Forms 990 / 990-EZ Return Summary

For calendar year 2007, or tax year beginning 7/01/07 , and ending 6/30/08

86-0251984

CHILD & FAMILY RESOURCES, INC.

Net Asset / Fund Balance at Beginning of Year				3,717,004
Revenue				
Contributions		17,608,287		
Program service revenue		833,472		
Investment income		38,871		
Capital gain / loss		5,704		
Special events:				
Gross revenue	58,025			
Direct expenses	11,742			
Net income		46,283		
Other income				
Total revenue			18,532,617	
Expenses				
Program services		16,573,231		
Management and general		1,829,015		
Fundraising		164,203		
Payments to affiliates				
Total expenses			18,566,449	
Excess / (deficit)				-33,832
Other changes				-44,104
Net Asset / Fund Balance at End of Year				3,639,068

Reconciliation of Revenue

Total revenue per financial statements	18,488,513
Less:	
Unrealized gains	-44,104
Donated services	
Recoveries	
Other	
Plus:	
Investment expenses	
Other	
Total revenue per return	18,532,617

Reconciliation of Expenses

Total expenses per financial statements	18,566,449
Less:	
Donated services	
Prior year adjustments	
Losses	
Other	
Plus:	
Investment expenses	
Other	
Total expenses per return	18,566,449

Balance Sheet

	Beginning	Ending	Differences
Assets	5,884,809	6,321,995	
Liabilities	2,167,805	2,682,927	
Net assets	3,717,004	3,639,068	-77,936

Miscellaneous Information

Amended return	
Return / extended due date	2/17/09
Failure to file penalty	

Form **990** Department of the Treasury Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

u The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

2007

Open to Public Inspection

A For the 2007 calendar year, or tax year beginning 7/01/07 , and ending 6/30/08

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Termination ☐ Amended return ☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization: CHILD & FAMILY RESOURCES, INC.

Number and street (or P.O. box if mail is not delivered to street address): 2800 E. BROADWAY BLVD — Room/suite:

City or town, state or country, and ZIP + 4: TUCSON AZ 85716

D Employer identification number: 86-0251984

E Telephone number: 520-881-8940

F Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify) u

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and **I** are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates u

H(c) Are all affiliates included? ☐ Yes ☐ No (If "No," attach a list. See instructions.)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☐ No

I Group Exemption Number u

M Check u ☒ if the organization is **not** required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

G Website: j WWW.CHILDFAMILYRESOURCES.ORG

J Organization type (check only one) u ☒ 501(c) (3) t (insert no.) ☐ 4947(a)(1) or ☐ 527

K Check here u ☐ if the organization is not a 509(a)(3) supporting organization **and** its gross receipts are normally **not** more than $25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 u 18,708,371

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Revenue	1	Contributions, gifts, grants, and similar amounts received:				
	a	Contributions to donor advised funds	1a			
	b	Direct public support (not included on line 1a)	1b	1,223,544		
	c	Indirect public support (not included on line 1a)	1c	313,622		
	d	Government contributions (grants) (not included on line 1a)	1d	16,071,121		
	e	**Total** (add lines 1a through 1d) (cash $ 17,608,287 noncash $)			1e	17,608,287
	2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	833,472
	3	Membership dues and assessments			3	
	4	Interest on savings and temporary cash investments			4	38,871
	5	Dividends and interest from securities			5	
	6a	Gross rents	6a			
	b	Less: rental expenses	6b			
	c	Net rental income or (loss). Subtract line 6b from line 6a			6c	
	7	Other investment income (describe u)			7	
	8a	Gross amount from sales of assets other than inventory — (A) Securities: 169,716	8a	(B) Other:		
	b	Less: cost or other basis and sales expenses — (A) 164,012	8b	(B)		
	c	Gain or (loss) (attach schedule) — (A) 5,704	8c	(B)		
	d	Net gain or (loss). Combine line 8c, columns (A) and (B) SEE STMT 1			8d	5,704
	9	Special events and activities (attach schedule). If any amount is from **gaming,** check here u ☐				
	a	Gross revenue (not including $ of contributions reported on line 1b)	9a	58,025		
	b	Less: direct expenses other than fundraising expenses	9b	11,742		
	c	Net income or (loss) from special events. Subtract line 9b from line 9a			9c	46,283
	10a	Gross sales of inventory, less returns and allowances	10a			
	b	Less: cost of goods sold	10b			
	c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a			10c	
	11	Other revenue (from Part VII, line 103)			11	
	12	**Total revenue.** Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11			12	18,532,617
Expenses	13	Program services (from line 44, column (B))			13	16,573,231
	14	Management and general (from line 44, column (C))			14	1,829,015
	15	Fundraising (from line 44, column (D))			15	164,203
	16	Payments to affiliates (attach schedule)			16	
	17	**Total expenses.** Add lines 16 and 44, column (A)			17	18,566,449
Net Assets	18	Excess or (deficit) for the year. Subtract line 17 from line 12			18	-33,832
	19	Net assets or fund balances at beginning of year (from line 73, column (A))			19	3,717,004
	20	Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 2			20	-44,104
	21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20			21	3,639,068

