

**SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
INDEX TO REVIEWED FINANCIAL STATEMENTS
For the year ended June 30, 2018**

REVIEWED 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 financial statements of Southwest Center for Economic Integrity (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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'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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in Schedule I is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

September 26, 2018

Addington & Associates, PLLC
ADDINGTON & ASSOCIATES, PLLC

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS

| | |
|------------------------------------------|-----------------------------|
| Current assets: | |
| Cash and cash equivalents | \$ 96,834 |
| Total current assets | <u>96,834</u> |
| Property and equipment: | |
| Computer equipment | 11,586 |
| Office furniture | <u>4,000</u> |
| | 15,586 |
| Less accumulated depreciation | <u>15,586</u> |
| Total property and equipment, net | <u>-</u> |
| Total assets | \$ <u><u>96,834</u></u> |

LIABILITIES AND NET ASSETS

| | |
|---------------------------------------------|-----------------------------|
| Current liabilities: | |
| Accounts payable | \$ 771 |
| Accrued expenses | 3,750 |
| Deferred revenue | <u>12,969</u> |
| Total current liabilities | <u>17,490</u> |
| Net assets: | |
| Unrestricted net assets | 75,940 |
| Temporarily restricted net assets | <u>3,404</u> |
| Total unrestricted | <u>79,344</u> |
| Total liabilities and net assets | \$ <u><u>96,834</u></u> |

See Accompanying Notes and Independent Accountant's Review Report.

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
STATEMENT OF ACTIVITIES
For the year ended June 30, 2018

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--------------------------------------------------|---------------------|-----------------------------------|------------------|
| Revenues and support | | | |
| Grants and contracts | \$ 40,106 | \$ - | \$ 40,106 |
| Contributions | 25,730 | 50 | 25,780 |
| Interest income | 125 | - | 125 |
| Program income | 3,835 | - | 3,835 |
| Miscellaneous income | 480 | - | 480 |
| Total unrestricted revenues and support | <u>70,276</u> | <u>50</u> | <u>70,326</u> |
| Expenses and losses | | | |
| Program services | 59,874 | - | 59,874 |
| Supporting services - general and administrative | 7,241 | - | 7,241 |
| Total expenses | <u>67,115</u> | <u>-</u> | <u>67,115</u> |
| Increase in net assets | 3,161 | 50 | 3,211 |
| Net assets, beginning of year | <u>72,779</u> | <u>3,354</u> | <u>76,133</u> |
| Net assets, end of year | <u>\$ 75,940</u> | <u>\$ 3,404</u> | <u>\$ 79,344</u> |

See Accompanying Notes and Independent Accountant's Review Report.

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2018

Cash flows from operating activities:

| | | |
|---------------------------------------------------------------------------------------------------------------|----|---------------|
| Increase in net assets | \$ | 3,211 |
| Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities: | | |
| Change in assets and liabilities: | | |
| Increase (decrease) in liabilities: | | |
| Accounts payable | | 717 |
| Deferred revenue | | 7,879 |
| | | 11,807 |
| Net cash provided by operating activities | | 11,807 |
| Net increase in cash and cash equivalents | | 11,807 |
| Cash and cash equivalents, beginning of year | | 85,027 |
| Cash and cash equivalents, end of year | \$ | 96,834 |
| <u>Supplemental disclosure of cash flow information:</u> | | |
| Interest paid | \$ | - |
| Income taxes paid | \$ | - |

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, 2018

1. ORGANIZATION

Nature of operations

Southwest Center for Economic Integrity (CEI) is an Arizona nonprofit corporation. The Southwest Center for Economic Integrity builds economically strong communities for all and opposes unfair corporate practices. CEI engages in research, education and advocacy to mobilize and protect marginalized people, and to hold corporations and industries accountable to communities.

CEI receives income from grant funders and individual donors to do a wide variety of activities including: research current and emerging trends within the informal economy (looking at the fringe financial sectors) See our latest report: [Wrecked by Debt, Auto Title Lending in Arizona](#). The Center for Economic Integrity pilots/test innovative approaches to meet consumer's cash flow and credit needs including financial education in rural border communities in Arizona and New Mexico and encourages innovative fair lending practices.

The Center continues to provide technical assistance to grandparent's raising their grandchildren through the support and advocacy network, *Southern Arizona Grandparent Ambassadors* as part of an overall Arizona state-wide member driven effort to educate the general public and key decision makers with regards to economic issues affecting children in Kinship care as part of a broader M. Casey Foundation Equal Voices for Families Initiative through our collaborative nonprofit funding partner, The Primavera Foundation. The Center provides technical assistance to other nonprofits on a project by project basis.

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 September 26, 2018 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.

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
NOTES TO FINANCIAL STATEMENTS - continued
For the year ended June 30, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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 \$0 for the year ending June 30, 2018.

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 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).

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
NOTES TO FINANCIAL STATEMENTS - continued
For the year ended June 30, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Income tax status - continued

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.

4. DEFERRED REVENUE

The following is a summary of deferred revenue:

| | June 30, 2018 |
|--------------------------------|------------------------------|
| Casey Foundation | \$ 4,750 |
| Ohio Children's Foundation | 6,632 |
| Consumer Federation of America | 1,462 |
| Other donors | 125 |
| | <hr/> \$ 12,969 <hr/> |

5. 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, 2018.

SUPPLEMENTAL INFORMATION

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
SCHEDULE I - STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2018

| | <u>Program</u> | <u>General and Administrative</u> | <u>Total</u> |
|-----------------------------------|------------------|---------------------------------------|------------------|
| Personnel: | | | |
| Salaries and wages | \$ 41,211 | \$ 4,984 | \$ 46,195 |
| Employee related expense | 3,354 | 406 | 3,760 |
| Total personnel | <u>44,565</u> | <u>5,390</u> | <u>49,955</u> |
| Outside and professional services | 5,891 | 712 | 6,603 |
| Contracts | 2,041 | 247 | 2,288 |
| Materials and supplies | 589 | 71 | 660 |
| Telephone and communications | 213 | 26 | 239 |
| Insurance | 1,370 | 166 | 1,536 |
| Grant expense-pass through | 5,000 | - | 5,000 |
| Other operating | 205 | 629 | 834 |
| Total expenses | <u>\$ 59,874</u> | <u>\$ 7,241</u> | <u>\$ 67,115</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, 2018

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.