



TECHNICAL ASSISTANCE PARTNERSHIP
OF ARIZONA

Phoenix, Arizona

FINANCIAL STATEMENTS AND UNIFORM GUIDANCE
SUPPLEMENTARY REPORTS

Years Ended June 30, 2021 and 2020

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Technical Assistance Partnership of Arizona
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of Technical Assistance Partnership of Arizona (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, 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 these 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 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 Technical Assistance Partnership of Arizona as of June 30, 2021 and 2020, 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.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the 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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 October 15, 2021 on our consideration of Technical Assistance Partnership of Arizona'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 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 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 Technical Assistance Partnership of Arizona's internal control over financial reporting and compliance.



Tempe, Arizona
October 15, 2021

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,093,060	\$ 1,294,715
Certificates of deposit, current portion	755,688	507,470
Accounts receivable	1,206,523	1,826,792
Loans receivable, current portion	148,547	151,420
Prepaid expenses and other assets	19,102	74,997
TOTAL CURRENT ASSETS	5,222,920	3,855,394
CERTIFICATES OF DEPOSIT, net of current portion	1,321,716	1,869,212
LOANS RECEIVABLE, net of current portion	151,985	163,425
INVESTMENTS	1,797,227	1,046,009
TOTAL ASSETS	<u>\$ 8,493,848</u>	<u>\$ 6,934,040</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 316,462	\$ 199,656
Accrued expenses	1,985	-
Loan payable	-	46,500
Deferred conditional contribution - PPP funding	-	57,642
TOTAL CURRENT LIABILITIES	318,447	303,798
NET ASSETS		
Without donor restrictions	996,565	804,895
With donor restrictions	7,178,836	5,825,347
TOTAL NET ASSETS	8,175,401	6,630,242
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,493,848</u>	<u>\$ 6,934,040</u>

See accompanying notes.

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

	2021			2020*		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 20,809	\$ 2,736,145	\$ 2,756,954	\$ 21,915	\$ 1,379,813	\$ 1,401,728
In-kind contributions	132,234	-	132,234	81,562	37,563	119,125
Paycheck protection program government grant	57,642	-	57,642	42,358	-	42,358
Program revenue	5,293,052	-	5,293,052	5,414,583	-	5,414,583
Other income	5,539	-	5,539	15,229	-	15,229
Investment income	11,188	-	11,188	162,441	-	162,441
Net assets released from purpose restrictions	1,382,656	(1,382,656)	-	39,197	(39,197)	-
TOTAL REVENUES AND OTHER SUPPORT	6,903,120	1,353,489	8,256,609	5,777,285	1,378,179	7,155,464
EXPENSES						
Program expenses						
Contributions to health care related organizations (grants)	692,365	-	692,365	625,766	-	625,766
Other program expenses	5,389,761	-	5,389,761	4,502,852	-	4,502,852
Total program expenses	6,082,126	-	6,082,126	5,128,618	-	5,128,618
Supporting expenses						
Administrative expenses	616,384	-	616,384	382,871	-	382,871
Fundraising expenses	12,940	-	12,940	17,080	-	17,080
Total supporting expenses	629,324	-	629,324	399,951	-	399,951
TOTAL EXPENSES	6,711,450	-	6,711,450	5,528,569	-	5,528,569
CHANGE IN NET ASSETS	191,670	1,353,489	1,545,159	248,716	1,378,179	1,626,895
NET ASSETS - BEGINNING OF YEAR	804,895	5,825,347	6,630,242	556,179	4,447,168	5,003,347
NET ASSETS - END OF YEAR	\$ 996,565	\$ 7,178,836	\$ 8,175,401	\$ 804,895	\$ 5,825,347	\$ 6,630,242

*Reclassified to conform with current year presentation

See accompanying notes.

