

**ARIZONA WOMEN'S EDUCATION
AND EMPLOYMENT, INC.
PHOENIX, ARIZONA**

**FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

**ARIZONA WOMEN'S EDUCATION AND EMPLOYMENT, INC.
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JUNE 30, 2014**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Arizona Women's Education and Employment, Inc.
Phoenix, Arizona

We have audited the accompanying financial statements of Arizona Women's Education and Employment, Inc., which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 auditors' 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 financial position of Arizona Women's Education and Employment, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Phoenix, Arizona
November 14, 2014

ARIZONA WOMEN'S EDUCATION AND EMPLOYMENT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS

| | 2014 | 2013 |
|------------------------------------|-------------------|-------------------|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 468,196 | \$ 581,146 |
| Grants Receivable | 212,707 | 246,528 |
| Contracts Receivable | 43,270 | 22,826 |
| Advances to Vendors | - | 15,000 |
| Prepaid Expenses and Other Assets | 11,334 | 14,559 |
| Total Current Assets | 735,507 | 880,059 |
| PROPERTY AND EQUIPMENT, NET | 35,067 | 37,381 |
| TOTAL ASSETS | \$ 770,574 | \$ 917,440 |

LIABILITIES AND NET ASSETS

| | | |
|--|-------------------|-------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 337 | \$ 15,630 |
| Accrued Payroll and Taxes | 50,915 | 55,391 |
| Accrued Vacation Payable | 36,996 | 39,499 |
| Deferred Revenue | 76,675 | 84,533 |
| Line of Credit | 49,887 | 49,887 |
| Current Maturities of Note Payable | 24,829 | 23,098 |
| Total Current Liabilities | 239,639 | 268,038 |
| NOTE PAYABLE, LESS CURRENT MATURITIES | 3,582 | 28,397 |
| Total Liabilities | 243,221 | 296,435 |
| NET ASSETS | | |
| Unrestricted | 285,776 | 365,924 |
| Temporarily Restricted | 241,577 | 255,081 |
| Total Net Assets | 527,353 | 621,005 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 770,574 | \$ 917,440 |

See accompanying Notes to Financial Statements.

ARIZONA WOMEN'S EDUCATION AND EMPLOYMENT, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2014

| | 2014 | | | 2013 | | |
|--|----------------------------|---|--------------|----------------------------|---|--------------|
| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Total | Unrestricted Net Assets | Temporarily Restricted Net Assets | Total |
| SUPPORT AND REVENUES | | | | | | |
| Contract and Grant Revenues | \$ 1,244,654 | \$ - | \$ 1,244,654 | \$ 2,028,414 | \$ - | \$ 2,028,414 |
| Contributions | 315,566 | 61,027 | 376,593 | 103,135 | 151,000 | 254,135 |
| Special Events Net of Direct Donor Benefit | 276,416 | - | 276,416 | 310,676 | - | 310,676 |
| In-kind Contributions | 155,182 | - | 155,182 | 233,199 | - | 233,199 |
| Other Income | 905 | - | 905 | 11,767 | - | 11,767 |
| Realized/Unrealized Gain on Investments | - | - | - | 17,581 | - | 17,581 |
| Total Support and Revenues Before Net Assets Released from Restrictions | 1,992,723 | 61,027 | 2,053,750 | 2,704,772 | 151,000 | 2,855,772 |
| Net Assets Released from Restrictions | 74,531 | (74,531) | - | 38,994 | (38,994) | - |
| Total Support and Revenues | 2,067,254 | (13,504) | 2,053,750 | 2,743,766 | 112,006 | 2,855,772 |
| FUNCTIONAL EXPENSES | | | | | | |
| Program Services | 1,317,505 | - | 1,317,505 | 1,919,749 | - | 1,919,749 |
| Fund Raising | 256,842 | - | 256,842 | 271,121 | - | 271,121 |
| General and Administrative | 573,055 | - | 573,055 | 508,760 | - | 508,760 |
| Total Functional Expenses | 2,147,402 | - | 2,147,402 | 2,699,630 | - | 2,699,630 |
| CHANGES IN NET ASSETS | (80,148) | (13,504) | (93,652) | 44,136 | 112,006 | 156,142 |
| NET ASSETS, BEGINNING OF YEAR | 365,924 | 255,081 | 621,005 | 321,788 | 143,075 | 464,863 |
| NET ASSETS, END OF YEAR | \$ 285,776 | \$ 241,577 | \$ 527,353 | \$ 365,924 | \$ 255,081 | \$ 621,005 |

See accompanying Notes to Financial Statements.

