



Jobs for Arizona's Graduates, Inc.
Single Audit Reporting Package
For the Year Ended June 30, 2023

Jobs for Arizona's Graduates, Inc.

Single Audit Reporting Package
Year Ended June 30, 2023

**Jobs For Arizona’s Graduates, Inc.
Year Ended June 30, 2023**

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Independent Auditor's Report

The Board of Directors
Jobs for Arizona's Graduates, Inc.

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Jobs for Arizona's Graduates, Inc. (JAG), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jobs for Arizona's Graduates, Inc. as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Jobs for Arizona's Graduates, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 1, JAG implemented the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-02, *Leases* (Topic 842), for the year ended June 30, 2023, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JAG's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 JAG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JAG's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023, on our consideration of Jobs for Arizona's Graduate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JAG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the JAG's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.

Scottsdale, Arizona

November 8, 2023

Jobs for Arizona Graduates, Inc.
Statement of Financial Position
June 30, 2023

Assets

Cash and cash equivalents	\$ 633,271
Grants receivable and promises to give	508,130
Prepaid expenses	19,468
Deposits	3,091
Operating lease right of use asset	25,428
Finance lease right of use asset	14,851
Total assets	<u>\$ 1,204,239</u>

Liabilities

Accounts payable	\$ 111,656
Accrued payroll	82,588
Refundable advance	55,941
Operating lease liability, current	29,031
Finance lease liability, current	13,049
Total current liabilities	<u>292,265</u>
Finance lease liability, noncurrent	<u>5,169</u>
Total liabilities	<u>297,434</u>

Net assets

Without donor restrictions:	
Undesignated	573,805
With donor restrictions:	
Time restricted	20,000
Purpose restricted	<u>313,000</u>
Total net assets	<u>906,805</u>
Total liabilities and net assets	<u>\$ 1,204,239</u>

See accompanying notes to financial statements.

Jobs for Arizona Graduates, Inc.
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and gains:			
Government grants	\$ 1,532,838	\$ 98,000	\$ 1,630,838
Corporate contributions	41,680	203,000	244,680
Private grants	2,500	216,500	219,000
Individual contributions	19,007	4,200	23,207
In-kind revenue	4,580		4,580
Fundraising revenue	12,622		12,622
Interest income	50		50
Net assets released from restrictions	649,200	(649,200)	
Total revenue, support, and gains	2,262,477	(127,500)	2,134,977
 Expenses and losses:			
Program services	2,034,680		2,034,680
Total program expenses	2,034,680		2,034,680
Supporting services			
Management and general	138,969		138,969
Fundraising	9,290		9,290
Total supporting services	148,259		148,259
Total expenses and losses	2,182,939		2,182,939
 Change in net assets	79,538	(127,500)	(47,962)
 Net assets, beginning of year	494,267	460,500	954,767
 Net assets, end of year	\$ 573,805	\$ 333,000	\$ 906,805

See accompanying notes to financial statements.

Jobs for Arizona Graduates, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 751,212	92,605	5,906	\$ 849,723
Employee related	57,611	3,770	610	61,991
Payroll taxes	100,520	10,266	778	111,564
Total payroll and related	<u>909,343</u>	<u>106,641</u>	<u>7,294</u>	<u>1,023,278</u>
Advertising and marketing	8,395	4,399	180	12,974
Affiliation fees	27,286			27,286
Audit and accounting fees	14,111	2,468	173	16,752
Contractual payments	643,268			643,268
Insurance	8,728	258	105	9,091
Interest expense		1,477		1,477
Amortization of right of use asset		10,898		10,898
Occupancy	38,571	162	453	39,186
Office expenses	29,444	3,830	542	33,816
Professional development	46,381	2,637	252	49,270
Professional fees	56,380	4,167	121	60,668
Program costs	234,759	1,482	2	236,243
Technology	18,014	550	119	18,683
Travel			49	49
Total expenses	<u>\$ 2,034,680</u>	<u>\$ 138,969</u>	<u>\$ 9,290</u>	<u>\$ 2,182,939</u>

See accompanying notes to financial statements.

