-designations	120,688	-	120,688
Interest and dividends	173,860	-	173,860
Realized gain	24,070	-	24,070
Unrealized gain	64,788	-	64,788
Endowment funds, December 31, 2024	1,727,911	3,766,000	5,493,911
Contributions	-	108,631	108,631
Board-designations	39,297	-	39,297
Interest and dividends	94,386	205,713	300,099
Realized gain	36,870	80,360	117,230
Unrealized gain	106,781	232,731	339,512
Endowment funds, December 31, 2025	$ 2,005,245	$ 4,393,435	$ 6,398,680

16. Board-Designated Net Assets

Net assets without donor restrictions that are Board-designated consist of the following amounts as of December 31:

	2025	2024
Preventative maintenance	$ 350,000	$ 350,000
Whispering Hope Ranch improvements	-	50,000
Expansion plan	-	700,000
	350,000	1,100,000
Board-designated endowment fund	2,005,245	1,727,911
Total board-designated net assets	$ 2,355,245	$ 2,827,911

17. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted as follows as of December 31:

	2025	2024
Time restricted:		
Promises to give	$ 302,556	$ 281,733
Grants receivable	3,023,125	3,908,125
Beneficial interest in supporting organization	14,171,939	13,360,362
Donor-restricted endowment (restricted in perpetuity)	3,874,631	3,766,000
Earnings on endowment	518,804	-
Time and purpose restricted:		
Promises to give, expansion	1,714,484	1,596,479
Mesa shelter building, to utilize as a childcare center	1,285,924	1,342,693
Total net assets with donor restrictions	$ 24,891,463	$ 24,255,392

18. Special Events

Special events contributions and income consist of the following at December 31:

	2025	2024
Special events contributions	$ 1,819,425	$ 1,745,260
Special events income	159,177	178,843
Direct benefit to donors	(154,837)	(146,328)
Total	$ 1,823,765	$ 1,777,775

19. In-Kind Donated Property, Supplies and Services

Donated services and use of facilities for the years ended December 31, are as follows:

	2025			
	Program Services	**Management and General**	**Fundraising**	**Total**
Donated professional services	$ 31,141	$ 2,045	$ 25,000	$ 58,186
Use of facilities	43,380	-	-	43,380
	$ 74,521	$ 2,045	$ 25,000	101,566
Donated inventory				371,399
Total				$ 472,965

	2024			
	Program Services	**Management and General**	**Fundraising**	**Total**
Donated professional services	$ 48,500	$ 2,757	$ 69	$ 51,326
Use of facilities	29,383	14,171	-	43,554
	$ 77,883	$ 16,928	$ 69	94,880
Donated inventory				147,978
Total				$ 242,858

All donated services and assets were utilized by the Organization during the years ended December 31, 2025 and 2024. The values for donated services are estimated at the hourly rates charged for those services. Donated use of facilities is recorded at the estimated average rate per square foot for similar properties in the same area. The values for donated inventory are recorded at the average cost of the item if new, or at thrift value if used.

20. Retirement Plans

The Organization sponsors a 401(k) retirement plan (the Plan) for the benefit of its eligible employees. Under the terms of the Plan, employees may make voluntary contributions, subject to Internal Revenue Service limitations. The Organization may make annual discretionary contributions to the Plan. The Organization made employer contributions of approximately $1,567,000 and $1,145,000 during the years ended December 31, 2025 and 2024, respectively.

The Organization also has a deferred compensation plan for the benefit of certain eligible employees, which qualifies under Section 457 of the Internal Revenue Code. The Organization holds investments for the sole purpose of funding deferred compensation liabilities. According to the terms of the deferred compensation agreement, all earnings or losses on the deferred compensation amounts to be invested will be allocated directly to the participants in the plan and are recorded to the deferred compensation liability. The deferred compensation plan assets in the amount of $1,003,159 and $804,331 as of December 31, 2025 and 2024, respectively, is included in investments on the accompanying consolidated statements of financial position. During the years ended December 31, 2025 and 2024, the Organization made employer contributions to the deferred compensation plan in the amounts of approximately $7,000 and $157,000 respectively.

21. Related-Party Transactions

During the years ended December 31, 2025 and 2024, the Organization paid for operating expenses of CCAF amounting to $29,369 and $27,912, respectively. Also, during the years ended December 31, 2025 and 2024, the Organization transferred funds and contributions to the endowment held by CCAF amounting to $147,928 and $3,851,688, respectively. During the year ended December 31, 2025, CCAF approved a contribution of $500,000 to CCA's expansion capital campaign. The promise to give balance for this contribution at December 31, 2025 was $400,000. There was no promise to give balance from CCAF at December 31, 2024. In addition, CCAF made additional contributions to the Organization of $485,000 and $481,000 for the years ended December 31, 2025 and 2024, respectively.

