

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

and Independent Auditors' Report

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
For the Year Ended June 30, 2022

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Beasley, Mitchell & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Arizona Youth Partnership and Open Doors Community School, Inc.

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Arizona Youth Partnership and Open Doors Community School, Inc. (Arizona nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2022 and the related consolidated statement of activities, consolidated functional expenses and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Arizona Youth Partnership and Open Doors Community School, Inc. as of June 30, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Arizona Youth Partnership and Open Doors Community School, 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.

Prior Period Financial Statements

The consolidated financial statements of Arizona Youth Partnership and Open Doors Community School, Inc. as of June 30, 2021 were audited by other auditors whose report dated November 15, 2021 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arizona Youth Partnership and Open Doors Community School, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated 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 consolidated 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 consolidated 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 Arizona Youth Partnership and Open Doors Community School, Inc.'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 consolidated financial statements.
- Consider whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arizona Youth Partnership and Open Doors Community School, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating statement of financial position and consolidating statement of activities are likewise presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2022 on our consideration of Arizona Youth Partnership and Open Doors Community School, Inc.'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 Arizona Youth Partnership and Open Doors Community School, Inc.'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 Arizona Youth Partnership and Open Doors Community School, Inc.'s internal control over financial reporting and compliance.



Beasley, Mitchell & Co., LLP
Tucson, Arizona
November 7, 2022

FINANCIAL STATEMENTS

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the Year Ended June 30, 2022

ASSETS	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 368,447	\$ 609,528
Certificates of deposit held at banks	50,158	50,041
Government grant receivable	728,075	523,773
Other receivables	-	2,000
Prepaid expenses and deposits	25,820	66,265
Beneficial interest in assets held by others	30,000	-
Property and equipment, net	<u>63,691</u>	<u>179,683</u>
 TOTAL ASSETS	 <u>1,266,191</u>	 <u>1,431,290</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 138,999	\$ 150,413
Accrued expenses	38,964	179,643
Notes payable	52,903	77,722
Conditional contributions refundable	<u>-</u>	<u>25,846</u>
 TOTAL LIABILITIES	 230,866	 433,624
NET ASSETS		
Without donor restrictions		
Undesignated	972,970	705,148
Expended on property and equipment	10,788	176,062
With donor restrictions for purpose	<u>51,567</u>	<u>116,456</u>
 TOTAL NET ASSETS	 <u>1,035,325</u>	 <u>997,666</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,266,191</u>	 <u>\$ 1,431,290</u>

See independent auditors' report and accompanying notes.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and revenues:		
Governmental grants	\$ 5,245,804	\$ 4,650,142
Contract revenue	214,042	472,746
Contributions	155,256	127,430
In-kind contributions	-	12,719
Program fees	2,969	23,697
Special events, net	-	6,222
Miscellaneous	3,099	21,385
Net assets released from donor restriction	<u>527,040</u>	<u>178,736</u>
Total support and revenue	6,148,210	5,493,077
Expenses:		
Program services	5,357,707	4,932,169
General and administrative	650,417	614,195
Fundraising	<u>20,639</u>	<u>20,096</u>
Total expenses	6,028,763	5,566,460
Loss on sale of property and equipment	<u>39,526</u>	<u>-</u>
Change in net assets without donor restrictions	79,921	(73,383)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and grants	484,778	222,089
Net assets released from donor restriction	<u>(527,040)</u>	<u>(178,736)</u>
Change in net assets with donor restrictions	<u>(42,262)</u>	<u>43,353</u>
CHANGE IN NET ASSETS	37,659	(30,030)
Net assets, beginning of year	<u>997,666</u>	<u>1,027,696</u>
Net assets, end of year	<u>\$ 1,035,325</u>	<u>\$ 997,666</u>

See independent auditors' report and accompanying notes.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	Program services					Supporting services		
	Youth	Family	Coalition development and support	Charter school	Total programs	General and administrative	Fundraising	Total
Salaries and wages	\$ 1,687,738	\$ 83,471	\$ 415,540	\$ 677,995	\$ 2,864,744	\$ 332,212	\$ 6,910	\$ 3,203,866
Employee-related expenses	<u>288,684</u>	<u>15,860</u>	<u>78,953</u>	<u>111,470</u>	<u>494,967</u>	<u>79,216</u>	<u>1,313</u>	<u>575,496</u>
Total personnel	1,976,422	99,331	494,493	789,465	3,359,711	411,428	8,223	3,779,362
Advertising	6,298	-	776	19,574	26,648	4,153	11,236	42,037
Contract services	177,592	2,094	109,367	174,935	463,988	97,884	360	562,232
Depreciation	11,563	-	-	64,198	75,761	2,948	-	78,709
Insurance	-	-	-	17,126	17,126	25,165	-	42,291
Interest	67	-	-	3,315	3,382	-	-	3,382
Licenses, taxes, and fees	7,459	152	1,303	11,561	20,475	7,825	50	28,350
Occupancy costs	176,740	11,842	26,786	131,446	346,814	36,362	-	383,176
Miscellaneous expenses	7,596	155	875	239	8,865	20,444	-	29,309
Postage	2,441	140	270	-	2,851	4,127	770	7,748
Program supplies	301,935	10,699	36,132	168,490	517,256	1,201	-	518,457
Reproduction	12,742	1,253	5,005	16,658	35,658	3,829	-	39,487
Staff training	28,290	-	6,326	15,011	49,627	1,325	-	50,952
Staff travel	70,265	5,770	52,459	2,404	130,898	13,750	-	144,648
Subrecipient payments	148,655	-	-	-	148,655	-	-	148,655
Supplies and materials	46,715	958	14,605	55,171	117,449	16,160	-	133,609
Telephone	<u>18,608</u>	<u>1,586</u>	<u>4,593</u>	<u>7,756</u>	<u>32,543</u>	<u>3,816</u>	<u>-</u>	<u>36,359</u>
Total expenses	<u>\$ 2,993,388</u>	<u>\$ 133,980</u>	<u>\$ 752,990</u>	<u>\$ 1,477,349</u>	<u>\$ 5,357,707</u>	<u>\$ 650,417</u>	<u>\$ 20,639</u>	<u>\$ 6,028,763</u>