Part II **Statement of Functional Expenses** All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash $ ____ non-cash $ ____) If this amount includes foreign grants, check here u ☐	22a				
22b Other grants and allocations (attach schedule) (cash $ ____ non-cash $ ____) If this amount includes foreign grants, check here u ☐	22b				
23 Specific assistance to individuals (attach schedule) STMT 3	23	60,389	60,389		
24 Benefits paid to or for members (attach schedule)	24				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A SEE STATEMENT 4	25a	284,732		284,732	
b Compensation of former officers, directors, key employees, etc. listed in Part V-B SEE STATEMENT 5	25b	28,000		28,000	
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	25c				
26 Salaries and wages of employees not included on lines 25a, b, and c	26	6,502,852	5,988,487	434,524	79,841
27 Pension plan contributions not included on lines 25a, b, and c	27	146,990	130,672	14,532	1,786
28 Employee benefits not included on lines 25a – 27	28	766,866	716,317	44,298	6,251
29 Payroll taxes	29	537,233	477,632	53,150	6,451
30 Professional fundraising fees	30	4,478			4,478
31 Accounting fees	31	65,784		65,784	
32 Legal fees	32	8,009		8,009	
33 Supplies	33	817,408	670,840	105,279	41,289
34 Telephone	34	227,787	167,612	59,771	404
35 Postage and shipping	35	88,602	74,571	12,560	1,471
36 Occupancy	36	558,084	497,645	54,672	5,767
37 Equipment rental and maintenance	37	177,331	142,383	31,533	3,415
38 Printing and publications	38	101,761	82,709	13,674	5,378
39 Travel	39	542,481	516,182	24,335	1,964
40 Conferences, conventions, and meetings	40	106,876	88,196	18,680	
41 Interest	41	26,868	162	26,706	
42 Depreciation, depletion, etc. (attach schedule)	42	268,484		268,484	
43 Other expenses not covered above (itemize): a SEE STATEMENT 6	43a	7,245,434	6,959,434	280,292	5,708
b	43b				
c	43c				
d	43d				
e	43e				
f	43f				
g	43g				
44 **Total functional expenses.** Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	18,566,449	16,573,231	1,829,015	164,203

Joint Costs. Check u ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in **(B)** Program services? u ☐ **Yes** ☒ **No**

If "Yes," enter **(i)** the aggregate amount of these joint costs$ ____ ; **(ii)** the amount allocated to Program services $ ____ ;

(iii) the amount allocated to Management and general$ ____ ; and **(iv)** the amount allocated to Fundraising $

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose?
u SEE STATEMENT 7

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

		Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a	SEE STATEMENT 8 (Grants and allocations $) If this amount includes foreign grants, check here u ☐	3,479,420
b	SEE STATEMENT 9 (Grants and allocations $) If this amount includes foreign grants, check here u ☐	5,606,737
c	SEE STATEMENT 10 (Grants and allocations $) If this amount includes foreign grants, check here u ☐	726,970
d	SEE STATEMENT 11 (Grants and allocations $) If this amount includes foreign grants, check here u ☐	922,771
e	Other program services (attach schedule) SEE STMT 12 (Grants and allocations $) If this amount includes foreign grants, check here u ☐	5,837,333
f	**Total of Program Service Expenses** (should equal line 44, column (B), Program services) u	16,573,231