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2021 and 2020

	2021				2020			
	Program	Administrative	Fundraising	Total	Program	Administrative	Fundraising	Total
Grants	\$ 692,365	\$ -	\$ -	\$ 692,365	\$ 625,766	\$ -	\$ -	\$ 625,766
Salaries	1,920,167	364,929	2,040	2,287,136	1,652,657	243,533	-	1,896,190
Payroll taxes	147,091	1,219	200	148,510	131,855	200	-	132,055
Professional fees	2,889,875	159,884	6,337	3,056,096	2,157,628	70,845	4,430	2,232,903
Occupancy	137,994	22,836	-	160,830	86,543	19,245	26	105,814
Office expense	142,806	15,844	1,551	160,201	191,080	7,903	4,181	203,164
Travel	19,319	1,686	798	21,803	80,036	1,163	1,834	83,033
Insurance	12,026	12,828	-	24,854	10,884	16,669	-	27,553
Depreciation	1,889	-	-	1,889	-	-	-	-
Facility fees	19,620	1,314	-	20,934	26,084	-	-	26,084
Meeting expenses	22,447	682	1,762	24,891	60,481	1,247	4,084	65,812
Education and training	4,067	1,982	150	6,199	25,467	375	-	25,842
Miscellaneous	72,460	33,180	102	105,742	80,137	21,691	2,525	104,353
	<u>\$ 6,082,126</u>	<u>\$ 616,384</u>	<u>\$ 12,940</u>	<u>\$ 6,711,450</u>	<u>\$ 5,128,618</u>	<u>\$ 382,871</u>	<u>\$ 17,080</u>	<u>\$ 5,528,569</u>

See accompanying notes.

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,545,159	\$ 1,626,895
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized (gains)/loss	47,943	(68,782)
(Increase) decrease in:		
Accounts receivable	620,269	(1,256,543)
Prepaid expenses and other assets	55,895	8,171
Increase (decrease) in:		
Accounts payable	116,806	79,823
Accrued expenses	1,985	-
Deferred conditional contribution	(57,642)	57,642
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,330,415	447,206
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificate of deposit	(250,000)	(250,000)
Redemption of certificates of deposit	558,836	582,164
Purchases of investments	(1,200,000)	(450,000)
Sales of investments	450,412	420,723
Interest accrued and dividends reinvested	(59,131)	(97,962)
Advances on loans receivable	(67,317)	(366,486)
Payments received on loans receivable	81,630	311,209
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(485,570)	149,648
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on loan payable	(46,500)	-
Proceeds from loan payable	-	15,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(46,500)	15,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,798,345	611,854
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,294,715	682,861
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,093,060	\$ 1,294,715

See accompanying notes.

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES

Nature of Activities

Technical Assistance Partnership of Arizona (TAPAZ) was organized in 2000 as Atwood Health Foundation to promote health care, health education, healthy communities, health research and volunteerism in the State of Arizona. Grants are made to help organizations strengthen their capacity to improve the health of underserved populations and communities. TAPAZ also provides fiscal sponsorship for groups whose work furthers its mission in the community. TAPAZ's programs are funded by contributions, grants and contracts. In February 2011, TAPAZ formally changed its name from Atwood Health Foundation to Technical Assistance Partnership of Arizona to more fully reflect the organization's purpose.

TAPAZ has entered into sponsorship agreements with incorporated Arizona nonprofit organizations as well as unincorporated associations. The sponsored projects work in areas such as providing support for Armed Services Veterans and their families, providing employment opportunities for youth aging out of the foster care system, developing community gardens and teaching workforce development, re-entry mentorship, expanding the Maricopa County food system, empowering young women with leadership & life skills, teaching life skills in schools, creating access to healthy foods in south Phoenix, and addressing statewide American Indian behavioral health issues. TAPAZ has determined that support of these projects furthers TAPAZ's tax exempt purpose. Each sponsored project has a project director that is charged with managing the affairs of the project. Sponsorship agreements with each sponsored project stipulate that TAPAZ will act as the fiscal sponsor by receiving assets and incurring liabilities identified for the project and using them to pursue the objectives of the project. Per the agreement, TAPAZ will monitor the project activities to ensure they further TAPAZ's charitable mission. TAPAZ will do this by taking responsibility for all community programs associated with these projects and by processing all accounting transactions relating to these projects. TAPAZ has variance power to disburse funds so as to accomplish the purposes of the projects as nearly as possible within TAPAZ's sole judgment, subject to any donor-imposed restrictions and pursuant to approved budgets of the projects. The agreements further stipulate the sponsored projects have been delegated management of the project activities under the direction of the Board of Trustees of TAPAZ.

