

JOBS FOR ARIZONA'S GRADUATES, INC.
(A Non-Profit Corporation)

FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014

JOBS FOR ARIZONA'S GRADUATES, INC.
FINANCIAL STATEMENTS
Years Ended June 30, 2015 and 2014

TABLE OF CONTENTS

| | <u>Page No.</u> |
|----------------------------------------|-----------------|
| Independent Auditor's Report..... | 1 |
| Statement of Financial Position..... | 2 |
| Statements of Activities..... | 3 - 4 |
| Statement of Cash Flows..... | 5 |
| Statements of Functional Expense | 6 - 7 |
| Notes to Financial Statements..... | 8 - 12 |

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Jobs for Arizona Graduates, Inc.

We have audited the accompanying financial statements of Jobs for Arizona Graduates, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jobs for Arizona Graduates, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

TOMISATO P.C.

Tomisato PC
Phoenix, Arizona
April 25, 2016

**JOBS FOR ARIZONA GRADUATES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015 and 2014**

ASSETS

| | 2015 | 2014 |
|-----------------------|-------------------|-------------------|
| Cash | \$ 212,184 | \$ 175,967 |
| Grants receivable | 86,343 | 69,560 |
| Pledges receivable | - | 130,000 |
| Prepaid insurance | 5,238 | 2,330 |
| Current assets | 303,765 | 377,857 |
| | | |
| Deposits | 2,390 | 2,390 |
| Total assets | \$ 306,155 | \$ 380,247 |

LIABILITIES AND NET ASSETS

| | | |
|-----------------------------------------|-------------------|-------------------|
| Accounts payable | \$ 3,902 | \$ 3,987 |
| Deferred rent | - | 1,218 |
| Deferred revenue | 99,460 | - |
| Accrued time off | 25,495 | 19,776 |
| | | |
| Total current liabilities | 128,857 | 24,981 |
| | | |
| Total liabilities | 128,857 | 24,981 |
| | | |
| Net assets | | |
| Unrestricted | 177,298 | 217,347 |
| Temporarily restricted | - | 137,919 |
| | | |
| Total net assets | 177,298 | 355,266 |
| | | |
| Total liabilities and net assets | \$ 306,155 | \$ 380,247 |

The accompanying notes are an integral part of these financial statements.

**JOBS FOR ARIZONA GRADUATES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

| | 2015 | | |
|--------------------------------------|-------------------|---------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Total |
| Support and revenue | | | |
| Affiliated | \$ 40,000 | \$ - | \$ 40,000 |
| Contracts | 779,239 | - | 779,239 |
| Gila River Power Station | 53,230 | - | 53,230 |
| Government | 151,633 | - | 151,633 |
| Individuals | 6,967 | - | 6,967 |
| Interest income | 41 | - | 41 |
| Net assets released from restriction | 137,919 | (137,919) | - |
| Total revenue | <u>1,169,029</u> | <u>(137,919)</u> | <u>1,031,110</u> |
| Expenses | | | |
| Program services | 1,065,591 | - | 1,065,591 |
| General and administrative | 119,845 | - | 119,845 |
| Fundraising | 23,642 | - | 23,642 |
| Total expenses | <u>1,209,078</u> | <u>-</u> | <u>1,209,078</u> |
| Changes in net assets | (40,049) | (137,919) | (177,968) |
| Net assets, beginning of year | 217,347 | 137,919 | 355,266 |
| Net assets, end of year | <u>\$ 177,298</u> | <u>\$ 0</u> | <u>\$ 177,298</u> |

The accompanying notes are an integral part of these financial statements.

**JOBS FOR ARIZONA GRADUATES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

| | 2014 | | |
|--------------------------------------|-------------------|---------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Total |
| Support and revenue | | | |
| Affiliated | \$ 30,000 | \$ - | \$ 30,000 |
| Corporate | 422,160 | - | 422,160 |
| Government Grants | 317,427 | - | 317,427 |
| USA Funds | 204,559 | - | 204,559 |
| Individuals | 7,974 | - | 7,974 |
| Interest income | 1,123 | - | 1,123 |
| United Way | 148,370 | - | 148,370 |
| Net assets released from restriction | 85,878 | (85,878) | - |
| Total revenue | <u>1,217,491</u> | <u>(85,878)</u> | <u>1,131,613</u> |
| Expenses | | | |
| Program services | 1,070,303 | - | 1,070,303 |
| General and administrative | 119,819 | - | 119,819 |
| Fundraising | 23,965 | - | 23,965 |
| Total expenses | <u>1,214,087</u> | <u>-</u> | <u>1,214,087</u> |
| Changes in net assets | 3,404 | (85,878) | (82,474) |
| Net assets, beginning of year | 213,943 | 223,797 | 437,740 |
| Net assets, end of year | <u>\$ 217,347</u> | <u>\$ 137,919</u> | <u>\$ 355,266</u> |

The accompanying notes are an integral part of these financial statements.