During the year ended December 31, 2025, CCA constructed and placed into service a dock at Whispering Hope Ranch at a total cost of approximately $238,000. The construction services were provided by a construction company owned by a member of CCA's Board of Directors, and the Organization's conflict of interest policy was followed. The construction company also contributed $100,000 in 2025 to support the completion of the dock project. In addition, approximately $166,000 and $158,000 in contribution income was received or promised from members of the Board of Directors during the years ended December 31, 2025 and 2024, respectively.

22. Contingencies

The Organization participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. Accordingly, the Organization's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures of fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Organization's management expects such amounts, if any, to be minimal. Future funding of certain contract revenue at current levels is uncertain. Significant decreases in this funding could have an adverse impact on the Organization.

From time to time, the Organization may be involved in various legal actions occurring in the normal course of business. Management believes that there will be no adverse effect on its consolidated financial position or results of operations as a result of these matters.

23. Acquisition

On January 2, 2024, Child Crisis Arizona became the sole member of The Whispering Hope Ranch Foundation, an Arizona nonprofit corporation. The Whispering Hope Ranch Foundation provides children and youth with physical, mental and sensory disabilities and welcomes groups for uniquely adapted camp sessions which is in line with the mission and programs of Child Crisis Arizona. There was no consideration transferred in the acquisition transaction. The Whispering Hope Ranch Foundation was dissolved upon being acquired and is being operated as a program under Child Crisis Arizona.

The amounts recognized at fair value at the time of acquisition for the assets acquired and liabilities assumed were as follows:

Cash and cash equivalents	$	220,698
Accounts receivable		8,275
Property and equipment, net		5,997,752
Total assets acquired		6,226,725
Accounts payable		8,654
Accrued expenses		9,308
Note payable		7,259
Camp deposit and use fees		78,830
Total liabilities assumed		104,051
Excess of assets acquired over liabilities assumed	$	6,122,674

This transaction was accounted for using the acquisition method. The inherent contribution represents the net assets of The Whispering Hope Ranch Foundation. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, note payable, and camp deposit and use fees approximated fair value as of the acquisition date due to the short-term nature of these amounts. The fair value of The Whispering Home Ranch Foundation's property and equipment as of the acquisition date was based on an independent third-party appraisal. The provisions of the affiliation were absent of any significant contingency payments, options, or commitments.

24. Inflation Reduction Act Tax Credits

The Organization recognizes benefits from certain tax credits established under the Inflation Reduction Act of 2022 (the IRA), including credits related to production of renewable energy and investment in energy property, primarily under Internal Revenue Code Sections 25C and 25D. During the year ended December 31, 2025, the Organization recognized $750,000 of income related to these tax credits.

The realization of these credits is subject to compliance with applicable statutory requirements, including prevailing wage and apprenticeship provisions, domestic content requirements, and other eligibility criteria. Management believes it is more likely than not that the Organization will meet these requirements; however, changes in interpretation or future guidance could impact the amount and timing of recognized benefits.