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

Section	Line	Description	Sub-line	Sub-amount	(A) Beginning of year	Line	(B) End of year
Assets	45	Cash—non-interest-bearing			5,760	45	6,114
	46	Savings and temporary cash investments			442,840	46	614,061
	47a	Accounts receivable	47a				
	b	Less: allowance for doubtful accounts	47b			47c	
	48a	Pledges receivable	48a				
	b	Less: allowance for doubtful accounts	48b			48c	
	49	Grants receivable			1,974,641	49	1,797,007
	50a	Receivables from current and former officers, directors, trustees, and key employees (attach schedule)				50a	
	b	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (att. schedule)				50b	
	51a	Other notes and loans receivable (attach schedule) SEE WORKSHEET	51a	100,000			
	b	Less: allowance for doubtful accounts	51b		100,000	51c	100,000
	52	Inventories for sale or use				52	
	53	Prepaid expenses and deferred charges			40,532	53	24,365
	54a	Investments—publicly-traded securities SEE STATEMENT 13 u ☐ Cost ☒ FMV			572,953	54a	550,818
	b	Investments—other securities (attach schedule) u ☐ Cost ☐ FMV				54b	
	55a	Investments—land, buildings, and equipment: basis	55a				
	b	Less: accumulated depreciation (attach schedule)	55b			55c	
	56	Investments—other (attach schedule)				56	
	57a	Land, buildings, and equipment: basis	57a	4,650,870			
	b	Less: accumulated depreciation (attach schedule) SEE STATEMENT 14	57b	1,481,302	2,712,884	57c	3,169,568
	58	Other assets, including program-related investments (describe u SEE STATEMENT 15)			35,199	58	60,062
	59	**Total assets** (must equal line 74). Add lines 45 through 58			5,884,809	59	6,321,995
Liabilities	60	Accounts payable and accrued expenses			1,847,297	60	1,914,082
	61	Grants payable				61	
	62	Deferred revenue SEE STATEMENT 16			60,508	62	
	63	Loans from officers, directors, trustees, and key employees (attach schedule)				63	
	64a	Tax-exempt bond liabilities (attach schedule)				64a	
	b	Mortgages and other notes payable (attach schedule) SEE WORKSHEET			260,000	64b	768,845
	65	Other liabilities (describe u)				65	
	66	**Total liabilities.** Add lines 60 through 65			2,167,805	66	2,682,927
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here u** ☒ and complete lines 67 through 69 and lines 73 and 74.					
	67	Unrestricted			3,607,629	67	3,541,150
	68	Temporarily restricted			109,375	68	97,918
	69	Permanently restricted				69	
		Organizations that do not follow SFAS 117, check here u ☐ and complete lines 70 through 74.					
	70	Capital stock, trust principal, or current funds				70	
	71	Paid-in or capital surplus, or land, building, and equipment fund				71	
	72	Retained earnings, endowment, accumulated income, or other funds				72	
	73	**Total net assets or fund balances.** Add lines 67 through 69 **or** lines 70 through 72. (Column (A) **must** equal line 19 and column (B) **must** equal line 21)			3,717,004	73	3,639,068
	74	**Total liabilities and net assets/fund balances.** Add lines 66 and 73			5,884,809	74	6,321,995

DAA

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements			a	18,488,513
b	Amounts included on line **a** but not on Part I, line 12:				
1	Net unrealized gains on investments	b1	-44,104		
2	Donated services and use of facilities	b2			
3	Recoveries of prior year grants	b3			
4	Other (specify):	b4			
	Add lines **b1** through **b4**			b	-44,104
c	Subtract line **b** from line **a**			c	18,532,617
d	Amounts included on Part I, line 12, but not on line **a:**				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify):	d2			
	Add lines **d1** and **d2**			d	
e	**Total revenue** (Part I, line 12). Add lines **c** and **d**			e	18,532,617

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements			a	18,566,449
b	Amounts included on line **a** but not Part I, line 17:				
1	Donated services and use of facilities	b1			
2	Prior year adjustments reported on Part I, line 20	b2			
3	Losses reported on Part I, line 20	b3			
4	Other (specify):	b4			
	Add lines **b1** through **b4**			b	
c	Subtract line **b** from line **a**			c	18,566,449
d	Amounts included on Part I, line 17, but not on line **a:**				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify):	d2			
	Add lines **d1** and **d2**			d	
e	**Total expenses** (Part I, line 17). Add lines **c** and **d**			e	18,566,449

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	**(B)** Title and average hours per week devoted to position	**(C)** Compensation (If not paid, enter -0-.)	**(D)** Contributions to employee benefit plans & deferred compensation plans	**(E)** Expense account and other allowances
SEE STATEMENT 17				

Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)

			Yes	No
75a	Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings u			
b	Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b		X
c	Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization."	75c		X
	If "Yes," attach a statement that includes the information described in the instructions.			
d	Does the organization have a written conflict of interest policy?	75d	X	

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
MARTHA ROTHMAN TUCSON 2800 E BROADWAY BLVD AZ 85716	0	25,000	3,000	0

Part VI Other Information (See the instructions.)

			Yes	No
76	Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	76		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77		X
78a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	78b		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X	
b	If "Yes," enter the name of the organization u TUCSON NURSERY SCHOOLS and check whether it is [X] exempt **or** [ ] nonexempt			
81a	Enter direct and indirect political expenditures. (See line 81 instructions.) 81a 0			
b	Did the organization file **Form 1120-POL** for this year?	81b		X

DAA

Part VI Other Information (continued)

				Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		**82a**	X	
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	**82b**			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?		**83a**	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		**83b**	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		**84a**		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	**84b**		
85a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?	N/A	**85a**		
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	N/A	**85b**		
	If "Yes" was answered to either 85a or 85b, **do not** complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.				
c	Dues, assessments, and similar amounts from members	**85c**			
d	Section 162(e) lobbying and political expenditures	**85d**			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	**85e**			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	**85f**			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A	**85g**		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	N/A	**85h**		
86	501(c)(7) orgs. Enter: **a** Initiation fees and capital contributions included on line 12	**86a**			
b	Gross receipts, included on line 12, for public use of club facilities	**86b**			
87	501(c)(12) orgs. Enter: **a** Gross income from members or shareholders	**87a**			
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	**87b**			
88a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		**88a**		X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	u	**88b**		X
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 u 0 ; section 4912 u 0 ; section 4955 u 0				
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		**89b**		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958	u 0			
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization	u 0			
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		**89e**		X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		**89f**		X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		**89g**		X