**JOBS FOR ARIZONA GRADUATES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015 and 2014**

| | 2015 | 2014 |
|---------------------------------------------------------------------------------------------------------|---------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| (Decrease) in net assets | \$ (177,968) | \$ (82,474) |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities | | |
| (Increase) decrease in operating assets: | | |
| Grants receivable (increase) decrease | (16,783) | 16,882 |
| Pledges receivable decrease (increase) | 130,000 | (19,353) |
| Prepaid insurance (increase) decrease | (2,908) | 681 |
| Increase (decrease) in operating liabilities | | |
| Accounts payable (decrease) increase | (85) | 3,987 |
| Accrued time off increase | 5,719 | 8,390 |
| Payroll deductions increase (decrease) | - | (1,353) |
| Deferred revenue increase | 99,460 | - |
| Deferred rent (decrease) | (1,218) | (5,232) |
| Net cash provided (used) by operating activities | 36,217 | (78,472) |
| NET INCREASE (DECREASE) A21IN CASH | 36,217 | (78,472) |
| CASH, beginning of year | 175,967 | 254,439 |
| CASH, end of year | \$ 212,184 | \$ 175,967 |

The accompanying notes are an integral part of these financial statements.

**JOBS FOR ARIZONA GRADUATES, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED JUNE 30, 2015**

| | <u>Program Cost</u> | <u>Fundraising Cost</u> | <u>Administrative Cost</u> | <u>Total</u> |
|---------------------------|-------------------------|-----------------------------|--------------------------------|---------------------|
| Salaries | \$ 591,782 | \$ 13,449 | \$ 67,248 | \$ 672,479 |
| Employee related | 57,797 | 1,313 | 6,568 | 65,678 |
| | <u>649,579</u> | <u>14,762</u> | <u>73,816</u> | <u>738,157</u> |
| Accounting fees | 7,057 | 29 | 1,759 | 8,845 |
| Affiliation fees | 19,391 | - | - | 19,391 |
| Bank charges | 104 | 2 | 12 | 118 |
| College access grant | - | - | - | - |
| Distribution to schools | 82,121 | 1,866 | 9,332 | 93,319 |
| Fees | 8,251 | 188 | 937 | 9,376 |
| Insurance | 14,955 | 341 | 1,698 | 16,994 |
| Marketing and advertising | 8,365 | 190 | 951 | 9,506 |
| Program Costs | 114,160 | 2,594 | 12,973 | 129,727 |
| Office expense | 22,764 | 517 | 2,587 | 25,868 |
| Postage and delivery | 102 | 2 | 12 | 116 |
| Professional development | 9,099 | 207 | 1,034 | 10,340 |
| Rent | 12,740 | 289 | 1,448 | 14,477 |
| Telephone | 729 | 15 | 84 | 828 |
| Travel | 80,359 | 1,826 | 9,132 | 91,317 |
| Scholarships | 11,004 | 250 | 1,251 | 12,505 |
| Student development | 135 | 3 | 15 | 153 |
| WIA expense | 24,676 | 561 | 2,804 | 28,041 |
| | <u>\$ 1,065,591</u> | <u>\$ 23,642</u> | <u>\$ 119,845</u> | <u>\$ 1,209,078</u> |

The accompanying notes are an integral part of these financial statements.