Child Crisis Arizona and Affiliates

Consolidating Statement of Financial Position
December 31, 2025

	Child Crisis Arizona	Child Crisis Arizona Holdings	Child Crisis Arizona Legacy	Eliminations	Total
Assets					
Current Assets					
Cash and cash equivalents	$ 9,077,880	$ 598	$ -	$ -	$ 9,078,478
Certificates of deposit, current	251,130	-	105,462	-	356,592
Contracts revenue receivable, conditional contributions	1,590,891	-	-	-	1,590,891
Contracts revenue receivable, fee-for-service	547,291	-	-	-	547,291
Promises to give, current portion, net of allowance for uncollectible promises of $168,350	954,087	-	-	-	954,087
Grants receivable, current portion	1,473,125	-	-	-	1,473,125
Sales-type finance lease receivable, current portion	-	160,587	-	(160,587)	-
Due from CCAF	9,325	-	-	-	9,325
Due from affiliates	14,947,628	-	-	(14,947,628)	-
Supplies inventory	95,994	-	-	-	95,994
Prepaid expenses and other assets	270,756	750,000	-	-	1,020,756
Restricted cash, new markets tax credit funded reserves	431,399	596,181	-	-	1,027,580
Total current assets	29,649,506	1,507,366	105,462	(15,108,215)	16,154,119
Other Assets					
Promise to give, net of current portion, unamortized discount and allowances for uncollectible promises of $460,510	1,322,192	-	-	-	1,322,192
Grants receivable, net of current portion	1,550,000	-	-	-	1,550,000
Investments:					
Without donor restrictions	4,312,868	-	1,346,006	-	5,658,874
Deferred compensation plan	1,003,159	-	-	-	1,003,159
New markets tax credit leveraged loans receivable	18,137,500	-	9,435,400	-	27,572,900
Endowment held by CCAF	6,398,680	-	-	-	6,398,680
Operating lease right-of-use assets	164,971	-	-	-	164,971
Sales-type finance lease receivable, net of current portion	-	26,349,769	-	(26,349,769)	-
Property and equipment, net (including finance lease right-of-use assets, in the net amount of $25,610,715)	40,936,909	1,390,966	-	695,522	43,023,397
Beneficial interest in supporting organization	14,171,939	-	-	-	14,171,939
Assets restricted for long term purposes:					
Promises to give, net of allowance for uncollectible promises of $36,950 for capital campaign	184,261	-	-	-	184,261
Total other assets	88,182,479	27,740,735	10,781,406	(25,654,247)	101,050,373
Total assets	$ 117,831,985	$ 29,248,101	$ 10,886,868	$ (40,762,462)	$ 117,204,492

Child Crisis Arizona and Affiliates

Consolidating Statement of Financial Position
December 31, 2025

	Child Crisis Arizona	Child Crisis Arizona Holdings	Child Crisis Arizona Legacy	Eliminations	Total
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	$ 262,139	$ -	$ -	$ -	$ 262,139
Due to CCAF	132,342	-	-	-	132,342
Due to affiliates	-	4,509,674	10,437,954	(14,947,628)	-
Accrued expenses	2,846,382	-	-	-	2,846,382
Deferred income	127,446	-	-	-	127,446
Operating lease liabilities, current portion	98,963	-	-	-	98,963
Finance lease liabilities, current portion	160,587	-	-	(160,587)	-
Total current liabilities	3,627,859	4,509,674	10,437,954	(15,108,215)	3,467,272
Long-Term Liabilities					
Operating lease liabilities, net of current portion	66,008	-	-	-	66,008
Finance lease liabilities, net of current portion	26,349,769	-	-	(26,349,769)	-
Accrued deferred compensation	1,003,159	-	-	-	1,003,159
Forgivable loans	1,009,000	-	-	-	1,009,000
New markets tax credit loans, net of debt issuance costs	12,461,289	23,908,435	-	-	36,369,724
Total long-term liabilities	40,889,225	23,908,435	-	(26,349,769)	38,447,891
Total liabilities	44,517,084	28,418,109	10,437,954	(41,457,984)	41,915,163
Net Assets					
Without donor restrictions:					
Undesignated	46,068,193	829,992	448,914	695,522	48,042,621
Board designated	2,355,245	-	-	-	2,355,245
	48,423,438	829,992	448,914	695,522	50,397,866
With donor restrictions	24,891,463	-	-	-	24,891,463
Total net assets	73,314,901	829,992	448,914	695,522	75,289,329
Total liabilities and net assets	$ 117,831,985	$ 29,248,101	$ 10,886,868	$ (40,762,462)	$ 117,204,492

Child Crisis Arizona and Affiliates

Consolidating Statement of Activities
Year Ended December 31, 2025

	Child Crisis Arizona	Child Crisis Arizona Holdings	Child Crisis Arizona Legacy	Eliminations	Total
Revenues, Support and Other Income					
Contributions and grants	$ 11,561,814	$ -	$ -	$ -	$ 11,561,814
Special events contributions and income, net	1,823,765	-	-	-	1,823,765
In-kind donated property, supplies and services	472,965	-	-	-	472,965
Contract revenue, conditional contributions	20,338,663	-	-	-	20,338,663
Contract revenue, fee-for-service	5,221,295	-	-	-	5,221,295
Rental income	-	1,227,776	-	(1,227,776)	-
Gain on sale of fixed assets	33,169	-	-	-	33,169
Investment return	1,744,588	-	266,169	-	2,010,757
Inflation Reduction Act tax credit	-	750,000	-	-	750,000
Other income	118,889	-	-	-	118,889
Total revenues, support and other income	41,315,148	1,977,776	266,169	(1,227,776)	42,331,317
Operating Expenses					
Program services	32,140,224	63,539	-	(591,915)	31,611,848
Management and general	4,924,199	596,347	5,385	(520,185)	5,005,746
Fundraising	2,406,213	12,030	-	(115,676)	2,302,567
Total operating expenses	39,470,636	671,916	5,385	(1,227,776)	38,920,161
Change in net assets before nonoperating income (expenses)	1,844,512	1,305,860	260,784	-	3,411,156
Nonoperating Activities					
Change in beneficial interest in supporting organization	1,757,280	-	-	-	1,757,280
Total nonoperating income (expenses)	1,757,280	-	-	-	1,757,280
Change in net assets	3,601,792	1,305,860	260,784	-	5,168,436
Net Assets, Beginning	69,713,109	(475,868)	188,130	695,522	70,120,893
Net Assets, Ending	$ 73,314,901	$ 829,992	$ 448,914	$ 695,522	$ 75,289,329