See independent auditors' report and accompanying notes.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	Program services					Supportive services		
	Youth	Family	Coalition development and support	Charter school	Total programs	General and administrative	Fundraising	Total
Salaries and wages	\$ 1,457,988	\$ 109,901	\$ 492,636	\$ 624,287	\$ 2,684,812	\$ 367,329	\$ 3,741	\$ 3,055,882
Employee-related expenses	<u>310,770</u>	<u>22,969</u>	<u>97,400</u>	<u>159,926</u>	<u>591,065</u>	<u>91,714</u>	<u>785</u>	<u>683,564</u>
Total personnel	1,768,758	132,870	590,036	784,213	3,275,877	459,043	4,526	3,739,446
Advertising	1,651	-	894	7,850	10,395	581	12,549	23,525
Contract services	91,129	-	95,182	101,723	288,034	21,181	-	309,215
Depreciation	-	-	-	64,636	64,636	11,061	-	75,697
Insurance	6,322	-	-	13,408	19,730	18,666	-	38,396
Interest	226	-	-	7,835	8,061	-	-	8,061
Licenses, taxes, and fees	5,978	201	1,263	15,765	23,207	9,206	1,500	33,913
Occupancy costs	157,693	13,628	28,799	240,520	440,640	37,336	-	477,976
Miscellaneous expenses	5,432	65	1,297	322	7,116	10,114	506	17,736
Postage	3,451	558	261	-	4,270	3,388	880	8,538
Program supplies	141,139	18,839	69,825	127,243	357,046	2,186	103	359,335
Reproduction	11,028	1,733	6,913	23,078	42,752	4,560	-	47,312
Staff training	13,757	289	13,225	4,409	31,680	3,178	-	34,858
Staff travel	33,547	2,490	23,595	121	59,753	5,119	-	64,872
Subrecipient payments	106,303	-	24,412	-	130,715	-	-	130,715
Supplies and materials	30,907	1,630	22,521	58,894	113,952	20,867	32	134,851
Telephone	<u>32,125</u>	<u>2,889</u>	<u>11,722</u>	<u>7,569</u>	<u>54,305</u>	<u>7,709</u>	<u>-</u>	<u>62,014</u>
Total expenses	<u>\$ 2,409,446</u>	<u>\$ 175,192</u>	<u>\$ 889,945</u>	<u>\$ 1,457,586</u>	<u>\$ 4,932,169</u>	<u>\$ 614,195</u>	<u>\$ 20,096</u>	<u>\$ 5,566,460</u>

See independent auditors' report and accompanying notes.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET CHANGE IN NET ASSETS	\$ 37,659	\$ (30,030)
ADJUSTMENTS TO RECONCILE NET CHANGE IN NET ASSETS TO NET		
CASH USED BY OPERATING ACTIVITIES:		
Depreciation	78,709	75,697
Loss on disposal of fixed assets	39,526	-
Change in accrued interest included in balances of certificates of deposit held at banks	(117)	(417)
Changes in operating assets:		
Government grants receivable	(204,302)	(50,861)
Contracts receivable	2,000	8,577
Prepaid Expenses	40,445	(29,705)
Beneficial interest in funds held by others	(30,000)	-
Changes in operating liabilities:		
Accounts payable	(11,414)	88,450
Accrued expenses	(140,679)	18,615
Conditional contributions refundable	<u>(25,846)</u>	<u>(14,062)</u>
Net cash used by operating activities	(214,019)	66,264
Cash flows from investing activities:		
Purchase of certificates of deposit held at banks	-	(14,441)
Proceeds from sale of property and equipment	42,520	-
Purchase of property and equipment	<u>(44,763)</u>	<u>(10,717)</u>
Net cash used by operating activities	(2,243)	(25,158)
Cash flows from financing activities:		
Principal payments on notes payable	(44,523)	(42,076)
Advance on new note payable	<u>19,704</u>	<u>-</u>
Net cash used by financing activities	<u>(24,819)</u>	<u>(42,076)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(241,081)	(970)
Cash and cash equivalents, beginning of year	<u>609,528</u>	<u>610,498</u>
Cash and cash equivalents, end of year	<u>\$ 368,447</u>	<u>\$ 609,528</u>

See independent auditors' report and accompanying notes.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Arizona Youth Partnership (AZYP) was established in 1990 as an Arizona nonprofit corporation. In May 2011, the organization created a charter school as a separate Arizona nonprofit corporation by the name of Open Doors Community Schools, Inc. (ODCS). The school was opened in August 2013. The two entities are collectively referred to as AZYP/ODCS. AZYP/ODCS's mission is to partner with communities to develop resources to promote the positive growth of their children by providing instruction and activities through delivery of scientifically proven curricula in the areas of community development, substance abuse prevention, healthy relationships, and preventing anti-social behavior. AZYP/ODCS's primary funding is provided by government grants and contracts.