90a List the states with which a copy of this return is filed u AZ

b Number of employees employed in the pay period that includes March 12, 2007 (See instructions.) **90b** 269

91a The books are in care of u SUSAN L BANES Telephone no. u 520-881-8940

Located at u 2800 E. BROADWAY BLVD TUCSON, AZ ZIP + 4 u 85716

				Yes	No
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		**91b**		X
	If " Yes," enter the name of the foreign country u				
	See the instructions for exceptions and filing requirements for **Form TD F 90-22.1,** Report of Foreign Bank and Financial Accounts.				

Part VI Other Information (continued)

		Yes	No
c	At any time during the calendar year, did the organization maintain an office outside of the United States? 91c		X
	If "Yes," enter the name of the foreign country		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of **Form 1041**—Check here ☐ and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92		

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		
	(A) Business code	**(B)** Amount	**(C)** Exclusion code	**(D)** Amount	**(E)** Related or exempt function income
93 Program service revenue:					
a HAPPY HOURS					748,824
b CHILDCARE/CONFERENCE FEES					84,648
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	38,871	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	5,704	
101 Net income or (loss) from special events			1	46,283	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		90,858	833,472
105 **Total** (add line 104, columns (B), (D), and (E))					924,330

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
	SEE STATEMENT 18

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	**(B)** Percentage of ownership interest	**(C)** Nature of activities	**(D)** Total income	**(E)** End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: If "Yes" to **(b),** file Form 8870 **and** Form 4720 (see instructions).

Part XI **Information Regarding Transfers To and From Controlled Entities.** Complete only if the organization is a controlling organization as defined in section 512(b)(13).

	Yes	No
106 Did the reporting organization **make** any transfers **to** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.		X

	(A) Name, address, of each controlled entity	(B) Employer ID Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
	Totals			

	Yes	No
107 Did the reporting organization **receive** any transfers **from** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.		X

	(A) Name, address, of each controlled entity	(B) Employer ID Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
	Totals			

	Yes	No
108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?		

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of officer — Date

Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ☐	Preparer's SSN or PTIN (See Gen. Instr. X) P00343046
Firm's name (or yours if self-employed), address, and ZIP + 4	LUDWIG KLEWER & CO. PLLC 4783 E CAMP LOWELL TUCSON, AZ 85712	EIN 36-4538293	Phone no. 520-545-0500

DAA

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information-(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No. 1545-0047

2007

Name of the organization: CHILD & FAMILY RESOURCES, INC.

Employer identification number: 86-0251984

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to empl. benefit plans & deferred comp.	(e) Expense account and other allowances
PRISCILLA WHITLOCK, TUCSON 2800 E. BROADWAY, AZ 85716	REGIONAL DIR 40	61,923	4,600	8,142
JEFFREY DOZORETZ, TUCSON 2800 E. BROADWAY, AZ 85716	REGIONAL DIR 40	66,351	7,796	0
LYDIA ANN MEDINA, TUCSON 2800 E. BROADWAY, AZ 85716	REGIONAL DIR 40	59,077	6,440	786
CONRAD LINDO, TUCSON 2800 E. BROADWAY, AZ 85716	PROGRAM DIR 40	56,005	7,225	2,887
COLLEEN M PERRA, TUCSON 2800 E. BROADWAY, AZ 85716	DIR DEVELOP 40	59,559	4,491	70
Total number of other employees paid over $50,000 ▶	3			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
LA FRONTERA, TUCSON 502 W. 29TH STREET, AZ 85713	COUNSELING	685,293
CASA DE LOS NINOS, TUCSON 1101 N. 4TH AVENUE, AZ 85705	COUNSELING	654,024
CODAC BEHAVIORAL HEALTH SERVICES, TUCSON 3100 N. 1ST STREET, AZ 85719	COUNSELING	630,853
BLAKE FOUNDATION, TUCSON 5704 E. GRANT ROAD, AZ 85712	COUNSELING	558,728
ARIZONA CHILDREN'S ASSOCIATION, TUCSON 2700 S. 8TH AVENUE, AZ 85713	COUNSELING	425,729
Total number of others receiving over $50,000 for professional services ▶ 2		

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
CLIFTON GUNDERSON, TUCSON 335 N. WILMOT RD #300, AZ 85711	IT SERVICES	149,430
ASSOC FOR SUPPORTIVE CHILD CARE, TEMPE 3910 S. RURAL ROAD SUITE E, AZ 85282	TRAINING	57,272
Total number of other contractors receiving over $50,000 for other services ▶ 0		

Part III Statements About Activities (See page 2 of the instructions.)

			Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ $ ________ (Must equal amounts on line 38, Part VI-A, or line **i** of Part VI-B.)	1		X
	Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)			
a	Sale, exchange, or leasing of property?	2a		X
b	Lending of money or other extension of credit?	2b		X
c	Furnishing of goods, services, or facilities?	2c		X
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)? SEE PART V-A, FORM 990	2d	X	
e	Transfer of any part of its income or assets?	2e		X
3a	Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)	3a		X
b	Did the organization have a section 403(b) annuity plan for its employees?	3b		X
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c		X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		X
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a		X
b	Did the organization make any taxable distributions under section 4966?	4b		
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c		

d	Enter the total number of donor advised funds owned at the end of the tax year ▶	
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶	
f	Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶	0
g	Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶	0

DAA

Part IV Reason for Non-Private Foundation Status (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).

6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)

7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).

8 ☐ A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).

9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state ▶** ....

10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)

11a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)

11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)

12 ☐ An organization that normally receives: **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions-subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)

13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:

☐ Type I ☐ Type II ☐ Type III-Functionally Integrated ☐ Type III-Other

Provide the following information about the supported organizations. (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents? Yes	No	(e) Amount of support
Total .... u					

14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.**

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	15,655,176	13,761,809	12,329,882	11,177,070	52,923,937
16 Membership fees received					0
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	913,276	921,845	876,858	882,478	3,594,457
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	21,409	43,797	52,450	7,267	124,923
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					0
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					0
23 Total of lines 15 through 22	16,589,861	14,727,451	13,259,190	12,066,815	56,643,317
24 Line 23 minus line 17	15,676,585	13,805,606	12,382,332	11,184,337	53,048,860
25 Enter 1% of line 23	165,899	147,275	132,592	120,668	

26 Organizations described on lines 10 or 11: **a** Enter 2% of amount in column (e), line 24 ▶ **26a** 1,060,977

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. **Do not file this list with your return.** Enter the total of all these excess amounts ▶ **26b**

c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶ **26c** 53,048,860

d Add: Amounts from column (e) for lines: 18 124,923 19 ______ 22 ______ 26b ______ ▶ **26d** 124,923

e Public support (line 26c minus line 26d total) ▶ **26e** 52,923,937

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ **26f** 99.7645 %

27 Organizations described on line 12: **a** For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." **Do not file this list with your return.** Enter the sum of such amounts for each year: N/A

(2006) ______ (2005) ______ (2004) ______ (2003) ______

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the **larger** of **(1)** the amount on line 25 for the year or **(2)** $5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in **(1)** or **(2),** enter the sum of these differences (the excess amounts) for each year: N/A

(2006) ______ (2005) ______ (2004) ______ (2003) ______

c Add: Amounts from column (e) for lines: 15 ______ 16 ______ 17 ______ 20 ______ 21 ______ ▶ **27c**

d Add: Line 27a total ______ and line 27b total ______ ▶ **27d**

e Public support (line 27c total minus line 27d total) ▶ **27e**

f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) ▶ **27f**

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))** ▶ **27g** %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** ▶ **27h** %

28 **Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. **Do not file this list with your return.** Do not include these grants in line 15.

Part V Private School Questionnaire (See page 9 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A

			Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?	31		
	If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			
32	Does the organization maintain the following:			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
33	Does the organization discriminate by race in any way with respect to:			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended?	34b		
	If you answered "Yes" to either 34a or b, please explain using an attached statement.			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A **Lobbying Expenditures by Electing Public Charities** (See page 11 of the instructions.)
(To be completed **ONLY** by an eligible organization that filed Form 5768) N/A

Check ▶ **a** ☐ if the organization belongs to an affiliated group. Check ▶ **b** ☐ if you checked **"a"** and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		**(a)** Affiliated group totals	**(b)** To be completed for **all** electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	**36**		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	**37**		
38 Total lobbying expenditures (add lines 36 and 37)	**38**		
39 Other exempt purpose expenditures	**39**		
40 Total exempt purpose expenditures (add lines 38 and 39)	**40**		
41 Lobbying nontaxable amount. Enter the amount from the following table-			
If the amount on line 40 is- / **The lobbying nontaxable amount is-**			
Not over $500,000 / 20% of the amount on line 40			
Over $500,000 but not over $1,000,000 / $100,000 plus 15% of the excess over $500,000			
Over $1,000,000 but not over $1,500,000 / $175,000 plus 10% of the excess over $1,000,000	**41**		
Over $1,500,000 but not over $17,000,000 / $225,000 plus 5% of the excess over $1,500,000			
Over $17,000,000 / $1,000,000			
42 Grassroots nontaxable amount (enter 25% of line 41)	**42**		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	**43**		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	**44**		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 13 of the instructions.)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	**(a)** 2007	**(b)** 2006	**(c)** 2005	**(d)** 2004	**(e)** Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B **Lobbying Activity by Nonelecting Public Charities**
(For reporting only by organizations that did not complete Part VI-A) (See page 14 of the instructions.) N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	**Yes**	**No**	**Amount**
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines **c** through **h.**)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines **c** through **h.**)			

