



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

GROWING UP NEW MEXICO

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021
With Comparative Totals for 2020**

GROWING UP NEW MEXICO
For the Year Ended June 30, 2021, With Comparative Totals for 2020

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GROWING UP NEW MEXICO
OFFICIAL ROSTER
As of June 30, 2021

Board of Directors

Barbara Rand	Chair
Brian Lewis	Treasurer
Lynda Gavioli	Secretary
Alicia Bertram	Member
Katherine Freeman	Member
William E. Garcia	Member
Bud Hamilton	Member
Susie Harburg	Member
Anne W. Honstein	Member
Carol Johnson	Member
Nancy King	Member
Kelly Pope	Member
Stacy Quinn	Member
Trudy Swint	Member
Wendy Trevisani	Member

Administrative Personnel

Katherine Freeman	CEO
Marisol Baird	Chief of Staff
Abby Bordner	VP of Resource Development
Maia Cortisoz	VP of Strategy & Grants Management
Pattie Ravenheart	Controller
Elisa Minerich	Executive Assistant

**GROWING UP NEW MEXICO
MANAGEMENT REVIEW OF OPERATIONS
As of June 30, 2021**

Name Change

To better represent its commitment to New Mexico's families, in January 2021 United Way of Santa Fe County changed its name to Growing Up New Mexico: The Early Childhood Partnership.

Despite the name change, Growing Up New Mexico will continue with the same mission and vision of the past two decades. The organization, which is exclusively focused on early childhood education and care, designs and provides multi-generational family support and opportunity building programs for families with young children, while influencing statewide policy that prioritizes children, prenatal through age five, and the adults in their lives.

Financial Condition

Growing Up New Mexico, Inc. finished fiscal year 2021 with an increase in net assets of \$1,362,325. Growing Up New Mexico's cash balance was \$824,822. We expect \$148,243 in pledges from the 2021 campaign to be paid during fiscal year 2022. Our liabilities total \$430,019, consisting of funds in the amount of \$76 held for other organizations for which Growing Up New Mexico continued to act as fiscal sponsor, a note payable for building upgrades in the amount of \$166,716 and \$263,227 of payables, accrued expenses and other liabilities. Our net assets are \$5,353,922, of which \$279,718 are capital campaign funds to complete the upgrades for the Early Learning Center at Kaune, which began operations in August 2018.

Results of Operations

For Growing Up New Mexico, Inc., the COVID-19 pandemic presented challenges and opportunities for our resilient and vision-focused management team, staff and Board of Directors. The increased awareness of the shortage of high-quality child care nationally, as well as locally, provided new federal and state funding opportunities that we embraced. Growing Up New Mexico was also able to expand our Navigation services in FY21 through municipal funding and private foundations such as CHRISTUS and Anchorum St. Vincent. In addition, we have also been supported with continued and new funding from private donors like the Brindle Foundation, the Frost Foundation, the Anderson Family Foundation, the Thornburg Foundation, the Daniels Fund, the Delle Foundation, the Prtizker Family Foundation, and the W.K. Kellogg Foundation. Therefore, sustained and new grant revenue, in combination with giving through our annual campaign, has enabled Growing Up New Mexico's Early Learning Programs to continue its momentum.

Capital Campaign

Our Capital Campaign launched in fiscal year 2015 to create an Early Learning Center for children aged six months to five years is nearing completion with the final pledges of \$32,800 expected to

GROWING UP NEW MEXICO
MANAGEMENT REVIEW OF OPERATIONS
As of June 30, 2021

be paid by the end of 2022. In fiscal year 2016, United Way of Santa Fe County (now Growing Up New Mexico) purchased Kaune Elementary School from Santa Fe Public Schools (SFPS) and entered into a ground lease with SFPS for the school's land. The \$8 million capital campaign funded the purchase and interior remodeling of Kaune to house early learning classrooms and a variety of adult learning programs to be provided by Growing Up New Mexico.

Designated Pledges

Until our official legal name change to Growing Up New Mexico, Inc. in January 2021, individuals were able to designate donations to specific non-profit agencies through us as United Way of Santa Fe County, Inc. Under accounting principles generally accepted in the United States of America, these donations are not recognized as revenue since we acted as a pass-through agent. The amount of designated pledges was \$3,740 net of fees and were fully paid by January 2021.