During the year ended June 30, 2022, AZYP/ODCS decided to close Open Doors Community School, Inc. as of the end of the school year. Currently the operations of ODCS are being wrapped up.

AZYP/ODCS administers the following programs:

- Youth: AZYP provides a combination of relationship education, afterschool programs and youth leadership programs. The programs equip youth to focus on setting goals and preventing teen pregnancy, alcohol and substance abuse, and anti-social behavior. Since 1997, AZYP has offered teen pregnancy prevention programs (e.g. curriculum-based instruction, youth development/peer leadership) in Pima County. Over the past 20 years, AZYP has grown the program to serve 14 school districts across nine counties in Arizona with funding from the Arizona Department of Health Services and Federal grants from the Administration of Children and Families.
- Family: AZYP family programs offer practical knowledge, strategies, and attitudes for sustaining positive marriage and family life. The program staff has built relationships with community organizations, the courts, Head Starts, One-Stop Career Centers and school districts across Gila, Pinal, and Pima counties in Arizona. Through funding provided by the Arizona Governor's Office of Children, Youth and Families/Parents Commission, AZYP offers the Strengthening Families program to parents of youth ages 11-14 in six rural and underserved communities in Pima and Mohave Counties.

See independent auditors' report.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Coalition development and support: AZYP has assisted coalitions to obtain resources and facilitate community-wide change. AZYP has developed eight coalitions and mobilized resources to implement and continue their strategic action plans. Since 1995, these community mobilization and resource development strategies have led to the advancement of six successful community coalitions in Ajo, Catalina, Marana, Pascua Yaqui Nation, southern Pima County, and the Tohono O'odham Nation.
- Charter school: ODCS offers education to youth in grades K through 8.

Financial Statement Presentation

The financial statements of AZYP/ODCS have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP). The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. US GAAP requires AZYP/ODCS to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of AZYP/ODCS's management and the board of directors.
- Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, those restrictions will be met by actions of AZYP/ODCS or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Principles of Consolidation

The consolidated financial statements as presented include all accounts of AZYP and ODCS. All significant interorganization accounts and transactions have been eliminated in consolidation.

Contributions, Restricted Revenue, Revenue Recognition, and Conditional Contributions Refundable

Revenue is recognized when earned. Program service fees and payments under cost-reimbursement 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, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Contributions that are restricted by the donor are reported as increases in net assets with 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.

See independent auditors' report.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Restricted Revenue, Revenue Recognition, and Conditional Contributions Refundable (Continued)

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.

Conditional contributions refundable result from payments received in advance on grants that are conditional in nature and for which specific requirements remain. A conditional grant is defined by both the right of return of funds and one or more measurable barriers to entitlement. Conditional contributions are unrecognized initially, in the case of conditional promises to give and conditional grants awarded that have not been funded, until the barriers to entitlement are overcome. At that point, the transaction is determined to be unconditional and recognized as an increase in either net assets with donor restrictions or net assets without donor restrictions, based on the nature of the underlying transaction.

Use of Estimates

The preparation of consolidated 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 as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

AZYP/ODCS considers all cash and highly liquid investments with a purchased maturity of three months or less to be cash equivalents. AZYP/ODCS maintains its cash in bank deposit accounts which, for short periods of time, may exceed federally insured limits. There were no cash balances that exceeded federally insured limits at June 30, 2022.

Certificates of Deposit Held at Banks

Certificates of deposit held at banks consist of one certificate held at a credit union bearing interest of 0.200% and 0.25% at June 30, 2022 and 2021, respectively, with an original maturity of 12 months. Any penalty for early withdrawal would not have a material effect on the financial statements.

Government Grants Receivable and Other Receivables

Grants receivable and other receivables are due within one year of the statement of financial position date, and are stated at unpaid balances. Management considers these receivables to be fully collectible and therefore, no allowance for doubtful accounts has been established.

See independent auditors' report.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost. AZYP/ODCS capitalizes all property and equipment acquisitions in excess of \$1,500 with a useful life of more than one year. In addition, donated property and equipment is reported at the fair value at the date of the gift. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

Donated Goods, Facilities, and Services

Donated goods and facilities are valued at their fair market value. Donated services are recognized in the consolidated financial statements at their fair value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although AZYP/ODCS utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying consolidated financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

Income Tax Status

Arizona Youth Partnership and Open Doors Community School, Inc. are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Arizona Youth Partnership and Open Doors Community School, Inc. qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations other than a private foundation under Section 509(a)(1). Income from certain activities not directly related to Arizona Youth Partnership and Open Doors Community School Inc.'s tax-exempt purpose, however, may be subject to taxation as unrelated business income.