Basis of Presentation

The financial statements of TAPAZ have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

TAPAZ reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restriction and net assets without donor restriction.

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, TAPAZ considers all highly liquid debt instruments purchased with an initial maturity of three months or less at date of acquisition to be cash and cash equivalents.

Accounts Receivable

Accounts receivable includes program service fees for sponsored projects as well as amounts due under cost reimbursement arrangements and are carried at the outstanding balances less an allowance for doubtful accounts, if applicable. TAPAZ evaluates the collectability of its accounts receivable based on a combination of factors. In circumstances where it is aware of a specific amount where there may be an inability to meet the financial obligation, it records a specific reserve to reduce the amounts recorded to what it believes will be collected. Accounts are charged off against the allowance when they are deemed to be uncollectible. Accounts are past due when not paid within 30 days of invoicing. Accounts receivable as of June 30, 2021 and 2020 are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been recorded.

Fair Value Measurements

Accounting Standards established a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Fair Value Measurements (Continued)

The three levels of the fair value hierarchy are as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that TAPAZ has the ability to access. |
| Level 2 | <p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability;• Inputs that are derived principally from or corroborated by observable market data by correlation or other means. <p>If the asset or liability has a specified term (contractual term). The Level 2 input must be observable for substantially the full term of the asset or liability.</p> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement, and usually reflect TAPAZ's own assumptions about the assumptions that market participants would use in pricing the assets (i.e. real estate valuations, broker quotes). |

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

Investments are recorded at fair value in the statements of financial position. Investment return or loss is included in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Net Assets

TAPAZ reports information regarding its financial position and activities according to two classes of net assets as follows:

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions.
- Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions

Contributions received are recorded as either support with donor restrictions or as support without donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. All donor-restricted support, including support restricted to be used for the fiscal sponsorship projects, is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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 are recognized only when the conditions on which they depend are substantially met and the contributions become unconditional. Conditional contributions include funding received from the federal government through the Paycheck Protection Program.

Non-Cash Donations

Contributions of donated non-monetary assets (in-kind donations) are recorded at their fair values in the period received. Contributions of donated services are recorded at fair value if they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donated services. The activities of TAPAZ are managed by employees of Vitalyst Health Foundation (“Vitalyst”) and take place in shared facilities with Vitalyst. Donated services from employees of Vitalyst received by TAPAZ are recognized as revenue and expense at the amount of the employee cost recognized by Vitalyst.

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Program Revenue

Program revenue includes cost reimbursement arrangements with several grantor entities. Accordingly, this revenue is classified as conditional contributions and is recognized when the conditions are substantially met, which is when eligible costs are incurred.

Grant Expense

Contributions to health care related organizations (grants) are distributed to support various public health initiatives in accordance with the mission of TAPAZ. All obligated grant distributions are expensed for financial statement purposes when approved by the Board of Trustees. Occasionally, a particular grant may be approved for distribution over a period of up to several years. Consequently, grants expense for a particular period may not reflect the actual amount distributed during the period.

Functional Expenses

Expenses are charged to programs and supporting services on the basis of the nature of the expense. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of TAPAZ.

Income Taxes

TAPAZ qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and, accordingly, there is no provision for income taxes. In addition, TAPAZ qualifies for the charitable contribution deduction under Section 170 of the IRC and has been classified as an organization that is not a private foundation under Section 509(a)(2).

TAPAZ recognizes uncertain tax positions in the financial statements when it is more-likely-than-not the positions will not be sustained upon examination by the tax authorities. At June 30, 2021 and 2020, TAPAZ had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

TAPAZ recognizes interest and penalties associated with income taxes in operating expenses. During the years ended June 30, 2021 and 2020, TAPAZ did not have any income tax related interest and penalty expense.