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 14 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

			Yes	No
a	Transfers from the reporting organization to a noncharitable exempt organization of:			
	(i) Cash	**51a(i)**		X
	(ii) Other assets	**a(ii)**		X
b	Other transactions:			
	(i) Sales or exchanges of assets with a noncharitable exempt organization	**b(i)**		X
	(ii) Purchases of assets from a noncharitable exempt organization	**b(ii)**		X
	(iii) Rental of facilities, equipment, or other assets	**b(iii)**		X
	(iv) Reimbursement arrangements	**b(iv)**		X
	(v) Loans or loan guarantees	**b(v)**		X
	(vi) Performance of services or membership or fundraising solicitations	**b(vi)**		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	**c**		X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

(a) Line no.	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐ **Yes** ☒ **No**

b If "Yes," complete the following schedule:

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Special Events Schedule

Form **990** | For calendar year 2007, or tax year beginning 7/01/07 , and ending 6/30/08 | **2007**

Name: CHILD & FAMILY RESOURCES, INC.

Employer Identification Number: 86-0251984

	(A)	**(B)**	**(C)**	**Others**	**Total**
Gross receipts	58,025	0	0	0	58,025
Less contributions	0	0	0	0	0
Gross revenue	58,025	0	0	0	58,025
Less direct expenses	11,742	0	0	0	11,742
Net income (loss)	46,283	0	0	0	46,283

Description:

(A) LOBSTER LANDING

(B)

(C)

Others

Forms 990 / 990-PF	Other Notes and Loans Receivable	2007
	For calendar year 2007, or tax year beginning 7/01/07 , and ending 6/30/08	

Name	Employer Identification Number
CHILD & FAMILY RESOURCES, INC.	86-0251984

FORM 990, PART IV, LINE 51A - ADDITIONAL INFORMATION

	Name of borrower	Relationship to disqualified person
(1)	TUCSON NURSERY SCHOOLS	AFFILIATE
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

	Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1)	150,000	3/15/06		DUE ON DEMAND	0.000
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

	Security provided by borrower	Purpose of loan
(1)	UNSECURED	OPERATING EXPENSES
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

	Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year	Fair market value (990-PF only)
(1)	CASH	100,000	100,000	
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
Totals		100,000	100,000	

Forms 990 / 990-PF	Mortgages and Other Notes Payable	2007
	For calendar year 2007, or tax year beginning 7/01/07 , and ending 6/30/08	

Name	Employer Identification Number
CHILD & FAMILY RESOURCES, INC.	86-0251984

FORM 990, PART IV, LINE 64B - ADDITIONAL INFORMATION

	Name of lender	Relationship to disqualified person
(1)	CHASE BANK, LINE OF CREDIT	
(2)	CHASE BANK, MORTGAGE PAYABLE	
(3)	NP CIT TECHNOLOGY	
(4)	LEASE PAYABLE, CIT COMMUNICATIONS	
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

	Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1)	650,000	6/20/07	2/15/09	INTEREST MONTHLY	4.250
(2)	432,000	2/15/08	2/15/13		5.750
(3)	52,052	8/29/07	9/28/09		10.700
(4)	31,000	10/01/07	9/30/10		
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

	Security provided by borrower	Purpose of loan
(1)	ACCOUNTS RECEIVABLE	WORKING CAPITAL
(2)	REAL PROPERTY	NOGALES OFFICE BUILDING
(3)	COMPUTER EQUIPMENT	COMPUTER EQUIPMENT
(4)		AVAYA PHONE EQUIPMENT
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

	Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1)		260,000	266,000
(2)			427,476
(3)			47,637
(4)			27,732
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			
Totals		260,000	768,845

Form 990 - General Footnote

Description
THE BEGINNING UNRESTRICTED NET ASSET BALANCE OF $3,693,609 HAS BEEN RE-STATED TO $3,607,629 DUE TO THE OVERPAYMENT OF A GRANT RECEIVED IN THE PRIOR YEAR THAT REDUCED GOVERNMENT CONTRIBUTIONS FOR THE PRIOR YEAR. THE BEGINNING TEMPORARILY RESTRICTED NET ASSET BALANCE OF $0 HAS BEEN RE-STATED TO $109,375 IN ORDER TO REFLECT GRANT AND CONTRIBUTION INCOME RECEIVED IN THE PRIOR YEAR THAT CONTAINED TIME AND/OR PURPOSE RESTRICTIONS.