Our Mission

The mission of Growing Up New Mexico is to engage the whole community, bringing together people and resources to create increased opportunities for young children and the adults in their lives to achieve their dreams and aspirations. Growing Up New Mexico's Early Learning Programs are our vehicle for achieving that mission and as such represents our overall strategy. Listed here are the components of that strategy:

- **Home Visiting** – First Born® home visiting serves families with children prenatal to three years old in Santa Fe and Rio Arriba Counties. The Great Start Family Support home visiting program provides any family experiencing a birth in Santa Fe County with three home visits within the first 30 postpartum days, if requested.
- **Family, Friends, & Neighbors** - The Family, Friends & Neighbors Program supports community members providing informal child care in their homes with home visits and group activities to improve the quality of their care.
- **Parent Support** - Growing Up New Mexico offers a series of workshops and support for parenting across the age spectrum.
- **Early Learning Programs** – High-quality child care, Pre-K classes, and Parent Support Program for 3- and 4-year-olds.
- **The Dolly Parton Imagination Library** – Funded by Santa Fe County, Growing Up New Mexico administers the Dolly Parton Imagination Library, an early literacy program that sends each enrolled child an age-appropriate book every month, from birth to age five. Growing Up New Mexico utilizes additional funding sources for

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MANAGEMENT REVIEW OF OPERATIONS
As of June 30, 2021

Spanish language versions of these books.

- **Bridges to Opportunity** - In Partnership with Christus St. Vincent Regional Medical Center, Anchorum St. Vincent, the City of Santa Fe, and Santa Fe County, Bridges to Opportunity provides short- and long- term support with one-on-one coaching for families with young children prenatal to five. Our coaches address immediate needs like emergency aid, food, transportation, housing and utility insecurity, childcare, and mental health services. Once these issues have been identified and addressed, a family can elect to receive multi-generational or “whole family” coaching to aid in setting and reaching self-identified goals in one or more of the following areas: social capital, early childhood education, post-secondary and employment pathways, economic assets, health and well-being.
- **Early Childhood Policy and Advocacy** – Growing Up New Mexico is working on big, structural change to improve the lives of kids and families throughout New Mexico. We listen to the voices in our communities – policy makers and parents who share their aspirations and trust us to put them into action. This work involves identifying viable sources and strategies for increased public funding and then creating and supporting the necessary legislation and public policy to secure these funds in perpetuity. Not only are we educating and caring for young children, but we’re also working to increase wages for professionals in a system that has historically undervalued and underpaid women, especially women of color. We’re working on making big strides toward improving child and family well-being and manifesting our shared goal of giving New Mexico’s children and their families the opportunities they need to succeed. Thriving working families are a cornerstone for strong economic development and growth in every community.
- **Volunteer Opportunities** – Our volunteer community is committed to our mission. Due to the coronavirus pandemic, it has been necessary for Growing Up New Mexico to discontinue volunteer services directly with children and families. Volunteers have provided a much needed helping hand with administrative tasks, providing our staff with the support they need to deliver high quality programs for young children and their families.
- **Community Engagement** – Our work centers on brokering smart, actionable initiatives and legislation while building trust and promoting equity through broad stakeholder engagement. We engage families, early childhood professionals, child care providers, researchers, government officials, and members of the community who are committed to improving the lives of the youngest New Mexicans. Either in large coalitions, community conversations, focus groups, key interviews or surveys, we listen deeply to diverse stakeholders to foster collaboration and build on the strengths of New

GROWING UP NEW MEXICO
MANAGEMENT REVIEW OF OPERATIONS
As of June 30, 2021

Mexico's unique communities.

We also directly support the development of family leaders through a statewide Family Leadership Council. This inspiring group of parents and grandparents are paid a professional wage to set goals, build skills and advocate for change.

Within Growing Up New Mexico's Early Learning Programs there are five ways to partner with other community organizations:

1. Contracting for services with other organizations
2. Orchestrate collaborations that have two goals:
 - Leverage existing resources
 - Position collaboration to seek funding sources
3. Referral relationships
4. Program partnership
5. Mobilization of community around education
6. Advocacy for Policy Issues

The Board of Directors has determined that Growing Up New Mexico resources will support our Early Learning Programs and community engagement initiatives.

Growing Up New Mexico Philosophy

The mission of Growing Up New Mexico is to engage the whole community, bringing together people and resources to create increased opportunities for young children and the adults in their lives to achieve their dreams and aspirations. We achieve this mission through our Early Learning Programs. Our programs are an array of innovative child and family development initiatives that seeks to strengthen families, and the whole community, through a sequential pipeline of early intervention, education, and development opportunities.

