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Junior Achievement of Arizona, Inc. and Affiliate

Audit Presentation

Objectives

- Understand audit process & scope

- Discuss highlights from deliverables

- Steps for finalization

- Questions and executive session, if desired



Audit Scope and Deliverables



Audit Scope

Auditor's opinion on the fair presentation of the financial statements for the years ended June 30, 2023 and 2022



Deliverables

- Audited financial statements for the years ended June 30, 2023 and 2022
- Required communications



Audit Process - Overview

Management Preparedness

- Management ready for the start of fieldwork
- Easy to work with and responsive

Adjustments

- Two audit adjustments
- One passed adjustment



Financial Statement Highlights

Overall

- Unmodified opinion which is the **highest level of assurance** a CPA firm can provide
- Comparative financial statements
- Adopted Accounting Standards Update (ASU) 2016-02, *Leases*



Financial Statement Highlights – Statements of Financial Position

Statements of Financial Position

Asset Highlights – Increased by \$1.9M

- Cash Decreased by \$1,1M
- Pledges increased by \$735K
- Investments increased by \$2M

Liability Highlights – Decreased by \$11K

- Accounts Payable and Accrued Liabilities increased by \$27K
- Debt increased by \$46K
- Capital Lease decreased by \$20K

Net Asset Highlights – Increased by \$2.4M

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 939,458	\$ 2,046,027
Investments	5,126,311	2,991,582
Pledges Receivable, Net	2,241,729	1,718,521
Other Receivables	18,133	8,877
Prepaid Assets	95,216	94,107
In-Kind Inventories	6,850	3,000
Total Current Assets	<u>8,427,697</u>	<u>6,862,114</u>
OTHER ASSETS		
Investments in Endowments	493,421	476,343
Pledges Receivable, Net of Current Portion	615,661	403,425
Other Long-Term Assets	36,942	35,554
Fixed Assets, Net	2,284,207	2,218,156
Total Other Assets	<u>3,430,231</u>	<u>3,133,478</u>
Total Assets	<u>\$ 11,857,928</u>	<u>\$ 9,995,592</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 77,302	\$ 70,369
Accrued Liabilities	351,368	385,825
Obligations Under Capital Leases, Current Portion	-	19,745
Lease Liability - Financing, Current Portion	4,734	-
Loans Payable, Current Portion	7,500	10,000
Total Current Liabilities	<u>440,904</u>	<u>485,939</u>
NONCURRENT LIABILITIES		
Lease Liability - Financing, Net of Current Portion	41,245	-
Loans Payable, Net of Current Portion	-	7,500
Total Noncurrent Liabilities	<u>41,245</u>	<u>7,500</u>
Total Liabilities	482,149	493,439
NET ASSETS		
Without Donor Restrictions	8,987,496	7,227,407
With Donor Restrictions	2,388,283	2,274,746
Total Net Assets	<u>11,375,779</u>	<u>9,502,153</u>
Total Liabilities and Net Assets	<u>\$ 11,857,928</u>	<u>\$ 9,995,592</u>



Financial Statement Highlights – Statement of Activities

Statements of Activities

Revenue Highlights – Increased by \$495k

- Contributions (cash) decreased by \$675K
- Public Sector Funding increased by \$538K
- Investment Income increased by \$836K

Expense Highlights – Increased by \$1M

- Payroll expenses increased by \$770K
- Donated Goods and Services increased by \$113K

Functional Percentages

	<u>2023</u>	<u>2022</u>
• Program	66%	63%
• Fundraising	24%	27%
• M&G	10%	10%

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, LOSSES, AND OTHER SUPPORT			
Contributions:			
Corporate	\$ 1,404,085	1,137,110	\$ 2,541,195
Individual	458,998	165,167	624,165
Foundations	127,887	5,000	132,887
Total Contributions	1,990,970	1,307,277	3,298,247
Special Events	985,527	90,889	1,076,416
Less Direct Costs of Benefit Donors	(144,405)	-	(144,405)
Special Events, Net	841,122	90,889	932,011
Gains, Losses, and Other Support:			
Donated Items, Goods, and Services	217,017	-	217,017
Public Sector Funding	2,388,413	-	2,388,413
Other Income	243,199	13,222	256,421
Realized Gain (Loss) on Investments	16,896	(33,478)	(16,582)
Unrealized Gain on Investments	144,658	61,719	206,377
Net Assets Released from Restrictions	1,328,092	(1,328,092)	-
Total Gains, Losses and Other Support	4,336,275	(1,284,629)	3,051,646
Total Revenues, Gains, Losses and Other Support	7,168,367	113,537	7,281,904
EXPENSES			
Program Services	3,568,834	-	3,568,834
Fundraising:			
Cost of Soliciting Volunteers	7,354	-	7,354
Cost of Soliciting Contributions	1,315,907	-	1,315,907
Total Fundraising	1,323,261	-	1,323,261
Management and General	518,183	-	518,183
Total Expenses	5,408,278	-	5,408,278
CHANGE IN NET ASSETS	1,760,089	113,537	1,873,626
Net Assets - Beginning of Year	7,227,407	2,274,746	9,502,153
NET ASSETS - END OF YEAR	<u>\$ 8,987,496</u>	<u>\$ 2,388,283</u>	<u>\$ 11,375,779</u>



Financial Statement Highlights

Footnote Highlights

Note 1 – Nature of the Organization and Summary of Significant Accounting Policies

