

**SOUTHWEST CENTER FOR ECONOMIC INTEGRITY  
INDEX TO FINANCIAL STATEMENTS  
For the year ended June 30, 2015**

**FINANCIAL STATEMENTS:**

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
Southwest Center for Economic Integrity  
Tucson, Arizona

We have reviewed the accompanying statement of financial position of Southwest Center for Economic Integrity (a nonprofit organization) as of June 30, 2015, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying statement of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

November 4, 2015

*Addington & Associates, PLLC*

**ADDINGTON & ASSOCIATES, PLLC**

**SOUTHWEST CENTER FOR ECONOMIC INTEGRITY**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2015**

**ASSETS**

|  |           |
|--|-----------|
| <b>Current assets:</b>                   |           |
| Cash and cash equivalents                | \$ 93,875 |
| <b>Total current assets</b>              | 93,875    |
| <br><b>Property and equipment:</b>       |           |
| Computer equipment                       | 11,586    |
| Office furniture                         | 4,000     |
|  | 15,586    |
| Less accumulated depreciation            | 15,586    |
| <b>Total property and equipment, net</b> | -         |
| <br><b>Total assets</b>                  | \$ 93,875 |

**LIABILITIES AND NET ASSETS**

|   |           |
|---|-----------|
| <b>Current liabilities:</b>                 |           |
| Accounts payable                            | \$ 147    |
| Accrued expenses                            | 4,034     |
| Deferred revenue                            | 24,707    |
| <b>Total current liabilities</b>            | 28,888    |
| <br><b>Net assets:</b>                      |           |
| Unrestricted net assets                     | 61,633    |
| Temporarily restricted net assets           | 3,354     |
| <b>Total unrestricted</b>                   | 64,987    |
| <br><b>Total liabilities and net assets</b> | \$ 93,875 |

See Accompanying Notes and Independent Accountant's Review Report.

**SOUTHWEST CENTER FOR ECONOMIC INTEGRITY**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2015**

**Unrestricted net assets:**

**Revenues and support**

|  |    |                |
|--|----|----------------|
| Grants and contracts                           | \$ | 81,441         |
| Contributions                                  |    | 19,881         |
| Interest income                                |    | 109            |
| Program income                                 |    | 8,944          |
| Miscellaneous income                           |    | 21             |
| <b>Total unrestricted revenues and support</b> |    | <u>110,396</u> |

**Expenses and losses**

|  |  |                |
|--|--|----------------|
| Program services                                 |  | 129,112        |
| Supporting services - general and administrative |  | <u>15,617</u>  |
| <b>Total expenses</b>                            |  | <u>144,729</u> |

**Increase (decrease) in unrestricted net assets** (34,333)

**Net assets, beginning of year** 99,320

**Net assets, end of year** \$ 64,987

See Accompanying Notes and Independent Accountant's Review Report.

**SOUTHWEST CENTER FOR ECONOMIC INTEGRITY  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2015**

**Cash flows from operating activities:**

|   |                  |
|---|------------------|
| Increase (decrease) in net assets   | \$ (34,333)      |
| Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash provided (used ) by operating activities: |                  |
| Depreciation  | 33               |
| Non-cash donations  | 10,075           |
| Change in assets and liabilities:   |                  |
| (Increase) decrease in assets:  |                  |
| Prepaid expenses  | 982              |
| Increase (decrease) in liabilities:   |                  |
| Accounts payable  | (15,752)         |
| Accrued expenses  | (2,966)          |
| Deferred revenue  | 20,164           |
| <b>Net cash provided (used) by operating activities</b>   | <b>(21,797)</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>(21,797)</b>  |
| <b>Cash and cash equivalents, beginning of year</b>   | <b>115,672</b>   |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 93,875</b> |

Supplemental disclosure of cash flow information:

|                   |                       |
|-------------------|-----------------------|
| Interest paid     | \$ <u>          -</u> |
| Income taxes paid | \$ <u>          -</u> |

Art objects valued at \$10,075 were donated by the Organization to another nonprofit organization during the year ended June 30, 2015.

See Accompanying Notes and Independent Accountant's Review Report.

**SOUTHWEST CENTER FOR ECONOMIC INTEGRITY**  
**NOTES TO REVIEWED FINANCIAL STATEMENTS**  
**For the year ended June 30, 2015**

**1. ORGANIZATION**

*Nature of operations*

Southwest Center for Economic Integrity (SCEI) is an Arizona nonprofit corporation. The Organization engages in research, education and advocacy to mobilize and protect marginalized people, and to hold corporations and industries accountable to communities.

The Organization receives income from grant funders to do a wide variety of activities including: research current and emerging trends within the informal economy (looking at the fringe financial sectors) and pilot/test innovative approaches to meet consumer's cash flow and credit needs including financial education in rural border communities in AZ and NM funded by AZ Community Foundation Grants.

The Center continues to provide technical assistance to grandparent's raising their grandchildren through the support and advocacy network, *Arizona Grandparent Ambassadors* as part of an overall AZ state-wide member driven effort to educate the general public and key decision makers with regards to economic issues affecting children in Kinship care funded by Primavera Foundation Funds connected to a broader M. Casey Foundation Equal Voices for Families Initiative.