Statement 1 - Form 990, Part I, Line 8c - Sale of Assets Other Than Inventory - Securities

Desc			How Rec'd		Whom Sold	
	Date Acquired	Date Sold	Sale Price	Cost & Expense	Depr	Gain/ -Loss
PUBLICLY TRADED SECURITIES						
			$ 169,716	$ 164,012	$	$ 5,704
TOTAL			$ 169,716	$ 164,012	$ 0	$ 5,704

Statement 2 - Form 990, Line 20 - Other Changes in Net Assets or Fund Balances

Description	Amount
UNREALIZED GAINS/LOSSES	$ -44,104
TOTAL	$ -44,104

Statement 3 - Form 990, Part II, Line 23 - Specific Assistance to Individuals

Description	Amount
PROVIDE EMERGENCY FOOD, CLOTHING, HOUSING AND UTILITY ASSISTANCE FOR INDIGENTS, ETC.	$ 60,389
TOTAL	$ 60,389

Statement 4 - Form 990, Part II, Line 25a - Compensation of Current Officers

Name	Program Services	Management & General	Fundraising
EXPENSES	$	$	$
COMPENSATION		284,732	
TOTAL	$ 0	$ 284,732	$ 0

Statement 5 - Form 990, Part II, Line 25b - Compensation of Former Officers

Name	Program Services	Management & General	Fundraising
EXPENSES	$	$	$
COMPENSATION		28,000	
TOTAL	$ 0	$ 28,000	$ 0

Statement 6 - Form 990, Part II, Line 43 - Other Functional Expenses

Description	Total Expenses	Program Service	Mgt & General	Fund-Raising
EXPENSES	$	$	$	$
PROFESSIONAL SERVICES	434,462	268,872	165,390	200
OTHER OPERATING EXPENSES	210,647	91,463	113,676	5,508
SUBRECIPIENTS	6,599,099	6,599,099		
ASSISTANCE TO INDIVIDUALS	1,226		1,226	
TOTAL	$ 7,245,434	$ 6,959,434	$ 280,292	$ 5,708

Statement 7 - Form 990, Part III - Organization's Primary Exempt Purpose

Description
IMPROVE WELL-BEING OF ARIZONA'S CHILDREN AND THEIR FAMILIES

Statement 8 - Form 990, Part III, Line a - Statement of Program Service Accomplishments

Description
CHILD & ADULT CARE FOOD PROGRAM REIMBURSES FAMILY CHILD CARE PROVIDERS FOR THE COST OF SERVING NUTRITIOUS MEALS AND SNACKS TO CHILDREN IN THEIR CARE. ANNUAL NUTRITION WORKSHOPS ARE ALSO HELD.

Statement 9 - Form 990, Part III, Line b - Statement of Program Service Accomplishments

Description
HEALTHY FAMILIES IS A COMMUNITY-BASED MULTI-DISCIPLINARY PROGRAM WHICH PROVIDES SUPPORT SERVICES TO FAMILIES WITH NEWBORNS.

Statement 10 - Form 990, Part III, Line c - Statement of Program Service Accomplishments

Description
CHOICES FOR FAMILIES OFFERS HOME-BOUND SUPPORT SERVICES TO FAMILIES IN STRESSFUL SITUATIONS. CHOICES IS DESIGNED TO PROMOTE POSITIVE PARENTING, ENHANCE FAMILY FUNCTIONING AND ASSIST FAMILIES IN MAINTAINING SELF-SUFFICIENCY.

Statement 11 - Form 990, Part III, Line d - Statement of Program Service Accomplishments

Description
HAPPY HOURS PROGRAM OFFERS SCHOOL-AGE CHILDREN OPPORTUNITY TO PARTICIPATE IN AFTER-SCHOOL CHILD CARE AT 10 TUSD ELEMENTARY SCHOOL SITES. SUMMER PROGRAM IS OFFERED AT ONE TUSD SCHOOL SITE. BEFORE-SCHOOL AND EXTENDED PROGRAMS ARE ALSO AVAILABLE AT SELECTED LOCATIONS. ALL SITES PROVIDE CARE TO CHILDREN WITH SPECIAL NEEDS.