ARIZONA WOMEN'S EDUCATION AND EMPLOYMENT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2014

| | 2014 | | | | 2013 | | | |
|--|---------------------|-------------------|----------------------------------|---------------------|---------------------|-------------------|----------------------------------|---------------------|
| | Program Services | Fund Raising | General and Administrative | Total | Program Services | Fund Raising | General and Administrative | Total |
| Payroll Expenses | | | | | | | | |
| Salaries | \$ 718,160 | \$ 76,570 | \$ 295,649 | \$ 1,090,379 | \$ 991,608 | \$ 71,875 | \$ 312,959 | \$ 1,376,442 |
| Payroll Taxes and Employee Benefits | 124,212 | 19,143 | 45,235 | 188,590 | 192,717 | 18,150 | 56,642 | 267,509 |
| Total Payroll Expenses | 842,372 | 95,713 | 340,884 | 1,278,969 | 1,184,325 | 90,025 | 369,601 | 1,643,951 |
| Client Support | 248,093 | - | - | 248,093 | 378,546 | - | - | 378,546 |
| Insurance | 10,394 | - | 3,146 | 13,540 | 9,976 | - | 2,179 | 12,155 |
| Miscellaneous | - | 63,566 | 4,062 | 67,628 | - | 84,801 | 2,296 | 87,097 |
| Operating Services and Conferences | 21,173 | - | 32,671 | 53,844 | 51,700 | - | 21,291 | 72,991 |
| Rent | 50,278 | - | 21,905 | 72,183 | 99,658 | - | 16,380 | 116,038 |
| Professional Fees and Outside Services | 110,393 | 79,431 | 137,340 | 327,164 | 132,377 | 68,193 | 55,096 | 255,666 |
| Office Supplies, Printing and Copying | 24,585 | 18,132 | 23,444 | 66,161 | 52,307 | 28,102 | 18,095 | 98,504 |
| Telephone and Utilities | 6,932 | - | 3,235 | 10,167 | 7,575 | - | 2,892 | 10,467 |
| Total Functional Expenses before Depreciation | 1,314,220 | 256,842 | 566,687 | 2,137,749 | 1,916,464 | 271,121 | 487,830 | 2,675,415 |
| Depreciation | 3,285 | - | 6,368 | 9,653 | 3,285 | - | 20,930 | 24,215 |
| TOTAL FUNCTIONAL EXPENSES | \$ 1,317,505 | \$ 256,842 | \$ 573,055 | \$ 2,147,402 | \$ 1,919,749 | \$ 271,121 | \$ 508,760 | \$ 2,699,630 |

See accompanying Notes to Financial Statements.

ARIZONA WOMEN'S EDUCATION AND EMPLOYMENT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014

| | 2014 | 2013 |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in Net Assets | \$ (93,652) | \$ 156,142 |
| Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities: | | |
| Depreciation | 9,653 | 24,215 |
| Gains on Investments | - | (17,581) |
| Changes in Cash Resulting from Changes in: | | |
| Grants Receivable | 33,821 | (118,718) |
| Contracts Receivable | (20,444) | 1,963 |
| Advances to Vendors | 15,000 | (15,000) |
| Prepaid Expenses and Other Assets | 3,225 | (2,826) |
| Accounts Payable | (15,293) | (21,299) |
| Accrued Payroll and Taxes | (4,476) | 9,074 |
| Accrued Vacation Payable | (2,503) | 9,125 |
| Deferred Revenue | (7,858) | 32,619 |
| | (82,527) | 57,714 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from Sale of Investments | - | 62,000 |
| Purchases of Property and Equipment | (7,338) | (5,257) |
| | (7,338) | 56,743 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments on Line of Credit | - | (113) |
| Payments on Note Payable | (23,084) | (21,456) |
| | (23,084) | (21,569) |
| NET INCREASE (DECREASE) IN CASH EQUIVALENTS | (112,949) | 92,888 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 581,146 | 488,258 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 468,197 | \$ 581,146 |
| SUPPLEMENTAL INFORMATION | | |
| Cash Paid for Interest | \$ 5,426 | \$ 7,050 |

See accompanying Notes to Financial Statements.

ARIZONA WOMEN'S EDUCATION AND EMPLOYMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Arizona Women's Education and Employment, Inc. (AWEE) is an Arizona not-for-profit corporation organized in July 1981. AWEE's purpose is to help people achieve economic independence. AWEE provides pre-employment job readiness training, marketable skills, employment services and support to individuals located primarily in the Phoenix metropolitan and Prescott areas. These services enable people to overcome barriers to employment.

Basis of Presentation

AWEE's financial statements are presented in accordance with the American Institute of Certified Public Accountants (AICPA) Not-For-Profit Industry Guidance within the Financial Accounting Standards Board (FASB) Codification (Guidance). Under the Guidance, AWEE is required to report information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets

Unrestricted net assets are those currently available at the discretion of the Board for use in AWEE's operations, in accordance with its bylaws. Restricted net assets received and expended in the same year are classified as unrestricted.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those which are subject to donor-imposed stipulations that will be met by AWEE and/or the passage of time.