**JOBS FOR ARIZONA GRADUATES, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED JUNE 30, 2014**

| | <u>Program Cost</u> | <u>Fundraising Cost</u> | <u>Administrative Cost</u> | <u>Total</u> |
|---------------------------|-------------------------|-----------------------------|--------------------------------|---------------------|
| Salaries | \$ 605,284 | \$ 13,756 | \$ 68,782 | \$ 687,823 |
| Employee related | 68,798 | 1,564 | 7,818 | 78,179 |
| | <u>674,082</u> | <u>15,320</u> | <u>76,600</u> | <u>766,002</u> |
| Accounting fees | 6,627 | 151 | 753 | 7,531 |
| Affiliation fees | 15,882 | - | - | 15,882 |
| Bank charges | 92 | 2 | 10 | 104 |
| College access grant | 40,310 | 916 | 4,581 | 45,807 |
| Distribution to schools | 94,185 | 2,141 | 10,703 | 107,028 |
| Fees | 4,478 | 102 | 509 | 5,089 |
| Insurance | 13,168 | 299 | 1,496 | 14,964 |
| Marketing and advertising | 4,729 | 107 | 537 | 5,374 |
| Miscellaneous | 65,630 | 1,492 | 7,458 | 74,579 |
| Office expense | 28,780 | 654 | 3,271 | 32,705 |
| Postage and delivery | 258 | 6 | 29 | 293 |
| Professional development | 12,396 | 282 | 1,409 | 14,086 |
| Rent | 12,517 | 284 | 1,422 | 14,224 |
| Telephone | 978 | 22 | 111 | 1,111 |
| Travel | 19,191 | 436 | 2,181 | 21,808 |
| Scholarships | 12,782 | 291 | 1,452 | 14,525 |
| Student development | 34,170 | 777 | 3,883 | 38,829 |
| WIA expense | 30,048 | 683 | 3,414 | 34,146 |
| In-kind | - | - | - | - |
| | <u>\$ 1,070,303</u> | <u>\$ 23,965</u> | <u>\$ 119,819</u> | <u>\$ 1,214,087</u> |

The accompanying notes are an integral part of these financial statements.

JOBS FOR ARIZONA'S GRADUATES, INC.
NOTES TO FINANCIALS STATEMENTS
JUNE 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jobs for Arizona's Graduates, Inc. (the Organization) is a not-for-profit corporation established in the State of Arizona. Jobs for Arizona Graduate's mission is to help young people stay in school and to acquire the academic, personal, leadership and vocational skills they will need to be successful upon graduation. The Organization's programs are designed to provide education and training for Arizona high school students at risk of not graduating from high school. The Organization helps the students' graduates and assists in job placement or continuing education.

Destination Graduation is a partnership with Valley of the Sun United Way to provide middle to high school transition supports to 6th through 9th grade students in Central and Camelback High School, and partner feeder elementary schools. Valley of the Sun United Way contracts with JAG to place JAG Program Coordinators on each campus to facilitate JAG programs and assist in coordinating grade-level interventions. Additionally, United Way provides a budget to each campus to support additional interventions. Those budgets are managed, in part, by JAG and expenses are reimbursed on a monthly basis.

Workforce Investment Act (WIA) – Jobs for Arizona's Graduate's, Inc. is contracted by Valley of the Sun United Way, as a subcontractor to the City of Phoenix, to provide youth workforce development services under guidelines provided by the federal Workforce Investment Act (now WIA). WIA programs serve in and out of school youth ages 16-21 in the City of Phoenix and surrounding areas.

Basis of Accounting and Financial Statement Presentation

The financial statement presentation conforms to accounting principles generally accepted in the U.S. for non-profit organizations, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, as defined below.

Unrestricted net assets – Not subject to donor-imposed restrictions. Unrestricted net assets include general operations and Board-designated amounts. The latter has been designated for specific purposes by actions on behalf of the Board.

Temporarily restricted net assets – Subject to donor-imposed stipulations that may be fulfilled by an action of the organization to satisfy the stipulations or become unrestricted at the date specified by the donor.

Permanently restricted net assets – Subject to donor-imposed stipulations that require the assets to be maintained by the organization in perpetuity. The donors of the assets generally permit the Organization to use all or part of the investment returns from these assets.

JOBS FOR ARIZONA'S GRADUATES, INC.
NOTES TO FINANCIALS STATEMENTS
JUNE 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For the purposes of financial statement presentation, the Organization considers all highly liquid investment with a maturity of three months or less, when purchased, to be cash equivalents.

Receivables

Receivables consist of unconditional promises to give received from donors and amounts recognized as revenue from reimbursable grants. The Organization provides an allowance for bad debts based on management judgment considering historical information. In addition, an allowance is provided for other accounts when a significant pattern of non collection has occurred. Management believes all receivables are collectible as of financial statement date therefore no allowance for doubtful accounts was calculated.

Deferred Rent

The Organization accounts for annual rent escalations evenly over the term of the lease using the straight-line method. Unamortized rent escalations are recorded as deferred rent.

Contributions and Earned Revenue

Unconditional contributions are recognized as revenue when received and are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Program service revenue is recognized as revenue when services are provided and the earning process is considered complete.

Donated Services and Materials

Donated goods and services are recorded at their estimated fair values at the date of receipt as revenue and expense if they would have been purchased if not donated.