The concept is really rather simple: if being born and raised in poverty imposes unfair conditions that decrease the likelihood of children's success compared to children born and raised in greater affluence, social justice requires the provision of supports to alleviate that disadvantage. The most just condition would be the provision of supports and resources equal to the supports and resources available to the more fortunate.

This simple notion has guided the design and implementation of our programs for the last 11 plus years. Growing Up New Mexico's Early Learning Programs are a complex network of sequential services, programs and opportunities – social, educational, and civic engagement – that, taken together, can change academic and social conditions, resulting in greatly increased community assets, family strengths and, ultimately, success for children.

**GROWING UP NEW MEXICO
MANAGEMENT REVIEW OF OPERATIONS
As of June 30, 2021**

Outlook

We have planned for several years to become an organization that truly has the ability to make an impact of lasting change in the community, rather than being the traditional fundraising organization passing funds through to other organizations. We believe we are making real and lasting changes for our families through our programs.

By creating new opportunities for children and families, we bring the community together to plan, advocate, and provide programs from birth to career. Our children become more successful in school and in life, our families become more resilient, our community becomes stronger both now and in the future.

Growing Up New Mexico has a bold outlook for the future. Several years ago, our campaign represented a substantial portion of our revenue. Today our campaign represents 21% of our operating budget with the remaining 79% coming from the combination of private foundations, individual donations, fees for services and state multi-year service awards.



Katherine Freeman
President & CEO



Brian Lewis
Treasurer

GROWING UP NEW MEXICO
REPORT BY MANAGEMENT
June 30, 2021

Management is responsible for the preparation and the integrity of the accompanying financial statements. These statements are prepared in accordance with accounting principles generally accepted in the United States of America and require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. In management's opinion, the financial statements present fairly our financial position, changes in our net assets and cash flows. All financial information in this Annual Financial Report is consistent with the financial statements.

Management maintains and relies on a system of internal controls and related policies and procedures that provide reasonable assurance of the integrity and reliability of the financial statements. The system provides, at appropriate costs and within the inherent limitations of all internal control systems that transactions are executed in accordance with management's authorization and are properly recorded and reported in the financial statements and that assets are safeguarded. Our internal control system provides for careful selection and training of supervisory and management personnel and requires appropriate segregation of responsibilities and delegation of authority. In addition, we have prepared a corporate code of ethics for purposes of determining possible conflicts of interest, compliance with laws and confidentiality of proprietary information.

Our independent auditors, Hinkle + Landers, audited the annual financial statements as described in their report. They obtained an understanding of our internal control system to enable them to plan their audit and determine audit procedures to be performed.

The Board of Directors has established an Audit Committee. The Committee is appointed by the Board to assist the Board in its oversight function by monitoring, among other things, our financial reporting process and the independence and performance of our independent auditors. The Committee's activities include meeting periodically with management and the independent auditors to review audit results, financial reporting, internal controls and other financial matters. The independent auditors have full and free access to the Committee.



Katherine Freeman
President & CEO



Brian Lewis
Treasurer

Independent Auditor's Report

The Board of Directors of
Growing Up New Mexico
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of Growing Up New Mexico (a nonprofit organization previously operating as United Way of Santa Fe County), 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.

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 of 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 financial position of Growing Up New Mexico as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Growing Up New Mexico June 30, 2020 financial statements, which were issued under the name United Way of Santa Fe County. We have previously audited Growing Up New Mexico's 2020 financial statements, and we issued an unmodified opinion on those audited financial statements in our report dated November 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Management Review of Operations and Report by Management

The introductory section identified in the table of contents as management review of operations and report by management have not been subjected to the auditing procedures applied in the audit of the Financial Statements and accordingly, we do not express an opinion or any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2022, on our consideration of Growing Up New Mexico'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 Growing Up New Mexico's internal control over financial reporting and compliance.



Hinkle + Landers, P.C.
Albuquerque, NM
January 5, 2022

GROWING UP NEW MEXICO
STATEMENT OF FINANCIAL POSITION
As of June 30, 2021, with Comparative Totals for 2020