Jobs for Arizona Graduates, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities:	
Change in net assets	\$ (47,962)
Adjustments to reconcile change in net assets to net cash provided by/used for operating activities:	
Amortization	10,898
Changes in assets and liabilities:	
Grants receivable and promises to give	140,688
Deposits	(514)
Prepaid expenses	(1,905)
Accounts payable	81,650
Accrued payroll	15,865
Deferred rent	(7,490)
Refundable advance	(58,160)
Operating lease assets and liabilities	<u>3,603</u>
Net cash provided by/used for operating activities	<u>136,673</u>
Cash flows from financing activities:	
Principal payments on finance lease	<u>(11,536)</u>
Net cash provided by/used for financing activities	<u>(11,536)</u>
Net increase/decrease in cash and cash equivalents	125,137
Cash and cash equivalents, beginning of year	<u>508,134</u>
Cash and cash equivalents, end of year	<u><u>\$ 633,271</u></u>
Supplemental disclosure of cash flow information	
Cash paid for amounts included in the measurement of leases	\$ 38,250

See accompanying notes to financial statements.

Jobs For Arizona’s Graduates, Inc.
Notes To Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

Jobs for Arizona’s Graduates, Inc. (“JAG” or the “Organization”) is a not-for-profit corporation established in the State of Arizona. JAG’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 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 model applications:

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

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The Organization is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds must be maintained in perpetuity.

Jobs For Arizona's Graduates, Inc.
Notes To Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank deposit accounts, which may exceed federally insured limits. At year end, the carrying amount of the Organization's deposits was \$633,271 and the bank balance was \$815,670. At year end, \$492,612 of the Organization's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution.

Revenue Recognition

Contributions. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. JAG did not have any conditional promises to give at June 30, 2023.

Grants. Revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenses in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the Statement of Financial Position. The Organization was awarded cost-reimbursable grants of \$1,426,904 that have not been recognized at June 30, 2023 because qualifying expenses have not yet been incurred.

Jobs For Arizona's Graduates, Inc.
Notes To Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Grants Receivable and Promises to Give

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with donors, and accordingly has made no allowance for doubtful accounts. In addition, advance payments of \$55,941 are recognized in the statement of financial position as a refundable advance.

Compensated Absences

Employees are entitled to personal time off (PTO), depending on job classification, length of service, and other factors. It is the Organization's policy to recognize the cost of compensated absence when leave is earned by employees.

Leases

The Organization determines if an arrangement is or contains a lease at inception. All leases are recorded on the statement of financial position except for leases with an initial term less than 12 months. Lease assets and obligations are recognized based on future lease payments, discounted by the risk-free interest rate for operating leases and the rate implicit in the lease for finance leases.

Operating lease right-of-use assets (ROU) include adjustments related to lease payments made and lease incentives received at or before the commencement date. The assets resulting from operating leases are included in right-of-use assets and the related liabilities are included in operating leases payable on the Statement of Financial Position. Finance lease assets are reported net, and the related liabilities are included in finance leases payable on the Statement of Financial Position.

Operating lease expense is recognized on a straight-line basis over the lease term. The Organization has elected to not separate lease and non-lease components for real estate and office equipment leases. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

Jobs For Arizona's Graduates, Inc.
Notes To Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

In-Kind Contributions

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time.

Volunteers may contribute time to the Organization's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed in generally accepted accounting principles. Donated professional services are recorded at the respective fair values of the services received and totaled \$4,580 during the current fiscal year.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined based on time and effort documentation.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the current fiscal year, advertising costs totaled \$12,974.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). The Organization's Form 990, *Return of Organization Exempt from Income Taxes*, is generally subject to examination by the Internal Revenue Service for three years after the date filed.

Management has evaluated the tax positions taken or expected to be taken, if any, on its exempt organization filings, and the likelihood that upon examination those positions would be sustained. Based on the results of this evaluation, management believes there are no uncertain tax positions.