Arizona Youth Partnership and Open Doors Community School, Inc. have not identified any uncertain tax positions that require reporting under U.S. generally accepted accounting principles. AZYP/ODCS would recognize costs related to any such uncertainties as interest expense and penalties in operating expenses. During the years ended June 30, 2022 and 2021, Arizona Youth Partnership and Open Doors Community School, Inc. recognized no such interest or penalties.

Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents expenses by natural classification and by function in a matrix format, as required by generally accepted accounting principles. Certain costs have been allocated between the program services and supporting services.

See independent auditors' report.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

AZYP/ODCS allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification.

Employee related expenses, such as taxes and benefits, are on the basis of time and effort reports. Facility and occupancy costs are allocated based on the full time equivalency of each employee in their specific location.

Advertising

AZYP/ODCS expenses its advertising costs as incurred. Advertising costs for the years ended June 30, 2022 and 2021 were \$42,037 and \$23,525, respectively.

New Accounting Pronouncements

During the year ended June 30, 2021, AZYP/OPDC implemented the provisions of Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) as issued by the Financial Accounting Standards Board (FASB). ASU 2014-09 improved financial reporting by creating common revenue recognition guidance. AZYP/ODCS implemented the provisions of ASU 2014-09 on a retrospective basis, with no impact on net assets, by class or in total, originally reported in any previous accounting period.

Standards updates issued but not effective as of June 30, 2022

- In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among entities by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard will be effective for AZYP/OPCS's financial statement for the year ending June 30, 2023. Management is in the process of determining the effect on the financial statements due to adopting this standard update.
- In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The new standard will be effective for AZYP/ODCS's financial statement for the year ending June 30, 2023. Management is in the process of determining the effect on the financial statements due to adopting this standard update.

Subsequent Events

Management has evaluated subsequent events through November 7, 2022, the date of the financial statements were available to be issued.

See independent auditors' report.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Building improvements	\$ -	\$ 271,012
Equipment	17,000	147,520
Furniture and fixtures	98,273	40,604
Software	-	17,000
Vehicles	<u>78,381</u>	<u>59,162</u>
Total property and equipment	193,654	535,298
Less accumulated depreciation	<u>(129,963)</u>	<u>(355,615)</u>
Total property and equipment, net	<u>\$ 63,691</u>	<u>\$ 179,683</u>

3. CONCENTRATION OF RISK

AZYP/ODCS participates in federal and state assisted grant and contract programs, and a significant reduction in the level of this support, if it were to occur, would have a material effect on its programs, activities, and financial position. The governmental agency funding is also subject to compliance audits. Assessments from such audits, if any, are recorded when the amounts of such assessments are reasonably determinable.

4. NOTES PAYABLE

Notes payable at June 30, 2022 and 2021 consisted of the following:

<u>Note holder</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>Maturity date</u>	<u>Monthly payment</u>	<u>2022</u>	<u>2021</u>
Creditors	5.4%	Vehicle	Dec 2022	\$ 269	\$ -	\$ 3,621
Creditors	2.44%	Vehicle	Feb 2026	\$ 432	18,149	-
Nonprofit loan fund	8%	Assets	June 2023	\$ 3,548	<u>34,754</u>	<u>74,101</u>
					<u>\$ 52,903</u>	<u>\$ 77,722</u>

See independent auditors' report.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

4. NOTES PAYABLE (CONTINUED)

Future consolidated debt maturities at June 30, 2022 were as follows:

Year ending June 30,	2023	\$	39,548
	2024		4,911
	2025		5,033
	2026		<u>3,411</u>
		\$	<u>52,903</u>

The Arizona State Board for Charter Schools (ASBCS) requires charter holders to maintain a lease-adjusted debt ratio of 1.10 or greater, with a ratio of 1.0 or greater defined as approaching the standard. The lease-adjusted debt ratio is calculated as follows:

- Adjusted net income, which is defined as revenues less cash expenses (excluding, for example, noncash depreciation expense) plus interest and facility lease expenses, divided by
- Debt principal plus interest and facility lease expenses

Arizona Youth Partnership closed Open Doors Community School, Inc. during the year ended June 30, 2022, thus this requirement no longer applies. During the year ended June 30, 2021, ODCS, a charter holder with the ASBCS, had a debt ratio of less than 1.0 and was therefore not in compliance with the requirement.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Subject to purpose restrictions		
Starting out Right program	\$ 3,517	\$ 10,864
Car seats	-	1,443
Food	-	4,127
Field project	-	335
Prop 301 funds	4,167	26,240
Help & Hope 4 Youth	17,775	64,387
Text, Talk, Act	13,125	-
Other	<u>12,983</u>	<u>9,060</u>
Total purpose restrictions	<u>\$ 51,567</u>	<u>\$ 116,456</u>

See independent auditors' report.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

5. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Activity in net assets with donor restrictions comprised the following for the year ended June 30, 2022:

