JOBS FOR NEVADA'S GRADUATES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017

ELLSWORTH • STOUT

CPAs and Consultants

JOBS FOR NEVADA'S GRADUATES, INC.
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Independent Auditor's Report

To the Board of Directors
Jobs for Nevada's Graduates, Inc.
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Jobs for Nevada's Graduates, Inc. (the Organization), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities and each major fund of Jobs for Nevada's Graduates, Inc., as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2017, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 the Organization's internal control over financial reporting and compliance.

Ellsworth & Stout, LLC

Las Vegas, Nevada
October 2, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Jobs for Nevada's Graduates, Inc. provides an overview of the Organization's financial activities for the year ended June 30, 2017. As management of Jobs for Nevada's Graduates, Inc. (the Organization), we encourage readers to consider the information presented here in conjunction with the financial statements and notes. This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Organization as a whole and present a longer-term view of the Organization's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the Organization's operations in more detail than the government-wide statements.

Financial Highlights

The Organization's net position totals $55,183. Assets consist of cash of $111,892, grants receivable of $482,642, prepaid expenses of $5,165, and other current assets of $3,378. Total revenue is $4,523,478, which includes $3,667,649 from State grants and $75,000 from Federal grants used for expenditures incurred during the fiscal year.

Overview of the Financial Statements

The Organization's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and the accompanying notes to the financial statements.

Government- Wide Financial Statements:
The government-wide financial statements are designed to provide readers with a broad overview of the Organization's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Organization's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Organization is improving or deteriorating.

The statement of activities presents information showing how the Organization's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements:
A fund is established to account for a specific activity or purpose. The Organization only has governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the governmental fund financial statements focus on near-term spendable resources, and the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two is provided following the fund financial statement's balance sheet and statement of revenues, expenditures and changes in fund balances, respectively.

Overview of the Financial Statements (continued)

Notes to the Basic Financial Statements:
The notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements and should be read with the financial statements.

The Organization as a whole

One important question asked about the Organization's finances is: "Is the Organization better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is the basis of accounting used by most private-sector companies.

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the Organization's financial health is improving or deteriorating. However, consideration should be given to other non-financial factors in making an assessment of the Organization's health, such as assurances from the Office of the Governor that Jobs for Nevada's Graduates, Inc. (JAG Nevada) will be incorporated into the Governor's proposed budget for the next biennium (2018-2019), the success of efforts to raise additional funds from private sources, the ongoing demonstrated success of the program model, and changes in the economy to assess the overall health of the Organization.

The Organization's net position was as follows:

	2017	2016	Change	Percentage
Current assets	$ 603,077	$ 410,043	$ 193,034	47%
Capital assets-net	-	3,665	(3,665)	-100%
Total assets	603,077	413,708	189,369	46%
Current liabilities	547,894	438,748	109,146	25%
Total liabilities	547,894	438,748	109,146	25%
Net position	$ 55,183	$ (25,040)	$ 80,223	-320%

JAG Nevada continued to operate with 54 programs throughout the State of Nevada. We continue to operate on a reimbursement basis with government grants from the State of Nevada. We began our transition from a dual employment model by hiring all new staff as JAG Nevada employees regardless of the school district we served. In prior years we had some JAG specialists employed by the school districts and some employed by JAG itself. We were working toward a single employment model to be in full effect in fiscal year 2018 when all specialists will be employed by JAG Nevada. We were able to seek a fee for service funding source through the State of Nevada Bureau of Vocational Rehabilitation to provide Pre-employment Transition Services to students with disabilities which was a service we were already providing using the JAG curriculum. This fee for service model improved our net position. We have a contract to provide this service through January 2021.