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

Independent Auditors' Report

To the Board of Directors of
Child Crisis Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Child Crisis Arizona and Affiliates (the Organization), which comprise the Organization's consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

Baker Tilly US, LLP

Tempe, Arizona
April 24, 2026

Report on Compliance
for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditors' Report

To the Board of Directors of
Child Crisis Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Child Crisis Arizona and Affiliates's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2025. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Baker Tilly US, LLP

Tempe, Arizona
April 24, 2026

Federal Grantor/Pass-Through Grantor/Program	Federal Assistance Listing Number	Pass-Through Agency Grant Number	Federal Expenditures	
U.S. Department of Health and Human Services				
Direct Programs:				
Head Start Cluster:				
Head Start	93.600	N/A	$ 4,730,605	
Unaccompanied Alien Children Program	93.676	N/A	13,496,002	*
Passed through State of Arizona Governor's Office of Youth, Faith and Family				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	100123-05	80,160	
Total U.S. Department of Health and Human Services			18,306,767	
U.S. Department of Agriculture				
Passed through Arizona Department of Education				
Child and Adult Care Food Program	10.558	Unknown	154,513	
Total U.S. Department of Agriculture			154,513	
U.S. Department of Housing and Urban Development				
CDBG-Entitlement Grants Cluster:				
Passed through City of Phoenix:				
Community Development Block Grants/Entitlement Grants	14.218	Loan	15,800	
Community Development Block Grants/Entitlement Grants	14.218	Loan	33,600	
Community Development Block Grants/Entitlement Grants	14.218	Loan	69,600	
Community Development Block Grants/Entitlement Grants	14.218	Loan	800,000	
Community Development Block Grants/Entitlement Grants	14.218	Loan	140,000	
Passed through City of Mesa:				
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	23000024	192,051	
Community Development Block Grants/Entitlement Grants	14.218	24000115	29,258	
Community Development Block Grants/Entitlement Grants	14.218	25000071	36,316	
Total CDBG- Entitlement Grants Cluster			1,316,625	*
Passed through City of Mesa:				
Emergency Solutions Grant Program	14.231	25000076	25,547	
			25,547	
Total U.S. Department of Housing and Urban Development			1,342,172	
U.S. Department of Treasury				
Passed through Arizona Criminal Justice Commission:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	VA-26-007	39,974	
Total U.S. Department of Treasury			39,974	
U.S. Department of Justice				
Passed through Arizona Department of Public Safety:				
Crime Victim Assistance	16.575	2024-252	601,002	
Crime Victim Assistance	16.575	2025-135	310,368	
Total U.S. Department of Justice			911,370	
Total expenditures of federal awards			$ 20,754,796	

* Denotes major program

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Child Crisis Arizona and Affiliates (the Organization) under programs of the federal government for the year ended December 31, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule of Expenditures of Federal Awards presents only a portion of the operations of the Organization it is not intended to and does not present the financial position, results of operations and cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Loan Programs

Expenditures reported on the Schedule consist of the beginning of the year outstanding loan balances. The outstanding balance on December 31, 2025 was $1,009,000.

Section I - Summary of Auditors' Results

Consolidated Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified?	____ yes	X none reported
Noncompliance material to consolidated financial statements noted?	____ yes	X no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified?	____ yes	X none reported
Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	____ yes	X no
Auditee qualified as low-risk auditee?	____ yes	X no
Dollar threshold used to distinguish between Type A and Type B programs:	$1,000,000	

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
93.676	Unaccompanied Alien Children Program
14.218	CDBG-Entitlement Grants Cluster

Section II - Consolidated Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Summary of Prior Year Finding

None.