**JOBS FOR ARIZONA'S GRADUATES, INC.
NOTES TO FINANCIALS STATEMENTS
JUNE 30, 2015 and 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the detail of expenses as an allocation of 2% to fundraising and 10% to administration. The percentage allocations are determined by management in accordance with estimated time spent on program services and support services or other equitable bases.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2015 and June 30, 2014 was \$9,506 and \$5,374 respectively.

Income Taxes

The Organization is exempt from Federal income taxes under Section 509(a)(1) and classified as a Section 501(c)(3) of the IRC. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

Management believes that the Organization has not taken any uncertain tax positions that should be accounted for in the accompanying financial statements.

The Organization adopted Accounting Standards codification (ASC) 740, *accounting for Uncertainty in Income Taxes*. The Organization files annual information returns and are subject to audits by taxing the IRS and the Arizona Department of Revenue for these two years; however, no audits for any periods are currently in place.

NOTE 2 – CONCENTRATIONS

Approximately 45% of the Organization's support for the year ended June 30, 2015 was provided by Valley of the Sun United Way (45%) and 39% coming directly from Destination Graduation.

Approximately 68.9% of the Organization's support for the year ended June 30, 2014 was provided by the following sources: Valley of the Sun United Way (48.8%), City of Phoenix through Workforce Investment Act (9.8%), and APS (10.3%).

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2015 and 2014:

| | 2015 | 2014 |
|-----------------------------------------|------|---------|
| Time Restrictions | \$ - | 5,000 |
| United Way | - | 132,919 |
| Total Temporarily Restricted Net Assets | \$ - | 137,919 |

JOBS FOR ARIZONA'S GRADUATES, INC.
NOTES TO FINANCIALS STATEMENTS
JUNE 30, 2015 and 2014

NOTE 4 – AFFILIATES

The Organization received \$40,000 and \$30,000 from its National Affiliate, Jobs for America's Graduates in the years ended June 30, 2015 and June 30, 2014 respectively.

The Organization paid \$19,391 and \$15,882 to its National Affiliate, Jobs for America's Graduates for the years ended June 30, 2015 and June 30, 2014 respectively.

NOTE 5 – OPERATING LEASE COMMITMENT

The Organization will end its lease with New Empire Ventures in October 2015 and move into new facilities leased from TAF Real Estate, LLC for 38 months. October 1, 2015 through November, 2018. Rent expense for the years ended June 30, 2015 and 2014 respectively was \$14,477 and 14,224.

The Organization leases office space from New Empire Ventures under a six-year non-cancelable operating lease expiring June 2015. Rent expense for the year ended June 30, 2015 and June 30, 2014 was \$24,495 each year using the straight line method.

The following is a schedule of future minimum annual payments under the lease agreements that have non-cancelable terms in excess of one year at June 30, 2015.

| <u>Year Ending June 30:</u> | <u>Building Lease</u> |
|-----------------------------|---------------------------|
| 2016 | \$ 19,032 |
| 2017 | 26,992 |
| 2018 | 30,630 |
| 2019 | <u>13,085</u> |
| Total | \$ <u>89,739</u> |

NOTE 6 – PAID TIME OFF

The Organization offers paid time off to full time employees who worked one full month and have been continuously employed. These employees earn 13.33 hours per month. In years 1 through 5 employees may earn 160 hours of paid time off. For these first five years they can only carry forward 160 hours in total. In years 6 through 10 employees may earn 200 hours of paid time off and may carry forward 200 hours in total. For years 11 and beyond employees may earn 320 hours and may carry over only 320 hours. Employees stop accruing time off if at any time they have accrued their maximum amount of PTO. Paid time off is calculated using the employees current pay rate.

NOTE 7 – RETIREMENT PLAN AND LIFE AND DENTAL INSURANCE

The Organization maintains a 401(k) employee only retirement plan. The Organization does not make matching contributions or profit sharing contributions.

The Organization provides life insurance premiums up to a certain dollar amount for full time employees.

The Organization provides dental insurance for all full time employees who enroll.

JOBS FOR ARIZONA'S GRADUATES, INC.
NOTES TO FINANCIALS STATEMENTS
JUNE 30, 2015 and 2014

NOTE 8 – LINE OF CREDIT

The Organization has a credit card line of credit with the Bank of America for \$17,000.

NOTE 9 – DEFERRED REVENUE

Deferred revenue consists of \$100,000 less one billing of \$540 or \$99,460 from the Pulliam Foundation.

NOTE 10 – SUBSEQUENT EVENTS

In preparing these financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through April 25, 2016, the date the financial statements were available to be issued. We are not aware of any material subsequent events.