The Organization as a whole – continued

	2017	2016	Change	Percentage
Revenue				
State sources	$ 3,667,649	$ 2,263,944	$ 1,403,705	62%
Federal sources	75,000	100,241	(25,241)	100%
Other sources	780,829	577,587	203,242	35%
Total revenue	$ 4,523,478	$ 2,941,772	$ 1,581,706	54%

JAG Nevada received the largest portion of its revenues from State sources. Primarily, the State sources included funding from the Nevada Department of Education (NDE) for a total of $3,339,000. The Organization also received a Federal grant passed through NevadaWorks, a State agency, for $75,000. JAG Nevada received $780,829 in revenues from other sources, including funding from USA Funds; AT&T; Clark County School District, Department of Employment, Training & Rehabilitation; and Clark County Outside Agency Funds. The funding received from the agencies listed above with the exception of USA Funds were received to launch a national demonstration project in four high schools in North Las Vegas. The concept was to have more than one program in each of the high schools and study the effects of the program to see if the impact was enough to move the needles in the selected community of North Las Vegas in the areas of incarceration, TANF, Welfare and graduation rates. Funds from NevadaWorks originated from the Workforce Investment Opportunity Act (WIOA) funds for in-school youth, and were appropriated for two high schools in Washoe County. Finally, USA Funds revenues were appropriated for expenditure in Clark County, Nevada and increased from $500,000 in fiscal year 2016 to $522,000 in fiscal year 2017. This increase in funding received from NDE and USA Funds was to meet the strategic goals of the organization to increase to 54 programs in fiscal year 2017 which resulted in the significant increase in revenue.

The Organization as a whole – continued

The Organization's expenditures were as follows:

	2017	2016	Change	Percentage
Salaries and wages	2,978,124	2,019,617	$ 958,507	
Employee benefits	502,558	462,555	40,003	
Student services	284,580	206,071	78,509	
Travel	193,197	49,970	143,227	
Professional services	186,977	44,134	142,843	
Insurance	94,268	44,614	49,654	
Office expense	56,958	27,839	29,119	
Education and Training	47,650	22,971	24,679	
Rent expense	45,106	11,475	33,631	
Dues and subscriptions	30,446	29,190	1,256	
Communications	11,023	8,077	2,946	
Miscellaneous expenses	8,672	6,364	2,308	
Depreciation	3,665	3,665	-	
Interest expense	31	-	31	
Total expenses	$ 4,443,255	$ 2,936,542	$ 1,506,713	51%

During fiscal year 2017, the JAG program stabilized growth with 54 programs in 41 high schools and began to build some infrastructure. We hired two additional coordinators who provided support to the specialists in the schools and a Regional Director in Reno and one in Las Vegas to provide support to the Executive Director and coordinators to strengthen and educate the communities and school administration about the JAG Program. As part of our strategic plan it was time to look at diversifying funding, and to that end we hired a fundraising consultant and engaged a public relations firm to begin educating and reaching out to the public for prospective donors and other sources of funding. Strategically, the agency began to move towards the goal of a single employment model aimed at achieving our goal of 100% by fiscal year 2018. This will mean that all specialists would now be employed by JAG Nevada and the organization would no longer reimburse the school districts. In fiscal year 2017, the organization served over 3000 students statewide.

Government – Wide Financial Analysis

The following analysis has been prepared comparing the results for the fiscal year ending June 30, 2017 to the Final Organization budget:

Jobs for Nevada's Graduates, Inc.
Budget Comparison Schedule (Unaudited)
Government-Wide
For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Favorable / (Unfavorable)
REVENUE			
State revenue sources	$ 5,081,243	$ 3,667,649	$ (1,413,594)
Federal revenue sources	-	75,000	75,000
Local revenue sources	-	780,829	780,829
Total revenue	5,081,243	4,523,478	(557,765)
EXPENDITURES			
Salaries and wages	3,353,340	2,978,124	375,216
Employee benefits	518,609	502,558	16,051
Student services	269,439	284,580	(15,141)
Travel	186,325	193,197	(6,872)
Professional services	219,809	186,977	32,832
Insurance	94,450	94,268	182
Office expense	226,910	56,958	169,952
Education and training	86,740	47,650	39,090
Rent expense	27,690	45,106	(17,416)
Dues and subscriptions	59,500	30,446	29,054
Communications	29,829	11,023	18,806
Miscellaneous expenses	8,602	8,672	(70)
Depreciation Expense	-	3,665	(3,665)
Interest expense	-	31	(31)
Total expenditures	5,081,243	4,443,255	637,988
Excess (Deficiency) of Revenue Over Expenditures	-	80,223	80,223
FUND BALANCE, beginning of year	(25,040)	(25,040)	-
FUND BALANCE, end of year	$ (25,040)	$ 55,183	$ 80,223