Jobs For Arizona’s Graduates, Inc.
Notes To Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

New Accounting Pronouncement

During the fiscal year, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). This update requires entities to recognize assets and liabilities for both capital and operating leases on the statement of financial position, and disclose key information about leasing arrangements. In adopting Topic 842, the Organization elects the practical expedient transition package to not reassess (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. It also elects not to report assets or liabilities for leases with terms of one year or less.

Upon adoption, the Organization recognized operating lease ROU assets of \$25,428 and related liabilities of \$29,031 in the statement of financial position. The adoption did not result in a significant effect on amounts reported in the statement of activities, or on the accounting for contracts classified as finance leases.

Date of Management’s Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 8, 2023, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

The following represents the Organization’s financial assets at fiscal year end:

Financial assets at year end:	
Cash and cash equivalents	\$ 633,271
Grants receivable and promises to give	509,930
Total financial assets	<u>1,143,201</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	333,000
Less: Net assets with donor restrictions to be met in less than a year	<u>(328,000)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,138,201</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization’s goal is generally to maintain financial assets to meet six months of operating expenses. The Organization has one credit card available to meet cash flow needs with an aggregate credit limit of \$17,000.

Jobs For Arizona’s Graduates, Inc.
Notes To Financial Statements
June 30, 2023

Note 3 – Net Assets

	Beginning Balance	Contributions	Releases	Ending Balance
Specific Purpose:				
Career and college readiness	\$ 297,000	\$ 412,500	\$ 476,500	\$ 233,000
LEADS program	30,000	31,700	31,700	30,000
JAG Works	10,000	62,500	22,500	50,000
Student support	3,500		3,500	
Time restrictions – pledges	120,000	15,000	115,000	20,000
Total	<u>\$ 460,500</u>	<u>\$ 521,700</u>	<u>\$ 649,200</u>	<u>\$ 333,000</u>

Time restricted pledges are expected to be released in one year except for \$5,000, which will be released within two years.

Note 4 – Affiliates

JAG is affiliated with Jobs for America’s Graduates (“National Affiliate”). As a local affiliate, JAG has the right to establish accredited local programs, have 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. The table below summarizes financial activity with the National Affiliate for the year ended June 30, 2023:

Receipts from National Affiliate	\$ 98,978
Less affiliation fee payments	(27,286)
Less payments for training	<u>(21,350)</u>
Net receipts	<u>\$ 50,342</u>

Note 5 – Leases

The Organization leases office space under a long-term noncancelable operating lease which expires in 2024. The lease had a term of greater than one year at the inception of the lease and payments are due on a monthly basis. Renewal options reasonably certain to be exercised are included in the determination of the right-of-use assets and lease liabilities.

In addition, the Organization leases office equipment under a finance lease. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Organization’s assets and liabilities.

Assets acquired through finance leases are included on the Statement of Financial Position. Equipment consisted of \$54,489, less the amount representing accumulated depreciation of \$39,638, resulting in a net value of \$14,851. The right of use asset consisted of \$58,550 net of accumulated amortization of \$33,122, resulting in a value of \$25,428.

Jobs For Arizona’s Graduates, Inc.
Notes To Financial Statements
June 30, 2023

Note 5 – Leases

Amortization of assets held under finance leases for the current fiscal year was \$10,898. Interest cost on finance lease liabilities was \$1,477.

The following table provides a schedule of future lease payments and other supplemental information for the Organization’s operating and finance leases as of year end:

Year End:	Operating	Finance
2024	\$ 29,376	\$ 13,794
2025		5,237
Total minimum lease payments	29,376	19,031
Less: Discount to present value	(345)	(813)
Present value of lease liabilities	\$ 29,031	\$ 18,218
Weighted average remaining lease term	21 months	
Weighted average discount rate	2.84%	

Note 6 – Concentrations

JAG receives its revenue primarily from grants and corporate contributions. In aggregate, these comprise approximately 98 percent of total revenue as of June 30, 2023.