- Change in accounting principle:
 - Adoption of ASU 2016-02, Leases (Topic 842)

Note 2 – Liquidity and Availability

- FY 23 \$7M vs FY 22 \$5.3M

Notes 9 – Net Assets

- Net assets with donor restrictions: FY 23 \$2.4M vs FY 22 \$2.3M

Notes 10 – Endowment Assets

- FY 23 \$493K vs FY 22 \$476K

Notes 14 – Related Party Transactions

- National Program and Support Fees: FY 23 \$214K vs FY 22 \$338K

Schedule of Expenditure of Federal Awards

- Total Federal grant revenue: FY 23 \$2,114,458 vs FY 22 \$1,621,826



Single Audit Considerations

SECTION I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiency(ies) identified?	_____ yes <u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiency(ies) identified?	_____ yes <u> X </u> none reported
Type of auditors' report issued on compliance for major federal programs?	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes <u> X </u> no

Identification of major programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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84.425

Education and Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ yes X no



Single Audit Report

- Report over Internal Control over Financial Reporting and on Compliance and Other Matters
 - No deficiencies in internal control were noted.
- Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance
 - No findings noted.

NOTE: Material weaknesses may exist which have not been identified



Required Governance Communication

Overall

- Purpose is to follow up from planning meeting
- No changes in scope of audit
- Adoption of ASU 2016-02 *Leases*

Estimates

- Estimates presented in financial statements
- We are comfortable with management's estimates

Difficulties

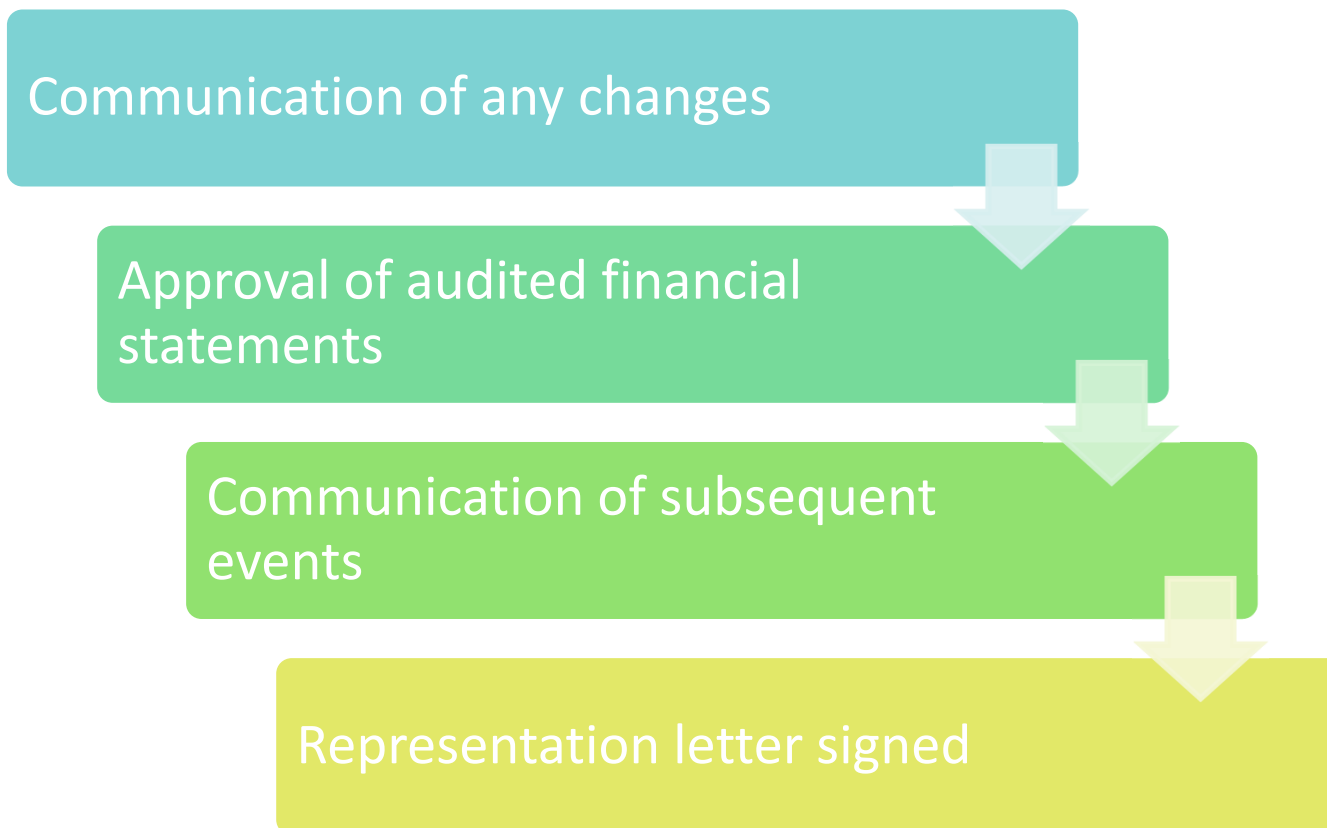
- No difficulties encountered
- No disagreements encountered
- No other findings to report

Other

- No material adjustments
- One passed adjustment for PTO Accrual/Payroll Expense
- Management representation letter will be signed at the conclusion of the engagement



Steps to Finalization



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