

**Jobs for Arizona Graduates, Inc.**  
**Audited Financial Statements**  
**Year Ended June 30, 2016**

**Stevenson CPA LLC**  
**Stevensoncpallc.com**

**Jobs for Arizona Graduates, Inc.  
Audited Financial Statements  
Year Ended June 30, 2016**

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**STEVENSON CPA LLC  
1613 E MONTEBELLO AVE.  
PHOENIX, AZ 85016**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Jobs for Arizona Graduates  
Phoenix, Arizona

We have audited the accompanying financial statements of Jobs for Arizona Graduates (a nonprofit organization), which comprise the statement of financial position June 30, 2016, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

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



Phoenix, Arizona  
March 17, 2017

**Jobs for Arizona Graduates, Inc.**  
**Statement of Financial Position**  
**As of the Year Ended June 30, 2016**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 150,106
Accounts receivable and promises to give	275,555
Prepaid expenses	<u>15,782</u>
<b>Total Current Assets</b>	<b>441,443</b>

**Other Assets**

Non current pledges receivable	50,000
Deposits	<u>2,577</u>
<b>Total Other Assets</b>	<b>52,577</b>

**Total Assets**

\$ 494,020

**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable	\$ 18,600
Accrued time off	37,041
Deferred rent	2,214
Deferred revenue	<u>12,464</u>

**Total Current Liabilities**

70,319

**Total Liabilities**

70,319

**Net Assets**

Unrestricted	160,655
Temporarily restricted	<u>263,046</u>
<b>Total Net Assets</b>	<b>423,701</b>

**Total Liabilities and Net Assets**

\$ 494,020

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

**Jobs for Arizona Graduates, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Individual contributions	\$ 12,432	\$ -	\$ 12,432
Corporate contributions	202,377	-	202,377
Foundation grants	168,551	263,046	431,597
Government contracts	280,817	-	280,817
Contracts	580,348	-	580,348
Interest income	19	-	19
	<u>1,244,544</u>	<u>263,046</u>	<u>1,507,590</u>
Total support and revenue			
Expenses			
Program	1,180,256	-	1,180,256
Administrative	64,939	-	64,939
Fundraising	15,992	-	15,992
	<u>1,261,187</u>	<u>-</u>	<u>1,261,187</u>
Total expenses			
Changes in net assets	(16,643)	263,046	246,403
Net assets, beginning of year	177,298	-	177,298
	<u>\$ 160,655</u>	<u>\$ 263,046</u>	<u>\$ 423,701</u>
Net assets, end of year			

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

**Jobs for Arizona Graduates, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2016**

<b>Operating activities</b>	
Net income	\$ 246,403
Adjustments to reconcile increases (decreases) in net assets to net cash used by operating activities:	
Accounts and pledges receivable increase	(239,212)
Prepaid expenses increase	(10,544)
Deposits increase	(187)
Accounts payable increase	14,698
Accrued time off increase	11,546
Deferred rent increase	2,214
Deferred revenue decrease	(86,996)
<b>Net cash used by operating activities</b>	(62,078)
<b>Net decrease in cash</b>	(62,078)
<b>Cash, and cash equivalents</b>	
Beginning of year	212,184
End of year	\$ 150,106

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

**JOBS FOR ARIZONA GRADUATES, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2016**

	<u>Program Cost</u>	<u>Administrative Cost</u>	<u>Fundraising Cost</u>	<u>Total</u>
Salaries	\$ 725,410	\$ 35,674	\$ 13,303	\$ 774,387
Payroll taxes	55,531	2,692	1,018	59,241
Employee related	17,936	-	235	18,171
Total payroll and related	<u>798,877</u>	<u>38,366</u>	<u>14,556</u>	<u>851,799</u>
Accounting fees	-	14,802	-	14,802
Affiliation fees	20,361	-	-	20,361
Distribution to schools	85,000	-	-	85,000
Insurance	11,473	190	208	11,871
Office expense	19,800	4,686	289	24,775
Occupancy	29,588	379	300	30,267
Marketing and outreach	2,798	1,757	330	4,885
Professional development	10,962	1,932	206	13,100
Scholarships	5,990	-	-	5,990
Program costs	177,223	-	-	177,223
Travel	18,184	2,827	103	21,114
Total expenses	<u>\$ 1,180,256</u>	<u>\$ 64,939</u>	<u>\$ 15,992</u>	<u>\$ 1,261,187</u>

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

**Jobs for Arizona Graduates, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Activities**

Jobs for Arizona's Graduates, Inc. (JAG) 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. JAG's programs are designed to provide education and training for Arizona high school students at risk of not graduating from high school, or leaving high school without a postsecondary plan. JAG programs are delivered to Arizona youth through four model applications:

- College and Career Readiness Programs serving 10th - 12th grade students. JAG programs are delivered as an elective class in partnership with Arizona high schools.
- Middle to High School Transition Programs serving 6th- 9thgrade students. JAG programs are delivered as a course section in partnership with Arizona middle and high school students.
- JAG Works Program serving youth 16 - 24 years old. JAG Works programs operate in community-based settings, reaching youth who disengaged from high school and need additional support to connect with employment or further education.
- JAG College Success program serving JAG students enrolled in postsecondary education at Community College and University partners.

**Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the U.S. for non-profit organizations. Revenues are recognized when earned or when an unconditional promise to give is made, and expenses are recognized when incurred.

**Basis of Presentation**

JAG reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- Unrestricted net assets are net assets not subject to grantor or donor-imposed stipulations.
- Temporarily restricted net assets are net assets subject to grantor or donor-imposed stipulations that may be fulfilled by an action of the organization to satisfy the stipulations (purpose) or become unrestricted at the date specified by the donor (time).
- Permanently restricted net assets are net assets subject to donor-imposed stipulations that require the assets to be maintained by the organization in perpetuity.

When a restriction is completed or expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Temporarily restricted funds received and released in the same accounting period are reported as unrestricted.



**Jobs for Arizona Graduates, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates and those differences could be material.

**Cash and Cash Equivalents**

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

**Credit Risk**

JAG maintains its cash balances in financial institutions located in Arizona. Balances are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times, balances may exceed FDIC limits.

**Receivables**

Receivables consist of unconditional promises to give received from donors and amounts recognized as revenue from reimbursable grants. Management believes all receivables are collectible as of the financial statement date, based on subsequent receipts and management's relationship with the donors. Therefore, no allowance for doubtful accounts was calculated.

**In-kind Contributions**

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.

**Functional Allocation of Expenses**

JAG separates costs by the major classes of expenses: Program, Administrative and Fundraising. Expenses have been summarized on a functional basis in the Statement of Activities. When appropriate, expenses are charged directly to one of the major classes. Indirect expenses have been allocated according to the activity and functionality related to their utilization.

**Marketing and Outreach**

JAG expenses marketing and outreach costs as incurred and does not capitalize such items.

**Income Taxes**

JAG is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements for federal and state income taxes. JAG qualifies for charitable contributions under section 170 and has been determined not to be a private foundation under section 509(a)(3).

**Jobs for Arizona Graduates, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Unrelated business income, if any, may be subject to income tax. As of June 30, 2016, JAG did not have unrelated business income and therefore no taxes were paid for the year then ended.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's returns. Management has determined JAG does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that

JAG's tax returns will not be challenged by the taxing authorities and that JAG will not be subject to additional tax, penalties, and interest as a result of such challenge.

JAG is annually required to file an informational return on form 990 with the Internal Revenue Service (IRS) and form 99 with the State of Arizona. JAG's information returns are subject to audit by the IRS for three years (six in certain circumstances) from the date of filing and subject to audit by the State of Arizona for four years.

**NOTE 2 – CONCENTRATIONS**

Approximately 50% of JAG's support for the year ended June 30, 2016 was provided by Valley of the Sun United Way.

**NOTE 3 – PLEDGES RECEIVABLE**

Pledges receivable are due according to the following schedule:

Fiscal year ending,	
June 30, 2017	\$ 275,555
June 30, 2018	50,000
Total Pledges Receivable	<u>\$ 325,555</u>

**NOTE 4 – DEFERRED REVENUE**

Deferred revenue, \$12,464 consists of the balance reported as deferred revenue from the financial statements for the year ended June 30, 2015 received from the Pulliam Foundation.

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30, 2016:

	2016
Time and Purpose	\$ 190,000
Purpose	73,046
Total Temporarily Restricted Net Assets	<u>\$ 263,046</u>

**Jobs for Arizona Graduates, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016**

**NOTE 6 – AFFILIATES**

JAG received \$1,770 from its National Affiliate, Jobs for America's graduates as a sub-recipient of a grant from AT&T and paid \$30,186 to its National Affiliate, Jobs for America's Graduates during the year ended June 30, 2016.

**NOTE 7 – OPERATING LEASE COMMITMENT**

JAG entered into a lease with TAF Real Estate, LLC for 38 months commencing October 1, 2015 and ending November, 2018 for office space. Rent expense for the year ended June 30, 2016 was \$30,267.

JAG 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.

The following is a schedule of future minimum annual payments under the lease agreement:

<u>Year Ending June 30:</u>	<u>Building Lease</u>
2017	\$ 26,961
2018	30,629
2019	<u>13,085</u>
Total	\$ <u>70,675</u>

**NOTE 8 – PAID TIME OFF**

JAG offers paid time off to regular full-time and regular part-time employees. Full time 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. Part-time employees earn hours in accordance with years of service, pro-rated in proportion to hours worked. Paid time off is calculated using the employees current pay rate.

**NOTE 9 – RETIREMENT PLAN AND LIFE AND DENTAL INSURANCE**

JAG sponsors a 401(k) employee only retirement plan. JAG does not make matching contributions or profit sharing contributions.

**NOTE 10 – LINE OF CREDIT**

JAG has a credit card line of credit with the Bank of America for \$17,000 and a credit card line of credit with Capital One for \$3,500. Unpaid balances are reported as accounts payable.

**NOTE 11 – SUBSEQUENT EVENTS**

In preparing these financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through March 17, 2017, the date the financial statements were available to be issued. We are not aware of any material subsequent events.