JAG Nevada used estimates to prepare the budget for fiscal year 2017 since the growth continues to hamper the ability to use historical costs for preparation of the budget. The organization continues to find qualified staff at the lower end of our salary scale and keep the level of benefits previously offered. JAG Nevada specialists are now aware of the supportive services that are offered to our participants. This is reflected in the overage in the program services. Overall, JAG Nevada continues to operate in an efficient manner with respect to the budget and its program participants.

Request for information

The financial report is designed to provide a general overview of the Organization's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Jobs for Nevada's Graduates, Inc. at 6375 W Charleston Blvd Building L Ste. L-165, Las Vegas, NV, and telephone number (702) 410-8078.

BASIC FINANCIAL STATEMENTS

Jobs for Nevada's Graduates, Inc.
Statement of Net Position
June 30, 2017

ASSETS		
Current assets:		
Cash	$	111,892
Receivables		482,642
Prepaid expense		5,165
Other current assets		3,378
Total current assets		603,077
Total assets	$	603,077
LIABILITIES		
Current liabilities:		
Accounts payable		238,653
Accrued payroll and benefits		221,636
Grants received in advance, current		61,879
Line of credit payable		10,272
Other current liabilities		15,454
Total current liabilities		547,894
NET POSITION		
Invested in capital assets, net of debt		-
Unrestricted		55,183
Total net position	$	55,183

The accompanying notes are an integral part of these financial statements.

Jobs for Nevada's Graduates, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Governmental Activities
GOVERNMENTAL ACTIVITIES	
Salaries and wages	$ 2,978,124
Employee benefits	502,558
Student services	284,580
Travel	193,197
Professional services	186,977
Insurance	94,268
Office expense	56,958
Education and training	47,650
Rent expense	45,106
Dues and subscriptions	30,446
Communications	11,023
Miscellaneous expenses	8,672
Depreciation	3,665
Interest expense	31
Total expenditures from governmental activities	4,443,255
GENERAL REVENUE	
State sources	3,667,649
Federal sources	75,000
Other sources	780,829
Total general revenue	4,523,478
CHANGE IN NET POSITION	80,223
NET POSITION, Beginning of Year	(25,040)
NET POSITION, End of Year	$ 55,183

The accompanying notes are an integral part of these financial statements.

Jobs for Nevada's Graduates, Inc.
Balance Sheet - Governmental Funds
June 30, 2017

	General Fund
ASSETS	
Cash	$ 111,892
Receivables	482,642
Prepaid expense	5,165
Other current assets	3,378
Total assets	$ 603,077
LIABILITIES	
Accounts payable	$ 238,653
Accrued payroll and benefits	221,636
Line of credit payable	10,272
Other current liabilities	15,454
Total liabilities	486,015
FUND BALANCES	
Nonspendable:	
Prepaid expenses	5,165
Unassigned	111,897
Total fund balances	117,062
Total liabilities and fund balances	$ 603,077

The accompanying notes are an integral part of these financial statements.

Jobs for Nevada's Graduates, Inc.
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2017

Total Fund Balances - Governmental Funds	$	117,062
Amounts reported for governmental activities in the statement of net position are different because:		
Grants received in advance are not recognized as revenue until expenses have been incurred.		
Grants received in advance, current		(61,879)
Total Net Position - Governmental Activities	$	55,183

The accompanying notes are an integral part of these financial statements.

