

Jobs for Arizona Graduates, Inc.

Audited Financial Statements

Year Ended June 30, 2017

(with comparative totals for the year ended June 30, 2016)

Stevenson CPA LLC
Stevensoncpallc.com
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Audited Financial Statements
Year Ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

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

INDEPENDENT AUDITORS' 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, 2017 (with comparative totals as of June 30, 2016), and the related statements of activities, cash flows and functional expenses for the year then ended (with comparative totals for June 30, 2016) and the related notes to the financial statements.

The financial statements as of and for the year ended June 30, 2016 were audited by us and we expressed an unmodified opinion on them in our report dated March 17, 2017, but we have not performed any auditing procedures on those financial statements since that date.

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.

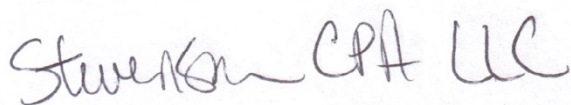
Auditor's Responsibility

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, 2017, 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
December 15, 2017

Jobs for Arizona Graduates, Inc.
Statement of Financial Position
As of the Year Ended June 30, 2017
(with comparative totals as of June 30, 2016)

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 190,173	\$ 150,106
Grants receivable and promises to give	131,564	275,555
Prepaid expenses	5,433	15,782
Total Current Assets	327,170	441,443
Other Assets		
Noncurrent promises to give		50,000
Deposits	2,577	2,577
Total Other Assets	2,577	52,577
Total Assets	\$ 329,747	\$ 494,020
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 3,739	\$ 18,600
Accrued payroll and time off	23,749	37,041
Deferred rent	3,582	2,214
Deferred revenue	-	12,464
Total Current Liabilities	31,070	70,319
Total Liabilities	31,070	70,319
Net Assets		
Unrestricted	187,988	160,655
Temporarily restricted	110,689	263,046
Total Net Assets	298,677	423,701
Total Liabilities and Net Assets	\$ 329,747	\$ 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, 2017
(with comparative totals for the year ended June 30, 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue				
Individual contributions	\$ 17,754	\$ 1,000	\$ 18,754	\$ 12,432
Corporate contributions	380,118	-	380,118	202,377
Foundation grants	113,964	-	113,964	431,597
Government contracts	165,000	-	165,000	280,817
Contracts	83,034	-	83,034	580,348
Interest income	1,806	-	1,806	19
Net assets released from restriction	153,357	(153,357)	-	-
Total support and revenue	915,033	(152,357)	762,676	1,507,590
Expenses				
Program	799,966	-	799,966	1,180,256
Administrative	75,846	-	75,846	64,939
Fundraising	11,888	-	11,888	15,992
Total expenses	887,700	-	887,700	1,261,187
Changes in net assets	27,333	(152,357)	(125,024)	246,403
Net assets, beginning of year	160,655	263,046	423,701	177,298
Net assets, end of year	\$ 187,988	\$ 110,689	\$ 298,677	\$ 423,701

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, 2017
(with comparative totals for the year ended June 30, 2016)

	2017	2016
Operating activities		
Net income	\$ (125,024)	\$ 246,403
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Grants receivable and promises to give decrease (increase)	193,991	(239,212)
Prepaid expenses (increase)	10,349	(10,544)
Deposits (increase)	-	(187)
Accounts payable increase	(14,861)	14,698
Accrued payroll and time off increase	(13,292)	11,546
Deferred rent increase	1,368	2,214
Deferred revenue (decrease)	(12,464)	(86,996)
Net cash provided by (used for) operating activities	40,067	(62,078)
Net increase (decrease) in cash and cash equivalents	40,067	(62,078)
Cash and cash equivalents		
Beginning of year	150,106	212,184
End of year	\$ 190,173	\$ 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, 2017
(with comparative totals for the year ended June 30, 2016)

	2017			2016	
	<u>Program Cost</u>	<u>Administrative Cost</u>	<u>Fundraising Cost</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 459,348	\$ 48,739	\$ 9,014	\$ 517,101	\$ 774,387
Payroll taxes	35,140	3,729	690	39,558	59,241
Employee related	<u>36,519</u>	<u>2,030</u>	<u>464</u>	<u>39,014</u>	<u>18,171</u>
Total payroll and related	531,007	54,498	10,168	595,673	851,799
Accounting fees	-	10,706	-	10,706	14,802
Affiliation fees	21,379	-	-	21,379	20,361
Distribution to schools	101,000	-	-	101,000	85,000
Insurance	9,326	503	162	9,991	11,871
Office expense	17,358	6,296	469	24,123	24,775
Occupancy	25,898	2,506	707	29,111	30,267
Marketing and outreach	2,363	440	134	2,937	4,885
Professional development	6,315	543	55	6,913	13,100
Scholarships	5,500	-	-	5,500	5,990
Supplies and services	62,702	-	-	62,702	177,223
Travel	<u>17,120</u>	<u>354</u>	<u>193</u>	<u>17,667</u>	<u>21,114</u>
Total expenses	<u>\$ 799,966</u>	<u>\$ 75,846</u>	<u>\$ 11,888</u>	<u>\$ 887,700</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
For the year ended June 30, 2017
(with comparative totals for the year ended 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
For the year ended June 30, 2017
(with comparative totals for the year ended 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. 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.

Income tax status

JAG is exempt from federal and state income tax as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

Jobs for Arizona Graduates, Inc.
Notes to Financial Statements
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain reclassifications were made to the 2016 financial statements in order to conform to the 2017 presentation.

NOTE 2 – CONCENTRATIONS

Approximately 20% and 50% of JAG's support for the years ended June 30, 2017 and June 30, 2016 respectively, was provided by Valley of the Sun United Way. This significant change resulted from the scheduled discontinuation of programs identified below.

Approximately 36% and 13% of JAG's support for the years ended June 30, 2017 and June 30, 2016 respectively, was provided by corporate contributions, from multiple donors.

NOTE 3 – DISCONTINUED OPERATIONS

Destination Graduation was a pilot program led by Valley of the Sun United Way and implemented in partnership with JAG, and several school district partners in Central Phoenix. The pilot program utilized early warning indicators to match middle school students and high school freshman with a targeted intervention provided by JAG's school-based program model. The multi-year pilot partnership ended in August of 2016 as Valley of the Sun United Way transitioned a modified version of those services in-house.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

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

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

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

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

Included in contribution revenue for the year ended June 30, 2016 were several pledged contributions to be collected in future fiscal years. The amounts were classified as temporarily restricted net assets. The amounts collected during the year ending June 30, 2017 will show as both an increase to unrestricted net assets and a decrease in temporarily restricted net assets, which will net to zero revenue.

Jobs for Arizona Graduates, Inc.
Notes to Financial Statements
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

NOTE 5 – AFFILIATES

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

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 6 – 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>
2018	\$ 30,629
2019	<u>13,085</u>
Total	<u>\$ 43,714</u>

NOTE 7 – PAID TIME OFF

JAG offers paid time off (PTO) to all employees. 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 8 – 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, Inc.
Notes to Financial Statements
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

NOTE 9 – 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 10 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 15, 2017, the date the financial statements were available to be issued. We are not aware of any material subsequent events.