	<u>Contributions and grants</u>	<u>Releases</u>
Subject to purpose restrictions		
Starting out Right program	\$ -	\$ (7,346)
Car seats	-	(1,443)
Food	-	(4,127)
Field project	-	(335)
Prop 301 funds	88,748	(110,821)
Help & Hope 4 Youth	348,530	(395,142)
Text, Talk, Act	20,000	(6,875)
Other	<u>27,500</u>	<u>(23,577)</u>
Total purpose restrictions	<u>\$ 484,778</u>	<u>\$ (549,666)</u>

Activity in net assets with donor restrictions comprised the following for the year ended June 30, 2021:

	<u>Contributions and grants</u>	<u>Releases</u>
Subject to purpose restrictions		
Stone Canyon - building futures for families	\$ -	\$ (1,238)
Starting out Right program	10,000	(16,386)
Car seats	-	(1,557)
Food	10,000	(9,984)
Field project	-	(5,961)
Prop 301 funds	69,933	(84,901)
Help & Hope 4 Youth	114,656	(50,269)
Other	<u>17,500</u>	<u>(8,440)</u>
Total purpose restrictions	<u>\$ 222,089</u>	<u>\$ (178,736)</u>

See independent auditors' report.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

6. OPERATING LEASE COMMITMENTS

AZYP/ODCS leases its principal office, school, and program facilities under the terms of operating lease agreements expiring at various times through July 2024. Rent expense for these facilities was \$303,014 and \$409,893 for the years ended June 30, 2022 and 2021, respectively. AZYP/ODCS also leases vehicles with terms ending in October 2022. Vehicle lease expense was \$3,216 and \$6,460 for the years ended June 30, 2022 and 2021, respectively. AZYP/ODCS has also entered into various leases agreements for office equipment expiring at various times through March 2024. Lease expense for office equipment was \$39,486 and \$47,312 for the years ended June 30, 2022 and 2021, respectively. Future minimum lease payments for all operating leases are as follows:

Year Ending June 30,	2023	\$	129,854
	2024		96,193
	2025		<u>8,016</u>
		\$	<u>234,063</u>

7. CONDITIONAL CONTRIBUTIONS REFUNDABLE

AZYP/ODCS's federal awards are considered to be conditional contributions, as the requirement to expend those awards in accordance with the Uniform Guidance or provide unites of service consistent with the terms of the grant agreements are conditions representing measurable barriers to entitlement. Although generally AZYP/ODCS receives funding for these grants after the conditions have already been met, from time to time payments will be received prior to meeting those conditions. Such payments are recorded as conditional contributions refundable when received, and recognized as government grant revenues when the barriers are overcome. Conditional contributions refundable at June 30, 2022 and 2021 were related to advance payments on the following federal awards:

	<u>2022</u>	<u>2021</u>
Education Stabilization Fund	<u>\$ -</u>	<u>\$ 25,846</u>
	<u>\$ -</u>	<u>\$ 25,846</u>

See independent auditors' report.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

8. IN-KIND CONTRIBUTIONS

In-kind contributions totaling \$0 and \$12,719 represented donated space for program activities reported in the statement of functional expenses in occupancy costs for the years ended June 30, 2022 and 2021, respectively.

9. RETIREMENT PLAN

AZYP has a defined contribution 401(k) profit sharing plan that all AZYP/ODCS employees who are 21 years of age or older and have completed three consecutive months of service. Employees may contribute an amount up to the annual IRS limits. AZYP/ODCS matches the percentages the employee contributes per pay period up to 3% of compensation. Retirement plan contributions made by AZYP/ODCS were \$81,893 and \$74,506 for the years ended June 30, 2022 and 2021, respectively.

10. LIQUIDITY AND AVAILABILITY

AZYP/ODCS regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. AZYP/ODCS strives to maintain current financial assets less current liabilities at a minimum of 60 days of operating expenses. AZYP/ODCS manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long term obligations will be discharged. Financial assets available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follows as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 368,447	\$ 609,528
Certificates of deposit held at banks	50,158	50,041
Grants and contract receivables	728,075	523,773
Other receivables	<u>-</u>	<u>2,000</u>
Total financial assets	<u>1,146,680</u>	<u>1,185,342</u>
Less liabilities and conditions limiting the use of financial assets:		
Accounts payable	(138,999)	(150,413)
Accrued expenses	(38,964)	(179,643)
Notes payable	(52,903)	(77,722)
Conditional contributions refundable	-	(25,846)
Limitations making financial assets unavailable for general expenditures within one year:		
Net assets with donor restrictions	<u>(51,576)</u>	<u>(116,456)</u>
Total liabilities and limitations on financial assets	(282,442)	(550,080)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 864,238</u>	<u>\$ 635,262</u>

See independent auditors' report.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

11. REVENUE FROM CONTRACTS WITH CUSTOMERS

Management has assessed recognition of each type of revenue generated by AZYP/ODCS, as described below:

- Recognized at a point in time
 - Special event revenues are recognized at the time that the event occurs.
- Recognized through performance activities
 - Revenue generated by contract revenue and program fees create obligations that are satisfied by performance of specific activities. These activities are satisfied on an ongoing basis.