Jobs for Nevada's Graduates, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General Fund
REVENUES	
State sources	$ 3,667,649
Federal sources	75,000
Other sources	657,138
Total revenues	4,399,787
EXPENDITURES	
Salaries and wages	2,978,124
Employee benefits	502,558
Student services	284,580
Travel	193,197
Professional services	186,977
Insurance	94,268
Office expense	56,958
Education and training	47,650
Rent expense	45,106
Dues and subscriptions	30,446
Communications	11,023
Miscellaneous expenses	8,672
Interest expense	31
Total expenditures	4,439,590
NET CHANGES IN FUND BALANCES	(39,803)
FUND BALANCES, Beginning of Year	156,865
FUND BALANCES, End of Year	$ 117,062

The accompanying notes are an integral part of these financial statements.

Jobs for Nevada's Graduates, Inc.
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balances - Governmental Funds	$ (39,803)
Amounts reported for governmental activities in the statement of activities are different because:	
The acquisition of capital assets are reported in the governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net position and are allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount that the current year's depreciation expenses exceeded the capital asset purchases in the current period.	
Current year depreciation	(3,665)
Grants received in advance reflect funds received and available for use. and therefore is included in revenue of the governmental funds.	
Grants received in advance in the prior year	185,570
Grants received in advance in the current year	(61,879)
Change in Net Position of Governmental Activities	$ 80,223

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND CHARTER

Jobs for Nevada's Graduates, Inc. (Organization) is a private non-profit governmental agency in the State of Nevada, established in 2013 at the request of the Nevada Governor's Office. The Organization's mission is to graduate every student entrusted in their care from high school and set them on a path to higher education, a career, or both. The Organization receives funding from state and other local sources and must comply with the requirements of these funding sources.

The Organization is a local chapter of their national affiliate Jobs for America's Graduates (JAG). The JAG multi-year program is a highly effective, data-driven model that raises graduation rates and prepares participants by honing their work readiness skills. JAG students graduate at higher rates than their peers and are exceptionally prepared with a tool box of workplace skills that lead to success at work, in postsecondary education, and/or the military.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jobs for Nevada's Graduates, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

Reporting Entity

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the Organization. The Organization is governed by the Board of Directors (Board), who were appointed by the Nevada Governor's Office. The Board is legally separate and fiscally independent from other governing bodies; therefore, the Organization is a primary government and the Organization is not reported as a component unit by any other government unit. The accounting policies of the Organization conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

Basis of Presentation: Government-wide and Fund Financial Statements

The accompanying financial statements have been prepared in accordance with GASB Codification, Section 2200 (previously referred to as GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB 34)).

The Organization's basic financial statements consist of both government-wide financial statements and fund financial statements. Accounting principles generally accepted in the United States of America require the Organization to apply all applicable pronouncements of GASB. The Organization also follows guidance issued by the Financial Accounting Standards Board (FASB) in the Accounting Standard Codification (ASC) to the extent that the pronouncements do not conflict with pronouncements issued by GASB.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The statement of activities presents a comparison between direct expenses and program revenue for each function of the Organization's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. The Organization does not charge indirect expenses to programs or functions. Program revenues include grants and contributions that are either restricted to meeting the operational or capital requirements of a particular program or function, or received through the operations of a specific program. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

The major governmental funds are reported as separate columns in the fund financial statements, as applicable. This requires each fund be treated as a separate accounting entity and that the operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the Organization has been notified that the funds are available to be received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measureable" means that the amount of the transaction can be determined. "Available" means that the amount is collectible within the current period or soon enough thereafter to pay liabilities incurred in the current period. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is for payments of principal and interest on debt service or capital leases, which are recorded when payment is due.

All of the Organization's funds are governmental funds. The Organization reports the following major governmental fund:

> ***General Fund*:** The Organization's general operating fund used to account for all financial resources and costs of operations traditionally associated with governments, which are not required to be accounted for in other funds.

