

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
INDEX TO REVIEWED FINANCIAL STATEMENTS
For the year ended June 30, 2024

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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, 2024, and the related statements of activities, cash flows, and functional expenses 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 entity 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.

We are required to be independent of Southwest Center for Economic Integrity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

October 9, 2024

Addington & Associates, PLLC

ADDINGTON & ASSOCIATES, PLLC

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
STATEMENT OF FINANCIAL POSITION
June 30, 2024

ASSETS

Current assets:

Cash and cash equivalents	\$	166,806
Investments		56,185
Total current assets		222,991

Property and equipment:

Computer equipment		11,586
Office furniture		4,000
		15,586
Less accumulated depreciation		15,586
Total property and equipment, net		-

Total assets	\$	222,991
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$	3,536
Accrued expenses		653
Deferred revenue		18,333
Total current liabilities		22,522

Total liabilities		22,522
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Net assets:

Net assets without donor restrictions		200,469
Total net assets		200,469

Total liabilities and net assets	\$	222,991
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See Accompanying Notes and Independent Accountant's Review Report.

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
STATEMENT OF ACTIVITIES
For the year ended June 30, 2024

Net assets without donor restrictions:

Revenues and support

Grants and contracts	\$	31,667
Contributions		38,686
Contributions - nonfinancial assets		11,980
Fundraising		3,694
Investment income		15,205
Program income		20,000
Miscellaneous income		104
Total revenues and support		121,336

Expenses and losses

Program services		90,205
Supporting services - general and administrative		11,209
Fundraising		2,466
Total expenses		103,880

Increase in net assets without donor restrictions 17,456

Net assets without donor restrictions, beginning of year 183,013

Net assets without donor restrictions, end of year \$ 200,469

See Accompanying Notes and Independent Accountant's Review Report.

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2024

Cash flows from operating activities:

Increase in net assets	\$	17,456
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized (gains) on investments		(9,365)
Change in assets and liabilities:		
Increase (decrease) in liabilities:		
Accounts payable		(29)
Deferred revenue		8,333
		16,395
Net cash provided by operating activities		16,395
Net increase in cash and cash equivalents		16,395
Cash and cash equivalents, beginning of year		150,411
Cash and cash equivalents, end of year	\$	166,806

Supplemental disclosure of cash flow information:

Interest paid	\$	-
Income taxes paid	\$	-
		-

See Accompanying Notes and Independent Accountant's Review Report.

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2024

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel:				
Salaries and wages	\$ 66,061	\$ 8,267	\$ 2,287	\$ 76,615
Employee related expense	5,385	673	179	6,237
Total personnel	<u>71,446</u>	<u>8,940</u>	<u>2,466</u>	<u>82,852</u>
Outside and professional services	14,461	1,749	-	16,210
Office	889	108	-	997
Reproduction and printing	251	30	-	281
Telephone and communications	1,374	166	-	1,540
Insurance	1,784	216	-	2,000
Total expenses	<u>\$ 90,205</u>	<u>\$ 11,209</u>	<u>\$ 2,466</u>	<u>\$ 103,880</u>

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, 2024

1. ORGANIZATION

Nature of operations

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

The Organization 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: Wrong Way, Wrecked by Debt Auto Title Lending in Arizona. The Organization pilots/tests innovative approaches to meet consumer’s cash flow and credit needs including financial education with our community partners in urban and rural communities throughout the state of Arizona. The Organization encourages innovative fair lending practices and advocates for consumer protections at the local, state, and federal levels.

The Organization provides technical assistance to multiple coalitions including The Preschool Promise Working Group comprised of community leaders from the business, public and nonprofit sectors in Tucson and Pima County. The Organization works in collaboration with a wide variety of community members and partners as part of a broader, family centered, wealth building effort designed to interrupt the cycle of intergenerational poverty. The Organization provides technical assistance to other nonprofits on a project-by-project basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Contributions restricted by donors 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

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
NOTES TO FINANCIAL STATEMENTS - continued
For the year ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 statements of activities as net assets released from restrictions.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Recognition of Revenue

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

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 the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

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, 2024.