Revenue from contracts with customers consisted of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Recognized by:		
Point in time		
Special events	\$ -	\$ 6,222
Performance activity:		
Contract revenue	214,042	472,746
Program fees	<u>2,969</u>	<u>23,697</u>
Total revenue from contracts with customers	<u>\$ 217,011</u>	<u>\$ 502,665</u>

There were no outstanding performance obligations at either June 30, 2022 or 2021. AZYP/ODCS had no contract assets related to revenue from contracts with customers at either June 30, 2022 or 2020.

See independent auditors' report.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

12. FAIR VALUE MEASUREMENTS

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

- Level 1 inputs. A quoted price in an active market for an identical asset or liability is considered to be the most reliable of fair value. AZYP does not utilize Level 1 inputs.
- Level 2 inputs. These are observable inputs, either directly or indirectly, other than quoted prices included within Level 1. AZYP 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.

During the year ended June 30, 2022, AZYP transferred \$30,000 to the Jewish Community Foundation of Southern Arizona (JCF) for a scholarship fund. JCF controls the investment decisions related to that fund, and also controls the spending of the fund. AZYP uses the fund statements provided by JCF to adjust the value of the beneficial funds held by others. Based on this, the fair value of the funds held by JCF are based on Level 3 inputs. The value of the fund as of June 30, 2022 was \$30,000.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
For the Year Ended June 30, 2022

ASSETS				
	Arizona Youth Partnership	Open Doors Community School	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 209,366	\$ 159,081	\$ -	\$ 368,447
Certificates of deposit held at banks	50,158	-	-	50,158
Government grants receivable	608,198	119,877	-	728,075
Prepaid expenses and deposits	22,199	3,621	-	25,820
Due from a related entity	-	-	-	-
Beneficial interest in assets held by others	30,000	-	-	30,000
Property and equipment, net	<u>63,691</u>	<u>-</u>	<u>-</u>	<u>63,691</u>
TOTAL ASSETS	<u>\$ 983,612</u>	<u>\$ 282,579</u>	<u>\$ -</u>	<u>\$ 1,266,191</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 109,921	\$ 29,078	\$ -	\$ 138,999
Accrued expenses	38,964	-	-	38,964
Due to a related entity	-	-	-	-
Notes payable	<u>18,149</u>	<u>34,754</u>	<u>-</u>	<u>52,903</u>
TOTAL LIABILITIES	167,034	63,832	-	230,866
NET ASSETS				
Without donor restrictions				
Undesignated	758,390	214,580	-	972,970
Expended on property and equipment	<u>10,788</u>	<u>-</u>	<u>-</u>	<u>10,788</u>
	769,178	214,580	-	983,758
With donor restrictions for purpose	<u>47,400</u>	<u>4,167</u>	<u>-</u>	<u>51,567</u>
TOTAL NET ASSETS	<u>816,578</u>	<u>218,747</u>	<u>-</u>	<u>1,035,325</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 983,612</u>	<u>\$ 282,579</u>	<u>\$ -</u>	<u>\$ 1,266,191</u>

See independent auditors' report and accompanying notes.

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2022

	Arizona Youth Partnership	Open Doors Community School	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Support and revenues:				
Governmental grants	\$ 3,755,002	\$ 1,490,796	\$ -	\$ 5,245,798
Contract revenue	214,042	-	-	214,042
Contributions	144,366	10,890	-	155,256
In-kind contributions	-	-	-	-
Program fees	-	2,969	-	2,969
Special events	-	-	-	-
Miscellaneous	334	2,765	-	3,099
Net assets released from donor restriction	<u>415,884</u>	<u>111,156</u>	<u>-</u>	<u>527,040</u>
Total support and revenue	4,529,628	1,618,576	-	6,148,204
Expenses:				
Salaries and wages	2,525,871	677,995	-	3,203,866
Employee-related expenses	464,025	111,470	-	575,495
Advertising	22,463	19,574	-	42,037
Contract services	387,297	174,935	-	562,232
Depreciation	14,511	64,198	-	78,709
Insurance	25,165	17,126	-	42,291
Interest	67	3,315	-	3,382
Licenses, taxes, and fees	16,788	11,561	-	28,349
Occupancy costs	251,730	131,446	-	383,176
Miscellaneous expenses	29,069	239	-	29,308
Postage	7,747	-	-	7,747
Program supplies	349,966	168,491	-	518,457
Reproduction	22,828	16,658	-	39,486
Staff training	35,941	15,011	-	50,952
Staff travel	142,243	2,404	-	144,647
Subrecipient payments	148,655	-	-	148,655
Supplies and materials	78,438	55,171	-	133,609
Telephone	<u>28,603</u>	<u>7,756</u>	<u>-</u>	<u>36,359</u>
Total expenses	<u>4,551,407</u>	<u>1,477,350</u>	<u>-</u>	<u>6,028,757</u>
	(21,779)	141,226	-	119,447
Gain (Loss) on disposal of property and equipment	<u>-</u>	<u>(39,526)</u>	<u>-</u>	<u>(39,526)</u>
Change in net assets without donor restrictions	(21,779)	101,700	-	79,921
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions and grants	396,030	88,748	-	484,778
Net assets released from donor restriction	<u>(415,884)</u>	<u>(111,156)</u>	<u>-</u>	<u>(527,040)</u>
Change in net assets with donor restrictions	<u>(19,854)</u>	<u>(22,408)</u>	<u>-</u>	<u>(42,262)</u>
CHANGE IN NET ASSETS	(41,633)	79,292	-	37,659
Net assets, beginning of year	<u>858,211</u>	<u>139,455</u>	<u>-</u>	<u>997,666</u>
Net assets, end of year	<u>\$ 816,578</u>	<u>\$ 218,747</u>	<u>\$ -</u>	<u>\$ 1,035,325</u>

See independent auditors' report and accompanying notes.