Cash and Investments

The Organization defines cash and cash equivalents as cash and short-term investments with an initial maturity of three months or less.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements. Prepaid expenses are equally offset by a fund balance classification indicating they are *"non-spendable"*.

Receivables

Receivables include amounts spent under reimbursable grant arrangements and due from the respective grantors. The Organization considers the balance of receivables to be fully-collectible; accordingly, an allowance for uncollectible accounts has not been recorded.

Capital Assets

Capital assets are defined by the Organization as assets with an initial individual cost exceeding $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or an estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value on the date of donation. Costs of normal repair or maintenance that do not add value or materially extend asset life are not capitalized. Depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

Capital Asset Type	Years
Office equipment	3 years

Accrued Salaries and Benefits

Employee compensation earned but not paid by June 30, 2017, has been accrued as liabilities and shown as expenses for the current year.

Net position and Fund balance

In the government-wide financial statements, net position is classified into three components, as applicable:

Invested in Capital Assets, Net of Related Debt: This is the component of net position that reports the difference between the capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This is the component of net position that reports the constraints placed on the use of assets by constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws and regulations of other governments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position and Fund balance (continued)

Unrestricted Net Position: All other assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net position".

In the fund financial statements, the classifications of fund balance represent amounts that are not subject to appropriation or are legally segregated for a specific purpose. GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications or reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable fund balance: These items are legally or contractually required to be maintained intact and are not in a spendable form, such as prepaid expenses.

Restricted fund balance: These amounts are restricted for use toward a specific purpose by constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balance: These amounts can only be used for specific purposes as set forth by the Organization Board. The Board must take formal action, prior to the end of the reporting period, in order to establish an ending fund balance commitment for any specific purpose. Formal Board action is also required to modify or rescind an established commitment.

Assigned fund balance: Assignments are neither restrictions nor commitments, and represent the Organization's intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the Organization's ending fund balance. The Organization Board and Management have the responsibility of assigning amounts of ending fund balance.

Unassigned fund balance: The residual classification for the General Fund that is available to spend.

When an expenditure is incurred, and both restricted and unrestricted resources are available, the portion of the fund balance that was restricted for purposes shall be reduced first. If no restricted resources exist, then the unrestricted fund balance shall be reduced. Furthermore, when an expenditure is incurred for purposes which amounts of committed, assigned, or unassigned are considered to have been spent, and any of these unrestricted fund balance classifications could be used, they are considered spent in the above order.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, assumptions, and judgments that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets from governmental activities for the year ended June 30, 2017 is as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Cost of assets				
Furniture and equipment	$ 10,995	$ -	$ -	$ 10,995
Accumulated depreciation				
Furniture and equipment	(7,330)	(3,665)	-	(10,995)
	$ 3,665	$ (3,665)	$ -	$ -

Depreciation expense for the year ended June 30, 2017 was $3,665.

NOTE 4 – RELATED PARTIES AND CONDITIONAL PROMISE TO GIVE

The Organization is a local chapter of a national affiliate; therefore, transactions between the Organization and the national affiliate represent related party transactions. For the year ended June 30, 2017, the Organization paid $28,941 in annual dues to their national affiliate and $13,075 to register for an annual conference.

In addition, the Organization has received a grant totaling $1,250,000 to be paid in semi-annual installments which are being passed through the national affiliate. Receipt of funding of this pass-through grant is conditional upon the national affiliate receiving funding from the primary grantor and upon certain conditions being met related to objectives of the grant in accordance with the grant agreement. The remaining funding was made available in two payments of $250,000, for a total of $500,000 during the fiscal year ending June 30, 2017.

The Organization also received a separate grant award from the national affiliate totaling $450,000. The first two payments were received for $150,000 in 2016 with an additional amount due in amounts of $150,000 each July 1st for the next two years.

NOTE 5 – DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization offers a 403(b) retirement plan to its employees administered by a third party provider. Employees are eligible and automatically enrolled at a contribution rate of three percent. The employer matches employee contributions for employees with at least one year of service at a rate of two-thirds of employee contributions up to three percent. For the year ended June 30, 2017, the Organization paid $19,123 in matching contributions to the plan.