	Notes	2021	2020
ASSETS			
Current Assets			
Cash, restricted cash & cash equivalents	C	\$ 824,822	689,477
Campaign pledges receivable, net	H	148,243	124,479
Capital campaign pledges receivable, net - current	H	12,000	80,000
Grants receivable	G	464,199	152,446
Miscellaneous receivable	G	374	21,833
Prepaid expenses and other		51,265	52,188
Total current assets		1,500,903	1,120,423
Non-Current Assets			
Grants receivable	G	400,000	-
Security and equipment deposit	I	2,440	2,440
Capital campaign pledges receivable, net - non-current	H	20,800	31,773
Endowment investments	D, E	268,665	168,742
Property and equipment, net	J	3,591,133	3,776,375
Total non-current assets		4,283,038	3,979,330
TOTAL ASSETS		\$ 5,783,941	5,099,753
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable		\$ 116,176	217,072
Accrued liabilities	K	147,051	126,118
Funds held for other organizations		76	126
Notes and loans payable (current portion)	L	49,583	332,850
Total current liabilities		312,886	676,166
Long-Term Liabilities:			
Notes and loans payable	L	117,133	431,990
Total liabilities		430,019	1,108,156
Net Assets			
Net assets without donor restrictions			
Undesignated		(1,959,676)	(2,322,909)
Net investment in property and equipment		3,591,133	3,776,375
Net assets with donor restrictions			
Purpose/time restricted net assets	M	2,087,070	902,736
Restrictions perpetual in nature	E	1,635,395	1,635,395
Total net assets		5,353,922	3,991,597
TOTAL LIABILITIES AND NET ASSETS		\$ 5,783,941	5,099,753

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

**GROWING UP NEW MEXICO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021, with Comparative Totals for 2020**

	Without Donor Restrictions	With Donor Restrictions		2021 Totals	2020 Totals
		Purpose/Time Restrictions	Perpetual Restrictions		
PUBLIC SUPPORT AND REVENUE					
Campaign results and other support					
Amounts raised and processed by Growing Up New Mexico	\$ 1,051,296	199,743	-	1,251,039	1,079,322
Amounts raised and processed for United Way organizations	-	-	-	-	13,703
Campaign results	<u>1,051,296</u>	<u>199,743</u>	<u>-</u>	<u>1,251,039</u>	<u>1,093,025</u>
Less provision for uncollectible pledges	(12,650)	-	-	(12,650)	(11,397)
Net campaign results before donor designations	<u>1,038,646</u>	<u>199,743</u>	<u>-</u>	<u>1,238,389</u>	<u>1,081,628</u>
Less donor designations	(3,740)	-	-	(3,740)	(6,858)
Net campaign revenue	<u>1,034,906</u>	<u>199,743</u>	<u>-</u>	<u>1,234,649</u>	<u>1,074,770</u>
Capital campaign revenue, net of discount	-	9,027	-	9,027	23,240
Bequests	8,298	-	-	8,298	10,000
County grants	116,825	-	-	116,825	130,278
State grants	1,833,373	3,000	-	1,836,373	1,375,901
Federal grants	73,701	-	-	73,701	42,567
Federal contracts	-	-	-	-	792,500
Other grants	-	2,108,822	-	2,108,822	584,753
Use of facility in exchange for services	106,100	-	-	106,100	106,100
In-kind contributions	17,253	-	-	17,253	4,150
Total public support	<u>3,190,456</u>	<u>2,320,592</u>	<u>-</u>	<u>5,511,048</u>	<u>4,144,259</u>
Other income	403,854	208,034	-	611,888	352,530
Dividends and interest	4,944	-	-	4,944	4,077
Investment (losses) gains	45,117	-	-	45,117	6,806
Gain (loss) on assets disposal	(114,630)	-	-	(114,630)	-
Net assets released from restrictions due to satisfaction of program restrictions	1,344,292	(1,344,292)	-	-	-
Total revenue	<u>1,683,577</u>	<u>(1,136,258)</u>	<u>-</u>	<u>547,319</u>	<u>363,413</u>
Total public support and revenue	<u>4,874,033</u>	<u>1,184,334</u>	<u>-</u>	<u>6,058,367</u>	<u>4,507,672</u>
EXPENSES					
Programs					
Gross funds distributed	3,740	-	-	3,740	6,858
(Less donor designations)	(3,740)	-	-	(3,740)	(6,858)
Net funds distributed	-	-	-	-	-
Other program services	4,011,789	-	-	4,011,789	4,152,656
Total program services	<u>4,011,789</u>	<u>-</u>	<u>-</u>	<u>4,011,789</u>	<u>4,152,656</u>
General & administrative	368,680	-	-	368,680	408,091
Fundraising expense	315,573	-	-	315,573	285,763
United Way of America dues	-	-	-	-	32,536
Total expenses	<u>4,696,042</u>	<u>-</u>	<u>-</u>	<u>4,696,042</u>	<u>4,879,046</u>
Change in net assets	177,991	1,184,334	-	1,362,325	(371,374)
Net assets, beginning	1,453,466	902,736	1,635,395	3,991,597	4,362,971
Net assets, ending	<u>\$ 1,631,457</u>	<u>2,087,070</u>	<u>1,635,395</u>	<u>5,353,922</u>	<u>3,991,597</u>