Investments

Investments are valued at fair market value. Donated investments are recorded at fair market value at the date of gift.

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.

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
NOTES TO FINANCIAL STATEMENTS - continued
For the year ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates in the Preparation of Financial Statements

Management uses estimates and assumptions in preparing financial statements. 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. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, 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). 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 is generally subject to examination by the IRS for three years after the date the return was filed. There are no current or pending IRS examinations.

Contributions - nonfinancial assets

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. For year ending June 30, 2024 Contributions – nonfinancial assets consisted of volunteer services related to local, state and federal consumer protections including: research, data analysis, policy analysis, report writing, preparation for and presentations in meetings with state officials and elected representatives, and correspondence with state and federal regulators. For the year ending June 30, 2024 the total amount of \$11,980 was recognized.

Advertising expense

Advertising costs are expensed as incurred, the advertising expense for year ending June 30, 2024 was \$0.

3. GEOGRAPHIC CONCENTRATION

The Organization conducts its operations solely in the state of Arizona, and therefore, is subject to risks from changes in local economic conditions. A downturn in the local economy could cause a decrease in contributions concurrently with an increase in community need for the Organization's services.

4. FAIR VALUE MEASUREMENT

Fair value measurements are determined based on the assumptions, referred to as inputs that market participants would use in pricing the asset. The fair value hierarchy distinguishes between market participant assumptions and the Organization's own assumptions about market participant assumptions. Observable inputs are assumptions based on market data obtained from independent sources; while unobservable inputs are the Organization's own assumptions about what market participants would assume based on the best information available in the circumstances.

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
NOTES TO FINANCIAL STATEMENTS - continued
For the year ended June 30, 2024

4. FAIR VALUE MEASUREMENT - continued

Level 1 inputs. A quoted price in an active market for an identical asset or liability is considered to be the most reliable evidence of fair value. The fair value of the Organization’s investments in marketable securities are determined by reference to quoted prices in active markets for identical assets and other relevant information generated by market transactions.

Level 2 inputs. These are observable inputs, either directly or indirectly, other than quoted prices included within Level 1. The Organization does not utilize Level 2 inputs.

Level 3 inputs. These inputs are unobservable and are used to measure fair value only when observable inputs are not available. The Organization does not utilize Level 3 inputs.

Fair values of assets measured on a recurring basis at June 30, 2024, consisted of the following:

	<u>Level 1</u>
Exchange Traded Funds	\$ <u>56,185</u>
Total	\$ <u><u>56,185</u></u>

Investment income for the year ended June 30, 2024, was as follows:

Interest and dividend income	\$ 5,840
Unrealized gain	<u>9,365</u>
	<u><u>\$ 15,205</u></u>

5. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents at June 30, 2024, consisted of \$110,344 in a government money market account and \$56,462 in cash in banks.

6. DEFERRED REVENUE

Deferred revenue at June 30, 2024, consisted of a \$18,333 grant from the Community Foundation of Southern Arizona 2024 CORE Grant.

7. LIQUIDITY

At June 30, 2024, the Organization has \$222,991 available to meet needs for general expenditures consisting of cash and cash equivalents of \$166,806 and investments of \$56,185. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Organization in the next twelve months.

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. In addition, excess funds not needed for operations are invested in an interest-bearing money market account.

SOUTHWEST CENTER FOR ECONOMIC INTEGRITY
NOTES TO FINANCIAL STATEMENTS - continued
For the year ended June 30, 2024

8. CONTINGENCIES

The Organization 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, 2024.

9. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include outside and professional services, advertising, contracts, office, miscellaneous, postage, reproduction and printing, insurance and other operating expenses, which are allocated on the basis of estimates of time and effort.

10. SUBSEQUENT EVENTS AND DATE OF MANAGEMENT'S REVIEW

The preparation of financial statements to conform with accounting principles generally accepted in the United States of America requires management to disclose the date through which subsequent events (i.e., an event or transaction that occurs after the balance sheet date but before the financial statements are issued) were evaluated when determining whether adjustment or disclosure in the financial statements is required.

The Organization evaluated subsequent events through October 9, 2024 which represents the date the accompanying financial statements were available to be issued.