NOTE 6 – COMPLIANCE WITH NEVADA REVISED STATUES AND NEVADA ADMINISTRATIVE CODE

The Organization conformed to all significant statutory constraints of the financial administration during the fiscal year.

NOTE 7 – LINE OF CREDIT

The Organization has a revolving line of credit with a limit of $25,000. As of June 30, 2017, $10,272 was used. Bank advances on the credit line are payable on demand and carried an interest rate of prime plus 5.75% as of year-end. The credit line is secured by the assets of the Organization.

NOTE 8 – LEASES

The Organization was party to three non-cancelable lease agreements for office space during the fiscal year ended June 30, 2017. The non-cancelable operating leases have terms ranging from 10 months to 5 years, with rent payments ranging from $300 to $1,430 per month. Rent expense under these agreements totaled $45,105 for the year ended June 30, 2017.

Future minimum lease payments are due as follows for the years ending June 30:

2018	$ 17,160
2019	$ 17,160
2020	$ 17,160
2021	$ 14,300

NOTE 9 – CONCENTRATIONS

The Organization received approximately 74% of total revenues through grants from the Nevada Department of Education, a state agency.

NOTE 10 – SUBSEQUENT EVENT

Subsequent events have been evaluated through October 2, 2017, which is the date the financial statements were available to be issued. No events were identified that would require additional disclosure.

SUPPLEMENTARY INFORMATION

Jobs for Nevada's Graduates, Inc.
Budget Comparison Schedule
Government-Wide
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable / (Unfavorable)	Percentage
REVENUE					
State revenue sources	$ 4,701,645	$ 5,081,243	$ 3,667,649	(1,413,594)	-30%
Federal revenues sources	-	-	75,000	75,000	0%
Other revenues sources	-	-	780,829	780,829	0%
Total revenue	4,701,645	5,081,243	4,523,478	(557,765)	-11%
EXPENDITURES					
Salaries and wages	3,469,067	3,353,340	2,978,124	375,216	11%
Employee benefits	593,923	518,609	502,558	16,051	3%
Student services	201,202	269,439	284,580	(15,141)	-6%
Travel	76,875	186,325	193,197	(6,872)	-4%
Professional services	146,029	219,809	186,977	32,832	15%
Insurance	7,749	94,450	94,268	182	0%
Office expense	50,000	226,910	56,958	169,952	75%
Education and training	67,254	86,740	47,650	39,090	45%
Rent expense	48,885	27,690	45,106	(17,416)	-63%
Dues and subscriptions	25,560	59,500	30,446	29,054	49%
Communications	-	29,829	11,023	18,806	63%
Miscellaneous expenses	15,101	8,602	8,672	(70)	-1%
Depreciation Expense	-	-	3,665	(3,665)	0%
Interest expense	-	-	31	(31)	0%
Total expenditures	4,701,645	5,081,243	4,443,255	637,988	13%
Excess (Deficiency) of Revenue Over Expenditures	-	-	80,223	80,223	0%
FUND BALANCE, Beginning of Year	(25,040)	(25,040)	(25,040)	-	0%
FUND BALANCE, End of Year	$ (25,040)	$ (25,040)	$ 55,183	$ 80,223	-320%

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INDEPENDENT AUDITOR'S 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
Jobs for Nevada's Graduates, Inc.
Las Vegas, Nevada

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 financial statements of the governmental activities and each major fund of Jobs for Nevada's Graduates, Inc. (the Organization) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Jobs for Nevada's Graduates, Inc.'s basic financial statements, and have issued our report thereon dated October 2, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jobs for Nevada's Graduates, 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jobs for Nevada's Graduates, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Jobs for Nevada's Graduates, 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jobs for Nevada's Graduates, Inc.'s 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 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 are 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ellsworth & Stout, LLC

Las Vegas, Nevada
October 2, 2017

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