HENRY & HORNE, LLP
CERTIFIED PUBLIC ACCOUNTANTS

CHILD CRISIS CENTER FOUNDATION

Phoenix, Arizona

FINANCIAL STATEMENTS

Fifteen Months Ended June 30, 2016

HENRY & HORNE, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Child Crisis Center Foundation

We have audited the accompanying financial statements of Child Crisis Center Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statement of activities and cash flow for the fifteen months then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Crisis Center Foundation as of June 30, 2016, and the changes in its net assets and its cash flows for the fifteen months then ended in accordance with accounting principles generally accepted in the United States of America.

Henry + Horne, LLP

Tempe, Arizona
October 31, 2016

CHILD CRISIS CENTER FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2016

ASSETS	
Investments	$ 2,702,996
TOTAL ASSETS	$ 2,702,996
LIABILITIES	
Due to Child Crisis Arizona	$ 6,425
TOTAL LIABILITIES	6,425
UNRESTRICTED NET ASSETS	2,696,571
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	$ 2,702,996

See accompanying notes.

CHILD CRISIS CENTER FOUNDATION
STATEMENT OF ACTIVITIES
Fifteen Months Ended June 30, 2016

REVENUE AND SUPPORT	
Interest, dividends and other	$ 101,526
Realized gain on sale of investments	10,312
Unrealized gain (loss) on investments	(105,883)
Contributions	365,260
TOTAL REVENUE AND SUPPORT	371,215
EXPENSES	
Program expenses:	
Donations to Child Crisis Arizona	13,755
Subcontractor fees	76,669
Investment management fees	23,307
	113,731
Management and general expenses:	
Insurance and other expenses	8,819
TOTAL EXPENSES	122,550
CHANGE IN NET ASSETS	248,665
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	2,447,906
UNRESTRICTED NET ASSETS, END OF YEAR	$ 2,696,571

See accompanying notes.

CHILD CRISIS CENTER FOUNDATION
STATEMENT OF CASH FLOWS
Fifteen Months Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 248,665
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized investment loss	95,571
Increase in due to Child Crisis Arizona	5,088
NET CASH PROVIDED BY OPERATING ACTIVITIES	349,324
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(685,234)
Proceeds from sale of investments	329,564
NET CASH USED IN INVESTING ACTIVITIES	(355,670)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,346)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,346
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -

See accompanying notes.

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NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Child Crisis Center Foundation (the Foundation) is an Arizona not-for-profit corporation formed in 1998. The principal purpose of the Foundation is to steward and manage investments in order to support the programs of Child Crisis Arizona (CCA).

CCA is also related to Child Crisis Arizona Foundation (CCAF). CCA does not exercise control over the Foundation or CCAF, and the accounts of the Foundation and CCAF are not included in the financial statements of CCA.

Basis of Presentation

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers money market funds and interest-bearing deposits with banks with a maturity of three months or less at date of acquisition to be cash equivalents.

Fair Value Measurements

A framework for measuring fair value has been established by the Accounting Standards Codification 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 Foundation has the ability to access.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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 Foundation'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 as determined by quoted market prices in active markets or at market value based on interest rates in secondary markets. Investment income or loss (including unrealized and realized gains and losses on investments, interest and dividends) is included in the changes in unrestricted net assets unless the associated income or loss is temporarily restricted.

Risks and Uncertainty

The Foundation invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amount reported in the statement of financial position.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions and grants, including promises to give, are received and recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions or promises to give that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income (UBTI) would be subject to income tax.

The Foundation follows accounting standards for uncertainty in income taxes, which require that tax positions initially need to be recognized in the financial statements when it is more likely-than-not that the positions will not be sustained upon examination by the tax authorities. As of June 30, 2016, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Foundation recognizes interest and penalties associated with income taxes in operating expenses. During the fifteen months ended June 30, 2016, the Foundation did not have any income tax related interest and penalty expense.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates in the accompanying financial statements include the fair value of investments

Date of Management’s Review

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 31, 2016, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments with readily determinable fair values are measured at fair value in the statement of financial position as determined by quoted market prices in active markets (Level 1) or measured based on interest rates in secondary markets (Level 2).

The following is a summary of the fair value of investments at June 30, 2016:

	Level 1	Level 2	Level 3	Total
Money market	$ 137,132	$ -	$ -	$ 137,132
Fixed income	154,343	-	-	154,343
Corporate bonds	-	573,837	-	573,837
Equities	568,696	-	-	568,696
Bond funds	230,262	-	-	230,262
Mutual funds	622,839	-	-	622,839
Exchange traded funds	415,887	-	-	415,887
Total investments	$ 2,129,159	$ 573,837	$ -	$ 2,702,996

Investment fees of approximately $23,000 are included in professional fees on the statement of activities for the fifteen months ended June 30, 2016.

NOTE 3 RELATED PARTY TRANSACTIONS

The Foundation contributed $13,755 to CCA during the fifteen months ended June 30, 2016. During the year ended June 30, 2016, CCA paid for operating expenses of the Foundation amounting to $5,088. This amount is included in Due to Child Crisis Arizona on the statement of financial position at June 30, 2016.

NOTE 4 SUBSEQUENT EVENT

Child Crisis Center (“CCC”) and Crisis Nursery, Inc. (“CNI”) merged their entities and operations on April 1, 2015, continuing as Child Crisis Arizona (“CCA”). During the year ended June 30, 2016, the boards of directors of the Foundation and CCAF announced their intent to merge entities and operations. As a result of the merger of CCC and CNI, the Foundation and CCAF believed that a merged foundation entity could support CCA with greater efficiency. The merger was completed on July 1, 2016, with the Foundation merging with and into CCAF, and CCAF continuing as the surviving 501(c)(3) entity. Accordingly, CCAF assumed all the assets, obligations, and liabilities of the Foundation on July 1, 2016.