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

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 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 reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Date of Management's Review

In preparing these financial statements, TAPAZ has evaluated events and transactions for potential recognition or disclosure through October 15, 2021, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

TAPAZ monitors liquidity required to meet its operating needs and contractual commitments. Financial assets in excess of operating needs are invested in certificates of deposits, money market funds, and fixed income funds. In the event of an unanticipated liquidity need in excess of available cash and investment balances listed below, TAPAZ has an arrangement to draw funds from Vitalyst Health Foundation, an affiliate organization, based on an established agreement.

As of June 30, financial assets that could be readily available to meet general expenditures within the next year are calculated as follows:

	2021	2020
Cash and cash equivalents	\$ 3,093,060	\$ 1,294,715
Certificates of deposit	2,077,404	2,376,682
Accounts receivable	1,206,523	1,826,789
Loans receivable, current portion	148,547	151,420
Investments	1,797,227	1,046,009
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,322,761</u>	<u>\$ 6,695,615</u>

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 3 CONCENTRATIONS OF CREDIT RISK AND REVENUE CONCENTRATIONS

Financial instruments that subject TAPAZ to potential concentrations of credit risk consist of cash and accounts receivable. TAPAZ maintains its cash in bank accounts, which at times, may exceed federally insured limits. TAPAZ has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

As of June 30, 2021, accounts receivable includes amounts due from three funding sources, which represents 89% of total accounts receivable balance. As of June 30, 2020, accounts receivable includes amounts due from two funding sources, which represents 83% of total accounts receivable.

For the year ended June 30, 2021, approximately 39% of total revenue is made up of two program contracts. For the year ended June 30, 2020, approximately 44% of total revenue is made of two program contracts.

NOTE 4 CERTIFICATES OF DEPOSIT

Certificates of deposits consist of the following at June 30, 2021:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance</u>
Current portion:		
July 20, 2021	0.050%	\$ 250,000
November 8, 2021	3.200%	252,865
November 9, 2021	3.200%	252,823
		<u>755,688</u>
Long-term portion:		
November 9, 2022	3.350%	262,131
March 18, 2022	1.600%	253,524
November 8, 2023	3.550%	270,673
November 15, 2023	3.550%	269,858
November 25, 2024	1.950%	265,530
		<u>1,321,716</u>
		<u>\$ 2,077,404</u>

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 4 CERTIFICATES OF DEPOSIT (Continued)

Certificates of deposits consist of the following at June 30, 2020:

Maturity Date	Interest Rate	Balance
Current portion:		
November 9, 2020	3.000%	\$ 253,735
November 9, 2020	3.000%	253,735
		<u>507,470</u>
Long-term portion:		
November 8, 2021	3.200%	261,454
November 9, 2021	3.200%	260,709
November 9, 2022	3.350%	269,431
March 18, 2022	1.600%	257,110
November 8, 2023	3.550%	277,801
November 15, 2023	3.550%	276,977
November 25, 2024	1.950%	265,730
		<u>1,869,212</u>
		<u>\$ 2,376,682</u>

NOTE 5 LOANS RECEIVABLE

Loans receivable are amounts for cash advances to non-profit organizations (NPOs) that TAPAZ has sponsorship agreements with. There is an arrangement that TAPAZ will provide cash advancements for these NPOs to cover expenses for the projects until they receive the funds to repay TAPAZ. During the year ended June 30, 2019, one of the projects began falling behind on payments and TAPAZ required them to enter into a forbearance agreement. Per the agreement, the NPO is required to start monthly payments on January 15, 2019 of \$1,000 with one payment of \$10,000 for September 2019 and then reverting back to monthly payments of \$1,000 from thereon. Payments shall be made until the debt is paid or otherwise satisfied in full. As of June 30, 2021 and 2020, loans receivable totaled \$300,532 and \$314,848, respectively.