SCHEDULES AND REPORTS REQUIRED BY THE UNIFORM GUIDANCE

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Grantor's Identifying Number	Passed through to subrecipients	Federal Expenditures	Other Expenditures
Highway Safety cluster					
U.S. Department of Transportation					
<i>Passed through State of Arizona Governor's Office of Highway Safety</i>					
National Priority Safety Program	20.616	2019-405d-002	\$ -	\$ 2,817	\$ -
<i>Total AL 20.616, total Highway Safety Cluster and Total U.S. Department of Transportation programs</i>			-	2,817	-
U.S. Department of Education					
<i>Passed through Arizona Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010A	22FETSIG-110614- 01A	-	49,685	-
<i>Total AL number 84.010A</i>			-	49,685	-
Special Education Cluster (IDEA) -					
Special Education Grants to States	84.027A	21FESCBG- 110614-09A	-	19,100	-
Improving Teacher Quality State Grants	84.367A	Title II	-	5,122	-
Student Support and Academic Enrichment	84.424A	Title IV	-	9,540	-
<i>Total Special Education Cluster</i>			-	33,762	-
Education Stabilization Fund	84.425	ESR I	-	4,079	-
Education Stabilization Fund	84.425	ESR II	-	135,842	-
Education Stabilization Fund	84.425	ESR III	-	319,900	-
<i>Total AL number 84.425 and Total Education Stabilization Fund</i>			-	459,821	-
Total U.S. Department of Education programs			\$ -	\$ 543,268	\$ -

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grantor's Identifying Number</u>	<u>Passed through to subrecipients</u>	<u>Federal Expenditures</u>	<u>Other Expenditures</u>
U.S. Department of Health and Human Services					
<i>Direct funding:</i>					
Sexual Risk Avoidance Education	93.060	90SR008801	\$ -	\$ 329,170	\$ -
<i>Passed through Pima Prevention Partnership -</i>					
Sexual Risk Avoidance Education	93.060		-	-	209,819
Total AL number 93.060			-	329,170	209,819
<i>Passed through Arizona Department of Health Services -</i>					
Affordable Care Act Personal Responsibility Education Program	93.092	CTR038007	-	106,368	-
Affordable Care Act Personal Responsibility Education Program	93.092	CTR038007	-	25,007	-
Affordable Care Act Personal Responsibility Education Program	93.092	CTR038007	-	50,959	-
Total AL number 93.092			-	182,334	-
<i>Passed through Arizona Family Health Partnership -</i>					
Family Planning Services	93.217		-	30,000	-
<i>Passed through Arizona Department of Health Services</i>					
Affordable Care Act Abstinence Education Program	93.235	RFGA2021-01-03	-	250,637	-
<i>Direct funding:</i>					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM081039-01	8,867	24,352	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	17SP22021A	-	12,620	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	19SP81715A	-	230,013	-
<i>Passed through State of Arizona Governor's Office of Youth, Faith, and Family</i>					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	PFS-DSG-19-080119	-	117,080	-
Total AL number 93.243			8,867	384,065	-

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Grantor's Identifying Number	Passed through to subrecipients	Federal Expenditures	Other Expenditures
Substance Abuse and Mental Health Services - Opioid STR	93.788	SOR-DSG-19- 080119	-	15,964	-
Substance Abuse and Mental Health Services - Opioid STR	93.788	SOR-YH22-0033	-	36,655	-
<i>Passed through MatForce-</i> Substance Abuse and Mental Health Services - Opioid STR	93.788	MOU	-	18,785	-
<i>Passed through Arizona Health Care Cost Containment Services -</i> Substance Abuse and Mental Health Services -SABG	93.788	YH21-0003	-	115,448	-
<i>Total AL number 93.788</i>			-	186,852	-
<i>Direct funding:</i> Drug-Free Communities Support Program Grants	93.276	1H79SP080661	-	135,491	-
Drug-Free Communities Support Program Grants	93.276	21NH28CE00295 3	-	141,457	-
<i>Total AL number 93.276</i>			-	276,948	-
Transitional Living for Homeless Youth	93.550	90CX7320	-	202,100	-
COVID-19: Transitional Living for Homeless Youth	93.550	90CX7320	-	24,988	-
Transitional Living for Homeless Youth	93.550	90CY7337	-	53,850	-
<i>Total AL number 93.550</i>			-	280,938	-
Basic Center Grant	93.623	90CY7029-01	-	64,700	-
Basic Center Grant	93.623	90CY7029-02	-	176,464	-
Basic Center Grant	93.623	90CY7336-01	-	99,097	-
Basic Center Grant	93.623	90CY7336-02	-	133,255	-
Basic Center Grant	93.623	90CY7336	-	4,492	-
<i>Total AL number 93.623</i>			-	478,008	-
<i>Passed through Arizona Department of Health Services -</i> Preventive Health and Health Services Block Grant	93.991	RFGA2020	-	51,066	-
<i>Total U.S. Department of Health and Human Services programs</i>			\$ 8,867	\$ 2,450,018	\$ 209,819