Federal Statements

Statement 12 - Form 990, Part III, Line e - Other Program Services

Description
CHILD CARE HOME RECRUITMENT
CHILD CARE RESOURCE & REFERRAL
CENTERS FOR ADOLESCENT PARENTS
S*CCEEDS
EARLY INTERVENTION PROGRAMS
LIBERTY PARTNERSHIP/YES
AZ INFANT TODDLER INSTITUTE
ALL OTHER PROGRAMS

Statement 13 - Form 990, Part IV, Line 54a - Publicly Traded Securities

Description	Beginning of Year	End of Year	Basis of Valuation
US AND STATE GOVERNMENT	$	$	
GOVERNMENT BONDS	130,748	231,837	MARKET
CORPORATE STOCK			
STOCKS	290,571	261,696	MARKET
MUTUAL FUNDS	59,298		MARKET
CORPORATE BONDS			
CORPORATE BONDS	92,336	57,285	MARKET
TOTAL	$ 572,953	$ 550,818	

Statement 14 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

Description	Beginning of Year	Accum Depr	End of Year	Accum Depr
BUILDINGS & IMPROVEMENTS	$ 2,388,974	$ 428,129	$ 2,882,737	$ 509,484
LEASEHOLD IMPROVEMENTS	98,337	66,450	109,155	75,669
FURNITURE & EQUIPMENT	1,057,175	718,238	1,222,545	896,149
LAND	376,086		431,304	
LAND IMPROVEMENTS	5,129		5,129	
TOTAL	$ 3,925,701	$ 1,212,817	$ 4,650,870	$ 1,481,302

Statement 15 - Form 990, Part IV, Line 58 - Other Assets

Description	Beginning of Year	End of Year
DEPOSITS	$ 35,199	$ 60,062
TOTAL	$ 35,199	$ 60,062

Statement 16 - Form 990, Part IV, Line 62 - Deferred Revenue

Description	Beginning of Year	End of Year
DEFERRED REVENUE	$ 60,508	$ 0
TOTAL	$ 60,508	$ 0

Statement 17 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
ERIC SCHINDLER 2800 E BROADWAY TUCSON AZ 85716	CEO	40	117,575	10,396	548
SUSAN L BANES 2800 E BROADWAY TUCSON AZ 85716	CFO	40	74,084	8,202	0
RICHARD POYNER 2800 E BROADWAY TUCSON AZ 85716	HRO	40	69,989	4,486	1,455
OSCAR LIZARDI 6262 N SWAN, #200 TUCSON AZ 85718	CHAIRMAN	2	0	0	0
BILL SOTO 2964 W CORTE OLIVIA TUCSON AZ 85741	VICE CHAIRMN	2	0	0	0
MALENA BARAJAS 2423 E CALLE JOYA TUCSON AZ 85706	SECRETARY	2	0	0	0
BUDDY BLATTNER 3975 S EVANS BLVD	TREASURER	2	0	0	0

Statement 17 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees (continued)

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
TUCSON AZ 85714					
KENT BURBANK 2051 N PAINTED HILL TUCSON AZ 85745	BOARD MEMBER	2	0	0	0
RACHEL CHANES 9892 E ROCKY VISTA TUCSON AZ 85748	BOARD MEMBER	2	0	0	0
PENELOPE JACKS 2303 E ADAMS ST TUCSON AZ 85719	BOARD MEMBER	2	0	0	0
JUDY LARSON 5721 N PLACITA TUCSON AZ 85719	BOARD MEMBER	2	0	0	0
GREG LEE 5210 E WILLIAMS TUCSON AZ 85711	BOARD MEMBER	2	0	0	0
LAURA LEVIN 6964 E CENTURY TUCSON AZ 85706	BOARD MEMBER	2	0	0	0

Statement 17 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees (continued)

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
CHARLES E MONROE, M.ED. 5049 E BROADWAY TUCSON AZ 85711	BOARD MEMBER	2	0	0	0
LU SALISBURY 4450 N TROCHE TUCSON AZ 85750	BOARD MEMBER	2	0	0	0
JIM STEWART 150 N STONE 2ND FL TUCSON AZ 85701	BOARD MEMBER	2	0	0	0
NICOLE L SULLIVAN 5319 E LESTER PL TUCSON AZ 85712	BOARD MEMBER	2	0	0	0
CHRISTINE SWENSON-SMITH 2225E AJO WAY TUCSON AZ 85713	BOARD MEMBER	2	0	0	0
LAURIE THOMAS 5049 W HURSTON DR TUCSON AZ 85742	BOARD MEMBER	2	0	0	0
GABE ZIMMERMAN 428 S 4TH AVE #4	BOARD MEMBER	2	0	0	0

Statement 17 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees (continued)

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
TUCSON AZ 85701					

Statement 18 - Form 990, Part VIII - Relationship of Activities

Line No.	Description
93A	FEES COLLECTED FOR THE HAPPY HOURS PROGRAM PROVIDED SUPERVISED RECREATIONAL ACTIVITIES FOR CHILDREN DURING AFTER-SCHOOL HOURS.
93B	FEES COLLECTED TO PROVIDE CHILDCARE, CONFERENCES, ETC.

Federal Statements

Form 990, Part I, Line 1b - Direct Public Support

Description	Cash	Noncash	Total
CONTRIBUTIONS FROM SCHEDULE B	$ 79,156	$	$ 79,156
TOTAL	$ 79,156	$ 0	$ 79,156