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 6 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments with readily determinable fair values are measured at fair value in the statements of financial position as determined by quoted market prices in active markets (Level 1). The following is a summary of investments at fair value at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Fixed income funds	\$ 1,797,227	\$ -	\$ -	\$ 1,797,227
	<u>\$ 1,797,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,797,227</u>

The following is a summary of investments measured at fair value at June 30, 2020:

	Level 1	Level 2	Level 3	Total
Fixed income funds	\$ 1,046,009	\$ -	\$ -	\$ 1,046,009
	<u>\$ 1,046,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,046,009</u>

Investment return earned on these investments as well as certificates of deposit and the general operating accounts consists of the following at June 30:

	2021	2020
Interest and dividends	\$ 59,131	\$ 93,659
Net realized and unrealized gain (loss)	<u>(47,943)</u>	<u>68,782</u>
	<u>\$ 11,188</u>	<u>\$ 162,441</u>

NOTE 7 LOANS PAYABLE

The loan payable balance in the amount of \$46,500 as of June 30, 2020, relates to amounts given to TAPAZ for Tiger Mountain Foundation. These loans are non-interest bearing and have no repayment date. Per the terms of the agreement, if Tiger Mountain Foundation is unable to raise the funds needed to repay, the loan will be recorded as a contribution without donor restriction. This balance was paid in full as of June 30, 2021.

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following purpose restricted amounts for sponsored projects at June 30:

		<u>2021</u>	<u>2020</u>
Net assets with donor restrictions			
Purpose restricted:			
Sponsored projects	General project expenses	\$ 7,035,294	\$ 5,445,216
Kids Vision Health	Vision initiative grant	-	180,140
Kids Vision Health	Vision Screening Kits for AZ schools	48,745	-
Trinity Opportunity Alliance	Fund development strategy and program to link employers with youth aging out of the foster care system	-	67,801
AZ Coalition for Military Families	Veteran outreach	7,826	7,826
Three Precious Miracles	Support foster youth	1,107	1,107
Arizona Oral Health Coalition	Leadership, policy development and advocacy	6,742	7,718
Southern Arizona Oral Health Coalition	Eliminate tooth decay/oral diseases	18,678	15,012
Navajo Apache Gila Oral Health Coalition	Eliminate tooth decay/oral diseases in NE Arizona region	-	3,735
Tiger Mountain Foundation	Community garden	-	15,000
Kyah Rayne Foundation	Provide AEDs and EpiPens to first responders	23,763	23,250
High Achievement	Help children excel academically	22,320	30,782
4th Trimester	Support parents following the birth of a child	14,361	27,760
		<u>\$ 7,178,836</u>	<u>\$ 5,825,347</u>

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

NOTE 9 IN-KIND DONATIONS

TAPAZ benefited from donated services from Vitalyst valued at \$132,234 and \$81,562 during the years ended June 30, 2021 and 2020, respectively. These amounts have been reported as both contribution revenue and administrative expenses on the accompanying statements of activities and statements of functional expenses and were used for overall management and general activities. TAPAZ also received in-kind program supplies in the amount of \$37,563 during the year end June 30, 2020.

NOTE 10 CONDITIONAL CONTRIBUTION – PAYCHECK PROTECTION PROGRAM

During the year ended June 30, 2020, TAPAZ received funding in the amount of \$100,000 under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided funding to qualifying businesses of amounts up to 2.5 times the average monthly payroll costs incurred during the year prior to the funding date of the qualifying business. Under current rules, the amount and accrued interest are forgivable after 24 weeks as long as TAPAZ uses the funds for eligible purposes, including payroll costs, interest on mortgage obligations, rent and utilities. The amount of the forgiveness would be reduced if TAPAZ reduced the number of employees or reduced salaries by more than 25% during the 24-week period beginning on the origination date. Any portion of the amount that is not forgiven will be required to be paid back over a 2-year period at an interest rate of 1%. TAPAZ determined that the funding represented a conditional contribution as they anticipated forgiveness of the majority of the amount received. Conditions to be met for recognition of this contribution include the incurring of eligible expenses as well as maintaining the full-time equivalent employee count. As of June 30, 2020, TAPAZ had partially met these conditions and recorded contribution income relating to the PPP funding in the amount of \$42,358. As of June 30, 2021, TAPAZ received forgiveness for the full amount from their lender and recognized the remaining \$57,642 as contribution revenue.