	Total Revenues
Government grants	76%
Corporate contributions	11%
Private grants	10%
Other	3%
Total	100%

For the year ended June 30, 2023, JAG received government grants from two grantors which represented approximately 48 percent and 14 percent, respectively, of total contributions for the year. In addition, as of June 30, 2023, grants receivable from one grantor represented approximately 75 percent of the total grants receivable balance.

Jobs For Arizona's Graduates, Inc.
Notes To Financial Statements
June 30, 2023

Note 7 – Employee Benefit Plans

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 Professional Employer Organization that owns and administers the 401(k).

Note 8 – Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

Single Audit Section

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**

The Board of Directors
Jobs for Arizona’s Graduates, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jobs for Arizona’s Graduates, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2023. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842).

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jobs for Arizona’s Graduates, Inc.’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jobs for Arizona’s Graduates, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Jobs for Arizona’s Graduates, Inc.’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jobs for Arizona's Graduates, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
November 8, 2023

**Independent Auditor’s Report on Compliance for Each Major Federal Program,
Report on Internal Control Over Compliance and
Report on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

The Board of Directors
Jobs for Arizona’s Graduates, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jobs for Arizona’s Graduates, Inc.’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Jobs for Arizona’s Graduates, Inc.’s major federal programs for the year ended June 30, 2023. Jobs for Arizona’s Graduates, Inc.’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Jobs for Arizona’s Graduates, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Jobs for Arizona’s Graduates, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Jobs for Arizona’s Graduates, Inc.’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Jobs for Arizona's Graduates, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Jobs for Arizona's Graduates, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Jobs for Arizona's Graduates, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Jobs for Arizona's Graduates, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Jobs for Arizona's Graduates, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Jobs for Arizona's Graduates, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Jobs for Arizona's Graduates, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated November 8, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
November 8, 2023

Jobs for Arizona's Graduates, Inc.
Schedule of Expenditures of Federal Awards
Fiscal Period 7/1/22 - 6/30/2023

<u>Federal Awarding Agency / Program Title</u>	<u>Pass-Through Entity</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Federal Cluster Total</u>
<u>U.S. Department of Agriculture</u>					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Arizona Department of Economic Security	10.551	CTR061888	\$ 17,214	\$ 17,214
<u>U.S. Department of Treasury</u>					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Arizona Governor's Office	21.027	ISA-ARPA-JFAZG-042022-108	58,160	
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	City of Avondale	21.027	GAR17-G-12	10,000	
Total U.S. Department of Treasury				68,160	
<u>U.S. Department of Education</u>					
COVID-19 Education Stabilization Fund	Arizona Department of Education	84.425U	CTR059818	784,721	
COVID-19 Education Stabilization Fund	Arizona Governor's Office	84.425C	ERMT-21-5012	225,032	
COVID-19 Education Stabilization Fund	Arizona Governor's Office	84.425C	GR-GEER-SEP-JAG-59	37,252	
Total U.S. Department of Education				1,047,005	
<u>U.S. Department of Labor</u>					
WIOA Cluster:					
Workforce Innovation and Opportunity Act (WIOA) Adult Program	Arizona Department of Education	17.258	ISA-GOE-ADE-19-070118-02	200,000	200,000
WIOA Pilots, Demonstrations, and Research Projects	Jobs for America's Graduates	17.261	MI-36500-21-60-A-51-JAG AZ	68,978	
Total U.S. Department of Labor				268,978	
<u>Corporation for National and Community Service</u>					
AmeriCorps Volunteers In Service to America	N/A	94.013	19VSWAZ001	30,120	
Total Federal Expenditures				\$ 1,431,477	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Jobs for Arizona’s Graduates, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Jobs for Arizona’s Graduates, Inc. (JAG) under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of JAG, it is not intended to and does not present the financial position, changes in net position or cash flows of JAG. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Cost Rate

The auditee did not use the de minimis indirect cost rate except for one grant.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

**Jobs for Arizona's Graduates, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: No