

# Jobs for Arizona Graduates Audited Financial Statements

## Year Ended June 30, 2018

(with comparative totals for the year ended June 30, 2017)

Stevenson CPA LLC  
StevensonCPALLC.com

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Graciela Candia and the Board of Directors  
Jobs for Arizona Graduates  
3320 W Cheryl Dr., Suite B220  
Phoenix, AZ 85015

We have audited the accompanying financial statements of Jobs for Arizona Graduates (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018), 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.

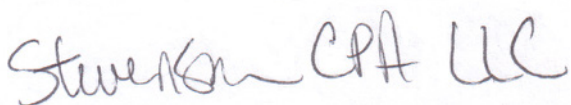
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2018, 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.

**Report on Summarized Comparative Information**

The financial statements as of and for the year ended June 30, 2017 were audited by us and we expressed an unmodified opinion on them in our report dated December 15, 2017, but we have not performed any auditing procedures on those financial statements since that date.



Phoenix, Arizona  
October 30, 2018

**Jobs for Arizona Graduates**  
**Statement of Financial Position**  
**For the Year Ended June 30, 2018**  
(with comparative totals for the year ended June 30, 2017)

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 243,375	\$ 190,173
Grants receivable and promises to give	178,430	131,564
Prepaid expenses	10,297	5,433
<b>Total Current Assets</b>	432,102	327,170
<b>Other Assets</b>		
Deposits	2,577	2,577
<b>Total Other Assets</b>	2,577	2,577
<b>Total Assets</b>	\$ 434,679	\$ 329,747
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 6,556	\$ 3,739
Accrued payroll and time off	30,934	23,749
Deferred rent	2,214	3,582
<b>Total Current Liabilities</b>	39,704	31,070
<b>Total Liabilities</b>	39,704	31,070
<b>Net Assets</b>		
Unrestricted	291,592	187,988
Temporarily restricted	103,383	110,689
<b>Total Net Assets</b>	394,975	298,677
<b>Total Liabilities and Net Assets</b>	\$ 434,679	\$ 329,747

The accompanying notes are an integral part of these financial statements

**Jobs for Arizona Graduates**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**  
(with comparative totals for the year ended June 30, 2017)

	<u>2018</u>			<u>2017</u>
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Support and revenue</b>				
Individual contributions	\$ 14,441	\$ -	\$ 14,441	\$ 18,754
Corporate contributions	421,860	1,500	423,360	279,221
Foundation grants	25,000	140,000	165,000	268,964
Valley of the Sun United Way grants	139,500	-	139,500	155,000
Other contributions	2,960	-	2,960	-
Government grants	197,906	15,000	212,906	93,034
Contract services	82,424	-	82,424	100,913
Fundraising revenue	16,352	-	16,352	-
Interest income	785	-	785	1,806
Net assets released from restriction	163,806	(163,806)	-	-
Total support and revenue	<u>1,065,035</u>	<u>(7,306)</u>	<u>1,057,728</u>	<u>917,692</u>
<b>Expenses</b>				
Program	879,404	-	879,404	799,966
Administrative	68,676	-	68,676	75,846
Fundraising	13,351	-	13,351	11,888
Total expenses	<u>961,431</u>	<u>-</u>	<u>961,431</u>	<u>887,700</u>
<b>Changes in net assets</b>	103,604	(7,306)	96,299	-125,024
<b>Net assets, beginning of year</b>	187,988	110,689	298,677	423,701
<b>Net assets, end of year</b>	<u><u>\$ 291,592</u></u>	<u><u>\$ 103,383</u></u>	<u><u>\$ 394,975</u></u>	<u><u>\$ 298,677</u></u>

The accompanying notes are an integral part of these financial statements

**Jobs for Arizona Graduates**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2018**  
(with comparative totals for the year ended June 30, 2017)

	<b>2018</b>	<b>2017</b>
<b>Operating activities</b>		
Change in net assets	\$ 96,299	\$ (125,024)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Grants receivable and promises to give (increase) decrease	(46,866)	193,991
Prepaid expenses (increase) decrease	(4,864)	10,349
Accounts payable increase (decrease)	2,817	(14,861)
Accrued payroll and time off increase (decrease)	7,185	(13,292)
Deferred rent (decrease) increase	(1,368)	1,368
Deferred revenue (decrease)	-	(12,464)
<b>Net cash provided by (used for) operating activities</b>	<b>53,203</b>	<b>40,067</b>
 <b>Net increase (decrease) in cash and cash equivalents</b>	 <b>53,203</b>	 <b>40,067</b>
 <b>Cash and cash equivalents</b>		
<b>Beginning of year</b>	190,173	150,106
<b>End of year</b>	<b>\$ 243,376</b>	<b>\$ 190,173</b>

The accompanying notes are an integral part of these financial statements

**Jobs for Arizona Graduates**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2018**  
(with comparative totals for the year ended June 30, 2017)