TECHNICAL ASSISTANCE PARTNERSHIP
OF ARIZONA

UNIFORM GUIDANCE SUPPLEMENTARY REPORTS

Year Ended June 30, 2021

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 Trustees
Technical Assistance Partnership of Arizona
Phoenix, 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 financial statements of Technical Assistance Partnership of Arizona (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Technical Assistance Partnership of Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Technical Assistance Partnership of Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 over financial reporting 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 Technical Assistance Partnership of Arizona's financial statements are free of 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 the financial statements. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Henry & Horne, LLP".

Tempe, Arizona
October 15, 2021

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

To the Board of Trustees
Technical Assistance Partnership of Arizona
Phoenix, Arizona

Report on Compliance for Each Major Federal Program

We have audited Technical Assistance Partnership of Arizona's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Technical Assistance Partnership of Arizona's major federal programs for the year ended June 30, 2021. Technical Assistance Partnership of Arizona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Technical Assistance Partnership of Arizona's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Technical Assistance Partnership of Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 Technical Assistance Partnership of Arizona's compliance.

Opinion on Each Major Federal Program

In our opinion, Technical Assistance Partnership of Arizona 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, 2021.

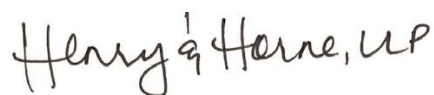
Report on Internal Control over Compliance

Management of Technical Assistance Partnership of Arizona is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Technical Assistance Partnership of Arizona's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Technical Assistance Partnership of Arizona's 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 paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Tempe, Arizona
October 15, 2021

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor / Pass-Through Grantor / Program	Assistance Listing Number	Grantor's Number	Federal Expenditures
U.S. Department of Labor			
Workforce Innovation and Opportunity Act Cluster: <i>Passed through Governor's Office of Youth, Faith, and Family:</i>			
Arizona Veteran Employment Initiative	17.207	ISA-WIOA-GR- 060120-01	\$ 290,855
Total U.S. Department of Labor			<u>290,855</u>
U.S. Department of Health and Human Services			
<i>Passed through Arizona Department of Health Services:</i>			
Affordable Care Act Personal Responsibility Education Program	93.092	ADHS16-150249	<u>159,540</u>
Title V State Sexual Risk Avoidance Education Program	93.235	ADHS17-156402	<u>88,114</u>
<i>Passed through Arizona Health Care Cost Containment System:</i>			
State Opioid Response	93.788	ISA-YH20-0066	444,595 *
State Opioid Response	93.788	ISA-YH19-0069	<u>314,080 *</u>
			<u>758,675</u>
Total U.S. Department of Health and Human Services			<u>1,006,329</u>
U.S. Department of Justice			
Office of Justice Programs			
Second Chance Act Reentry Initiative	16.812	2017-CY-BX- 0115	<u>173,099</u>
Office of Justice Programs Children of Incarcerated Parents	16.831	2017-IG-BX-0009	<u>34,485</u>
Total U.S. Department of Justice			<u>207,584</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,504,768</u></u>

* Denotes major program

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of TAPAZ under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with 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). Because the Schedule of Expenditures of Federal Awards presents only a portion of the operations of TAPAZ it is not intended to and does not present the financial position, changes in net position, or cash flows of TAPAZ.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A) 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 and/or Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- B) TAPAZ has elected to not use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified
Internal control over financial reporting:
• Material weakness(es) identified? yes X no
• Significant deficiency(ies) identified that are not
considered to be a material weakness(es)? yes X none reported
Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:
• Material weakness(es) identified? yes X no
• Significant deficiency(ies) identified that are
not considered to be a material weakness(es)? yes X none reported

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

Any audit findings disclosed that are required to be reported
in accordance with the Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.788	State Opioid Response

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

Auditee qualified as low-risk auditee? X yes no

TECHNICAL ASSISTANCE PARTNERSHIP OF ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None Noted

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None Noted