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

GROWING UP NEW MEXICO
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021, with Comparative Totals for 2020

	Program	General & Administrative	Fundraising	2021 Total	2020 Total
Personnel expenses:					
Salaries	\$ 2,204,587	271,906	191,452	2,667,945	2,468,530
Payroll taxes	168,092	20,732	14,598	203,422	187,816
Payroll benefits	140,709	17,355	12,220	170,284	136,648
Retirement expense	18,819	2,321	1,634	22,774	17,310
Total personnel	2,532,207	312,314	219,904	3,064,425	2,810,304
General expenses:					
Professional services	375,473	24,831	35,501	435,805	944,052
Supplies	296,396	4,262	4,775	305,433	157,108
Repairs and maintenance	164,791	6,825	-	171,616	140,652
Office rent expense	103,976	6,534	4,601	115,111	115,425
Insurance	57,989	3,787	2,667	64,443	62,917
Telephone and internet	50,041	839	591	51,471	51,547
Utilities	49,646	458	322	50,426	54,724
Printing & postage	29,368	277	9,312	38,957	43,137
Software support and equipment	25,760	4,295	4,965	35,020	40,501
Lobbying	33,193	-	-	33,193	34,271
Dues and subscriptions	11,915	380	15,203	27,498	24,099
Marketing and development	9,977	1,469	13,165	24,611	5,191
Training and education	21,998	588	1,616	24,202	22,099
Equipment leases	11,708	557	392	12,657	11,795
Licenses, fees, permits, and taxes	9,669	685	884	11,238	11,637
Interest expense	8,610	333	235	9,178	12,782
Travel	4,002	43	1	4,046	62,882
Capacity building	1,400	-	-	1,400	-
Storage lease	475	-	-	475	110
Meetings and events	367	5	-	372	18,548
Miscellaneous	264	8	5	277	-
United Way of America membership dues	-	-	-	-	32,536
Subtotal general expenses before depreciation and in-kind expenses	1,267,018	56,176	94,235	1,417,429	1,846,013
Depreciation	104,136	190	134	104,460	112,479
In-kind expense advertising	-	-	-	-	3,000
In-kind goods and services	2,328	-	1,300	3,628	1,150
Use of facility in exchange for services	106,100	-	-	106,100	106,100
Total in-kind and exchange for services	108,428	-	1,300	109,728	110,250
Total general expenses	1,479,582	56,366	95,669	1,631,617	2,068,742
Total expenses	\$ 4,011,789	368,680	315,573	4,696,042	4,879,046

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

GROWING UP NEW MEXICO
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021, with Comparative Totals for 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants and contracts	\$ 3,423,968	2,419,054
Cash received from contributors & support	1,246,433	1,868,504
Cash received from other income	184,722	351,644
Interest income & dividends	4,944	4,077
Cash payments to vendors & contractors	(1,508,274)	(1,722,530)
Cash payments for wages & benefits	(3,043,492)	(2,764,140)
Interest paid	(9,178)	(118,178)
Net cash provided/(used) by operating activities	299,123	38,431
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of donated stock	13,625	-
Purchase of investments	(54,806)	(25,036)
Purchase of property and equipment	(33,848)	(229,718)
Net cash provided/(used) by investing activities	(75,029)	(254,754)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital campaign contributions	74,375	87,466
Proceeds from issuance of debt/line of credit	-	550,000
Principal payments	(163,124)	(35,160)
Net cash provided/(used) by financing activities	(88,749)	602,306
 Net increase (decrease) in cash	 135,345	 385,983
Cash, restricted cash, & cash equivalents, beginning of year	689,477	303,494
Cash, restricted cash, & cash equivalents, end of year	\$ 824,822	689,477
 RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 1,362,325	(371,374)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	104,460	112,479
Loss (gain) on disposal of assets	114,630	-
Donated stock (in-kind)	(13,625)	-
Investment losses (gains)	(45,117)	(6,806)
Capital campaign revenue	4,598	(23,240)
Changes in assets and liabilities:		
Campaign pledges receivable	(23,764)	(8,766)
Grants receivable	(711,753)	285,555
PPP loan forgiven	(435,000)	-
Miscellaneous receivable	21,459	(886)
Prepaid expenses	923	(11,319)
Accounts payable	(100,896)	121,970
Accrued expenses	20,933	46,164
Interest payable	-	(105,396)
Funds held for other organizations	(50)	50
Net cash provided (used) by operating activities	\$ 299,123	38,431
 Supplementary Information		
Use of facility in exchange for services	\$ 106,100	106,100
In-kind expense advertising	-	3,000
In-kind goods and services	3,628	1,150
In-kind contributions-stock donation	13,625	-
	\$ 123,353	110,250