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Grantor's Identifying Number	Passed through to subrecipients	Federal Expenditures	Other Expenditures
U.S. Department of Justice					
<i>Direct funding:</i>					
Services for Trafficking Victims	16.320	VT-BX-0099	\$ -	\$ 109,299	\$ -
Opioid Affected Youth Initiative	16.842	2020YB-FX-0013	-	226,038	-
<i>Passed through State of Arizona Governor's Office for Youth, Faith, and Family - Juvenile Justice and Delinquency Prevention</i>					
	16.540	J2-CSG-18- 100118-01	-	92,538	-
<i>Total U.S. Department of Justice programs</i>			\$ -	\$ 427,875	\$ -
Other governmental awards					
<i>Arizona Department of Health Services:</i>					
State Lottery-Abstinence Education	N/A	CTR046753	\$ -	\$ -	\$ 100,053
First Things First	N/A	FTF-RC004-19- 0618	-	-	142,279
Family Health Pilot Program	N/A	CTR057940	-	-	317,110
			-	-	559,442
<i>State of Arizona Governor's Office for Youth, Faith, and Family</i>					
Strengthening Families Project	N/A	PC-DSG-16- 070119-02	-	-	143,494
Child Abuse Prevention	N/A	LP-DSG-20- 101020	-	-	28,096
Trauma Informed Prevention	N/A	SABG-DSG-20- 100120	-	-	101,870
			-	-	273,460
<i>Arizona Department of Education</i>					
Equalization	N/A	N/A	-	-	776,893
Instructional Improvement Fund	N/A	N/A	-	-	3,412
Prop 123	N/A	N/A	-	-	3,409
Prop 301 Classroom Site Fund	N/A	N/A	-	-	88,748
			-	-	872,462
<i>Total other governmental awards</i>			\$ -	\$ -	\$ 1,705,364
TOTAL EXPENDITURES			\$ 8,867	\$ 3,423,978	\$ 1,915,183

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and other governmental awards (the Schedule) includes the federal grant activity of Arizona Youth Partnership and Open Doors Community School, Inc. under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Uniform Grant Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Arizona Youth Partnership and Open Doors Community School, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Arizona Youth Partnership and Open Doors Community School, Inc. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the 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. 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. Arizona Youth Partnership and Open Doors Community School, Inc. have not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



Beasley, Mitchell & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' 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

To the Board of Directors
Arizona Youth Partnership and Open Doors Community School, Inc.
Tucson, Arizona

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 consolidated financial statements of Arizona Youth Partnership and Open Doors Community School, Inc. (Arizona nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 7, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Arizona Youth Partnership and Open Doors Community School, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Arizona Youth Partnership and Open Doors Community School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Arizona Youth Partnership and Open Doors Community School, 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 a 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 Arizona Youth Partnership and Open Doors Community School, Inc.'s consolidated 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 determination of consolidated financial statement amounts. 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 is 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.

Beasley, Mitchell & Co., LLP
Tucson, Arizona
November 7, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Arizona Youth Partnership and Open Doors Community School, Inc.
Tucson, Arizona

Report on Compliance for Each Major Federal Program *Opinion on Each Major Federal Program*

We have audited Arizona Youth Partnership and Open Doors Community School, 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 Arizona Youth Partnership and Open Doors Community School, Inc.'s major federal programs for the year ended June 30, 2022. Arizona Youth Partnership and Open Doors Community School, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Arizona Youth Partnership and Open Doors Community School, Inc. complied, in all material respects, with the types of 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, 2022.

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; the standards applicable to financial assets contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Arizona Youth Partnership and Open Doors Community School, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe 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 Arizona Youth Partnership and Open Doors Community School, 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 Arizona Youth Partnership and Open Doors Community School, Inc.'s federal programs.

Auditors' 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 Arizona Youth Partnership and Open Doors Community School, 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 generally accepted auditing standards, 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 Arizona Youth Partnership and Open Doors Community School, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, 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 Arizona Youth Partnership and Open Doors Community School, 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 Arizona Youth Partnership and Open Doors Community School, 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Arizona Youth Partnership and Open Doors Community School, 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.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Arizona Youth Partnership and Open Doors Community School, Inc.'s compliance.

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 first Auditors' 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. 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 have not been 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.

Beasley, Mitchell & Co. LLP

Beasley, Mitchell & Co., LLP

Tucson, Arizona

November 7, 2022

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Type of auditors' report issued: Unmodified

Internal control over major programs

- Material weakness (es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No

Type of auditors' report issued on compliance with major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Grant Guidance? No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.235	Affordable Care Act Abstinence Education Program
93.623	Basic Center Grant
93.623	COVID-19 Basic Center Grant

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

Auditee qualified as low-risk auditee Yes

ARIZONA YOUTH PARTNERSHIP AND OPEN DOORS COMMUNITY SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS:

None

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS:

None