	<b>2018</b>			<b>2017</b>	
	<b>Program Cost</b>	<b>Administrative Cost</b>	<b>Fundraising Cost</b>	<b>Total</b>	<b>Total</b>
Salaries	\$ 429,977	\$ 48,739	\$ 9,014	\$ 487,730	\$ 517,101
Payroll taxes	32,893	3,729	690	37,311	39,558
Employee related	35,673	1,982	1,982	39,637	39,014
Total payroll and related	<u>498,543</u>	<u>54,449</u>	<u>11,685</u>	<u>564,678</u>	<u>595,673</u>
Affiliation fees	22,448	-	-	22,448	21,379
Audit, payroll and accounting benefits	-	10,424	-	10,424	10,706
Distributions to schools & individuals	184,250	-	-	184,250	106,500
Insurance	5,981	503	162	6,646	9,991
Marketing and PR	3,446	-	469	3,915	2,937
Occupancy	26,937	2,506	707	30,150	29,111
Office expenses	24,524	440	134	25,098	24,123
Professional development	11,750	-	-	11,750	6,913
Professional fees	5,000	-	-	5,000	-
Program costs	77,592	354	193	78,139	62,702
Travel	18,933	-	-	18,933	17,667
Total expenses	<u>\$ 879,404</u>	<u>\$ 68,676</u>	<u>\$ 13,351</u>	<u>\$ 961,431</u>	<u>\$ 887,700</u>

The accompanying notes are an integral part of these financial statements

**Jobs for Arizona Graduates**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

**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- 9th grade 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

**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. Professional legal service valued at \$2,880 are include in individual contributions for revenue and professional fees for expense for the year ending June 30, 2018. There were no donated good or services recorded for the year ending June 30, 2017.

**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. All employees, even those salaried, do complete timesheets per pay period. Allocation of expenses is updated quarterly based upon regular time studies for all employees.

**Marketing and Outreach**

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

**Reclassifications**

Certain reclassifications were made to the 2017 financial statements in order to conform to the 2018 presentation.

**Jobs for Arizona Graduates**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

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

**Income Tax Status**

JAG is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described, in Section 501 (c)(3), qualifies for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. JAG is annually required to file a Return of Organization Exempt from Income Tax, Form 990, with the IRS and Form AZ99 with the Arizona Department of Revenue. In addition, JAG is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that JAG is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**NOTE 2 – CONCENTRATIONS**

Approximately 38% and 36% of JAG’s support for the years ended June 30, 2018 and June 30, 2017 respectively, was provided by corporate contributions, from multiple donors. Non-government grants were 29% and 35%, government grants were 21% and 12%, and contract services made up 8% and 13% of the total revenue, respectively, for the years ending June 30, 2018 and June 30, 2017.

**NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS**

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

	2018
Time and Purpose	\$ 15,000
Purpose	88,383
Total Temporarily Restricted Net Assets	\$ 103,383

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

	2017
Time and Purpose	\$ 50,000
Purpose	60,689
Total Temporarily Restricted Net Assets	\$ 110,689

**Jobs for Arizona Graduates  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2018**

**NOTE 4 – AFFILIATES**

During the year ended June 30, 2018, JAG received \$148,574 from its National Affiliate, Jobs for America's graduates \$145,214 of which, as a sub-recipient of a grant from AT&T and paid 32,573 to its National Affiliate, Jobs for America's Graduates.

During the year ended June 30, 2017, JAG received \$78,125 from it's National Affiliate, Jobs for America's Graduates as a sub-recipient of a grant from AT&T and paid \$25,779 to it's National affiliate, Jobs for America's Graduates.

The Jobs for America's Graduates affiliate fees give JAG Arizona the right to establish accredited local programs. The affiliation provides access to professional development training, curriculum tools and resources, as well as use of the national Electronic Data Management System to capture and analyze program evaluation data.

**NOTE 5 – 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, 2018 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.

JAG has a lease for an office copier that ends October 2020. The lease payments are \$485 per month plus any use overages.

The following is a schedule of future minimum annual payments under the lease agreement for the years ending June 30:

	<b>Office Space</b>	<b>Copier Lease</b>	<b>TOTAL</b>
<b>2019</b>	\$13,085	\$5,820	\$18,905
<b>2020</b>	-	5,820	5,820
<b>2021</b>	-	1,940	1,920
	\$13,085	\$13,580	\$26,665

**NOTE 6 – 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 7 – RETIREMENT PLAN**

JAG sponsors a 401(k) employee only retirement plan. JAG does not make matching contributions or profit sharing contributions. JAG contracts with a third party PEO that owns and administers the 401(k).

**Jobs for Arizona Graduates**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2018**

**NOTE 8 – PAID TIME OFF**

JAG offers paid time off (PTO) to all employees. PTO includes: vacation, sick and personal time off. Paid time off is accrued each pay period on the following schedule:

Full-time Employees

- Years 1 through 5 employees may earn 6.15 hours per pay period
- Years 6 through 10 employees may earn 7.69 hours per pay period
- Years 11 and beyond employees may earn 12.31 hours per pay period

Full-time employees can carry over 50% of their annual accrual maximum each year, and will be paid out at 50% of their annual accrual maximum upon separation.

All Part-time employees will accrue 1 hour of PTO for every 30 hours worked. Employees accrue up to 24 hours in a 12 month period. Employees may roll over up to 24 hours of PTO per year.

Upon separation there will be no payout of unused PTO hours for part-time employees.

**NOTE 9 – SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 30, 2018, the date the financial statements were available to be issued.