Permanently Restricted Net Assets

Permanently restricted net assets are those which represent permanent endowments where it is stipulated by donors that the principal remain in perpetuity and only the income is available as unrestricted or temporarily restricted, as per the endowment agreements. At June 30, 2014 and 2013, AWEE had no permanently restricted net assets.

Use of Estimates in the Preparation of Financial Statements

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

Contributions

Under the Audit Guide, contributions, grants, and bequests including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized at their fair value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

ARIZONA WOMEN'S EDUCATION AND EMPLOYMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

AWEE considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statements of financial position. Investment income (including interest and dividends) and unrealized gains and losses are reported in the statements of activities and changes in net assets.

Grants and Contracts Receivable

Grants and contracts receivable consist primarily of amounts due from various agencies for services performed and are unsecured. Grants and contracts receivable are stated at the amount management expects to collect. Contributions receivable represent unconditional promises to give that are acknowledged in writing by donating parties. Management believes that all grants and contracts receivable at June 30, 2014 and 2013, were collectible.

Property and Equipment

Property and equipment are initially recorded at cost if purchased, or at fair value at the date of gift if donated. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of \$2,500 are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. Depreciation is provided using the straight-line method over estimated useful lives, which range from three to five years.

Impairment of Long-Lived Assets

AWEE reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Deferred Revenue

Deferred revenue consists of cash received in advance and is recognized as the related qualifying expenditure is incurred.

ARIZONA WOMEN'S EDUCATION AND EMPLOYMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue from exchange type contracts are recognized as the related qualifying expenditures are incurred.

Donated Items

Non-cash in-kind contributions are recorded as both revenue and an asset or expense at the estimated fair value in the financial statements if, among other things, AWEE would typically need to purchase these products or services if they were not provided by donation.

Special Events Revenue

AWEE conducts special events in which a portion of the gross proceeds paid by the participant represents payments for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of direct costs provided at special events is measured at the actual cost to AWEE. The direct costs of the special events which ultimately benefit the donor rather than AWEE are netted in special events support and revenues on the statements of activities and changes in net assets.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation methods used are based on square footage, full-time equivalents, and other appropriate methods, and are subject to a certain degree of estimation by management.

Income Taxes

AWEE qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and therefore, there is no provision for federal or state corporate income taxes. In addition, AWEE qualifies for the charitable contribution deduction under Section 170 of the Code and has been classified as an organization that is not a private foundation under Section 509(a)(2). Income determined to be unrelated business taxable income (UBTI) would be taxable.

Management believes that AWEE has no uncertain tax positions as of June 30, 2014 and 2013.

The federal and state returns of AWEE for 2011, 2012 and 2013 are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they were filed.

ARIZONA WOMEN'S EDUCATION AND EMPLOYMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 GRANTS RECEIVABLE

Grants receivable consist of the following:

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| Arizona Diversity Business Development Center | \$ 4,806 | \$ - |
| Attorney General | 22,439 | - |
| City of Phoenix Youth Aid | 35,557 | 15,544 |
| Department of Labor/Bridges to Jobs | 149,905 | 30,686 |
| Department of Labor/IVTP | - | 5,099 |
| Maricopa County/Passages | - | 82,437 |
| Maricopa County/WIA Adult | - | 96,134 |
| VSUW Youth Aid | - | 16,628 |
| Total | <u>\$ 212,707</u> | <u>\$ 246,528</u> |

NOTE 3 PROPERTY AND EQUIPMENT

A summary of property and equipment follows:

| | <u>2014</u> | <u>2013</u> |
|--|------------------|------------------|
| Computer Equipment and Software | \$ 138,877 | \$ 131,539 |
| Furniture and Fixtures | 32,188 | 32,188 |
| Total | 171,065 | 163,727 |
| Less Accumulated Depreciation | (135,998) | (126,346) |
| Property and Equipment, Net of Accumulated Depreciation | <u>\$ 35,067</u> | <u>\$ 37,381</u> |

Depreciation expense was \$9,653 and \$24,215 for the years ended June 30, 2014 and 2013, respectively.

NOTE 4 LEASE AND RENTAL COMMITMENTS

AWEE rents office space for all of their locations. Rent on the downtown Phoenix office lease is \$3,359 per month and the lease expires on June 30, 2015. AWEE also leases office space in Prescott. Rent on the Prescott office lease is \$1,290 per month and the lease expires on September 30, 2014.

AWEE utilizes office and classroom space in Phoenix, Gilbert and Chandler for which it does not pay rent or pays rent at less than market value. The market value of these rents is recorded as in-kind contributions and rent expense in the accompanying financial statements (see Note 7).

AWEE leases copy machines and software under non-cancelable operating leases for approximately \$550 per month, excluding copier charges, expiring in various years through 2014.