**2. DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, Southwest Center for Economic Integrity has evaluated events and transactions for potential recognition or disclosure through November 4, 2015, the date that the financial statements were available to be used.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

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

*Financial statement presentation*

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

*Recognition of donor restrictions*

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contribution is received. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

*Recognition of Revenue*

Contributions are recognized as revenue when they are received or unconditionally pledged. The organization records material contributions of donated property at its fair value when received.

**SOUTHWEST CENTER FOR ECONOMIC INTEGRITY**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**For the year ended June 30, 2015**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

*Grant Support*

Southwest Center for Economic Integrity recognizes revenue from foundation grants over the term of the contract based on expenditures incurred or the term of the agreement. Government grants are recognized as revenue when matching expenses are incurred under cost reimbursement contracts.

*Cash and Cash Equivalents*

For purposes of reporting cash flows, cash and cash equivalents include cash in bank accounts and short-term investments with original maturities of three months or less.

*Property Assets*

Purchased equipment is recorded at cost and donated items at fair value at date of donation. Equipment consists of various items of office and computer equipment. Acquisitions of property and equipment greater than \$500 are capitalized. These assets are depreciated on the straight-line method over their estimated useful lives of three years for computer equipment and ten years for office furniture. Repair and maintenance are charged to expense as incurred. Depreciation expense was \$33 for the year ending June 30, 2015.

*Functional Expenses*

The cost of providing 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 and expenses have been allocated among program services and supporting services based on relative benefits received.

*Use of Estimates in the Preparation of Financial Statements*

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Income tax status*

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization, whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Organization has adopted the provisions of the FASB standard on Accounting for Uncertainty in Income Taxes (ASC 740-10-25).

In accordance with FASB Accounting Standards Codification No. 740-10 (ASC 740-10), the Organization holds no uncertain tax positions and, therefore, has no policy for evaluating them. The Organization's Form 990, Return of Organization Exempt from Income Taxes, and Arizona Form 99, Arizona Exempt Organization Annual Information Return, are generally subject to examination by the IRS for three years and the Arizona Department of Revenue for four years, respectively, after the date the returns were filed. There are no current or pending IRS examinations.

**SOUTHWEST CENTER FOR ECONOMIC INTEGRITY**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**For the year ended June 30, 2015**

**4. OTHER ASSETS**

The Organization received a collection of limited edition photographic prints during the year ended June 30, 2015. The donor valued the assets at \$10,075, which was based on rates the donor is currently selling the prints for. The donor imposed no significant restrictions on the use or sale of these assets. During the year ending June 30, 2015 the Organization donated the collection to the University of Arizona Library.

**5. DEFERRED REVENUE**

The following is a summary of deferred revenue:

|                                | <u>June 30, 2015</u> |
|--------------------------------|----------------------|
| Consumer Federation of America | \$ 557               |
| Arizona Community Foundation   | 5,557                |
| Center for Responsible Lending | 12,606               |
| Rose Foundation                | <u>5,987</u>         |
| Total                          | <u>\$ 24,707</u>     |

**6. CONTINGENCIES**

Southwest Center for Economic Integrity is subject to program audits by funding agencies. There is a possibility that the organization could be liable to these agencies for amounts determined as refundable by such future audits, or for unexpended amounts under the grant. Management feels no such liabilities exist at June 30, 2015.



## **SUPPLEMENTAL SCHEDULES**

**SOUTHWEST CENTER FOR ECONOMIC INTEGRITY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended June 30, 2015**

|                                   | <u>Program</u>    | <u>General and<br/>Administrative</u> | <u>Total</u>      |
|-----------------------------------|-------------------|---------------------------------------|-------------------|
| <b>Personnel:</b>                 |                   |                                       |                   |
| Salaries and wages                | \$ 64,653         | \$ 7,820                              | \$ 72,473         |
| Employee related expense          | <u>7,745</u>      | <u>937</u>                            | <u>8,682</u>      |
| <b>Total personnel</b>            | 72,398            | 8,757                                 | 81,155            |
| <br>                              |                   |                                       |                   |
| Outside and professional services | 42,876            | 5,186                                 | 48,062            |
| Travel                            | 854               | 103                                   | 957               |
| Donation                          | 8,988             | 1,087                                 | 10,075            |
| Materials and supplies            | 473               | 57                                    | 530               |
| Postage                           | 103               | 13                                    | 116               |
| Reproduction and printing         | 1,105             | 134                                   | 1,239             |
| Telephone and communications      | 213               | 26                                    | 239               |
| Insurance                         | 1,309             | 158                                   | 1,467             |
| Other operating                   | 764               | 92                                    | 856               |
| Depreciation expense              | <u>29</u>         | <u>4</u>                              | <u>33</u>         |
| <br>                              |                   |                                       |                   |
| <b>Total expenses</b>             | <u>\$ 129,112</u> | <u>\$ 15,617</u>                      | <u>\$ 144,729</u> |

See Accompanying Notes and Independent Accountant's Review Report.

**SOUTHWEST CENTER FOR ECONOMIC INTEGRITY**  
**NOTES TO SUPPLEMENTAL SCHEDULES**  
**For the years ended June 30, 2015**

**1. Basis of Presentation**

The accompanying schedules of functional expenses are presented on the accrual basis of accounting.

**2. Allocation of Expenses**

Expenses are allocated to the various programs based on estimated labor hours or other reasonable allocation methods.