ARIZONA WOMEN'S EDUCATION AND EMPLOYMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 LEASE AND RENTAL COMMITMENTS (CONTINUED)

| | |
|--------------|-------------------------|
| 2015 | \$ 44,731 |
| Thereafter | <u>-</u> |
| Total | <u><u>\$ 44,731</u></u> |

Facility rental and equipment lease expense charged to operations was \$60,851 and \$65,064 for the years ended June 30, 2014 and 2013, respectively.

NOTE 5 LINE OF CREDIT

AWEE has a \$100,000 line-of-credit with Midfirst Bank, secured by software and assets. The line-of-credit matures on November 19, 2015, charges interest at prime plus 1.45% (4.70%, at June 30, 2014 and 2013) and had a balance of \$49,887 and \$49,887 as of June 30, 2014 and 2013, respectively.

NOTE 6 NOTE PAYABLE

A summary of the note payable follows:

| | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|
| Note payable to Midfirst Bank; original amount of \$89,137; payable in monthly installments of \$2,176, which includes interest at a fixed rate of 7.25% through August 2015. | <u>\$ 28,411</u> | <u>\$ 51,495</u> |

The future maturities of the note payable are as follows:

| | |
|--------------|-------------------------|
| 2015 | \$ 24,829 |
| 2016 | <u>3,582</u> |
| Total | <u><u>\$ 28,411</u></u> |

ARIZONA WOMEN'S EDUCATION AND EMPLOYMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 IN-KIND CONTRIBUTIONS

AWEE received the following in-kind contributions:

| | <u>2014</u> | <u>2013</u> |
|--------------|-------------------|-------------------|
| Rent | \$ 12,600 | \$ 57,300 |
| Clothing | 111,906 | 121,442 |
| Services | <u>30,676</u> | <u>54,457</u> |
| Total | <u>\$ 155,182</u> | <u>\$ 233,199</u> |

The in-kind contributions are shown as revenues and expenses within the statements of activities and changes in net assets.

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

| | <u>2014</u> | <u>2013</u> |
|--------------------|-------------------|-------------------|
| Time Restricted | \$ 84,817 | \$ 144,180 |
| Purpose Restricted | | |
| Online Academy | 100,000 | 100,000 |
| Other | <u>56,760</u> | <u>10,901</u> |
| Total | <u>\$ 241,577</u> | <u>\$ 255,081</u> |

The net assets released from restrictions during the years ended June 30, 2014 and 2013, related to purpose and time restrictions.

NOTE 9 MAJOR REVENUE SOURCE

For the years ended June 30, 2014 and 2013, revenue from two funders totaled \$840,557 (41%) and revenue from two funders totaled \$1,444,204 (51%), respectively. Amounts due from the two grant agencies were \$195,199 and from one grant agency \$113,644 at June 30, 2014 and 2013, respectively.

If all of the contracts from the grant agency are not renewed, AWEE's revenue could be significantly reduced in future years.

ARIZONA WOMEN'S EDUCATION AND EMPLOYMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 RETIREMENT PLAN

AWEE maintains a 401(k) plan covering all eligible full-time employees. Employees are eligible to contribute to the plan after a 90-day probation period. Contributions to the 401(k) plan are made by the participants to their individual accounts through payroll withholding. The plan provides for an employer matching contribution in the amount of 25% of the participants' elective deferral limited to 5% of the participants' compensation. The matching contributions vest at a rate of 25% annually and are fully vested at the end of the fourth year. AWEE contributed \$4,388 and \$5,989 to the plan during the years ended June 30, 2014 and 2013, respectively, which is included in payroll taxes and employee benefits in the accompanying statements of functional expenses.

NOTE 11 CONCENTRATION OF CREDIT RISKS

AWEE maintains all of its cash with banks located in Arizona. Balances on deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. As of June 30, 2014 and 2013, there were no cash balances at financial institutions which exceeded the balance insured by the FDIC.

NOTE 12 COMMITMENTS AND CONTINGENCIES

AWEE participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. Accordingly, AWEE's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although AWEE's management expects such amounts, if any, to be immaterial.

AWEE may be contingently liable in respect to claims incidental to the ordinary course of its operations. In the opinion of management, the effect of such matters will not have a material adverse effect on AWEE's financial position, operations, or liquidity. Therefore, no provision has been made in the accompanying financial statements for losses, if any, that might result from the ultimate outcome of these matters.

NOTE 13 SUBSEQUENT EVENTS

AWEE evaluated subsequent events through November 14, 2014, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2014, but prior to November 14, 2014, that provided additional evidence about conditions that existed at June 30, 2014, have been recognized in the financial statements for the year ended June 30, 2014. Events or transactions that provided evidence about conditions that did not exist at June 30, 2014 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2014.

This information is an integral part of the accompanying financial statements.