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021, With Comparative Totals for 2020

NOTE A – NATURE OF OPERATIONS

Growing Up New Mexico is a New Mexico not-for-profit corporation, chartered in 1954 as United Way of Santa Fe County, with governance by a volunteer Board of Directors. In 2021, the organization underwent a name change and rebranding to more closely align with its mission and goal. Growing Up New Mexico is organized to create lasting change that improves the quality of life and health in our community. Additionally, Growing Up New Mexico has developed a comprehensive innovative community development model of early learning programs, serving as the vehicle to help achieve the organization's goal. To accomplish this goal, Growing Up New Mexico is involved in a variety of activities including provision of services, creating collaborations civic engagement and community organizing, policy and advocacy, and fundraising.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Under this method, all revenues earned, determinable in amount, and receivable by the organization are recognized. Expenses incurred but not paid as of the close of business at June 30 are accrued.

Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net assets with donor restrictions and net assets without donor restrictions. These are defined as follows:

Without Donor Restrictions

Amounts without donor restrictions are those net assets currently available at the discretion of the Board for use in Growing Up New Mexico's programs, and those resources invested in land, buildings and equipment. There were no Board designated net assets held during fiscal year 2021 and 2020, and accordingly, these financials do not reflect any activity related to this class of net assets.

Net Assets with Donor Restrictions – Temporary in Nature

Net assets with temporary donor restrictions are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions can be fulfilled and removed by actions of the organization pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature. Net assets with restrictions perpetual in nature result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of Growing Up New Mexico. See Note N for more detail.

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Net Assets with Donor Restrictions – Perpetual in Nature

Net assets with perpetual donor restrictions result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of Growing Up New Mexico.

Growing Up New Mexico had net assets with permanent donor restrictions related to their Endowment Fund. See Note E for more detail.

Liquidity and Availability of Financial Resources

Growing Up New Mexico regularly monitors liquidity to meet cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, external limitations imposed by donors or contracts with others. Growing Up New Mexico is substantially supported by restricted grants. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, Growing Up New Mexico must maintain sufficient resources to meet those responsibilities to its donors. These financial assets may not be available for general expenditure within one year. As part of Growing Up New Mexico’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Growing Up New Mexico can invest cash in excess of daily requirements in short-term investments. Occasionally, if the opportunity arises, the board may designate a portion of any operation surplus to its liquidity reserve.

Liquidity is as follows:

	2021	2020
Financial assets, at year end		
Cash and cash equivalents	\$ 824,822	689,477
Campaign pledges receivable	148,243	124,479
Capital campaign pledges receivable	12,000	80,000
Grants receivable	464,199	152,446
Miscellaneous receivables	374	21,833
Financial assets available to meet cash needs for general expenditures within one year	1,449,638	1,068,235
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(2,087,070)	(902,737)
Less net assets with purpose and time restrictions to be met in less than a year	1,666,270	934,510
	(420,800)	31,773
Current assets available to meet cash needs for general expenditures within one year	\$ 1,028,838	1,100,008

Donor restricted funds are available for expenditure upon satisfaction of the restriction, the expected timing of which is not generally determinable in advance. In addition, Growing Up New Mexico has a revolving line of credit of \$250,000, with \$250,000 available as of June 30, 2021 and \$135,000 available as of June 30, 2020.

Cash, Restricted Cash, and Cash Equivalents

Growing Up New Mexico considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash includes money market funds and interest-

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bearing instruments with maturities of three months or less at the date of purchase. Growing Up New Mexico maintains deposits in financial institutions that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Management believes that there is not a significant risk with respect to these deposits.

Concentration of Credit Risk – Uninsured Cash Balances

Growing Up New Mexico maintains cash funds in five separate financial institutions located in Santa Fe, New Mexico. Currently, the FDIC insures bank balances up to \$250,000, per institution. The SIPC insures money market balances up to \$500,000, however SIPC does not protect the value of the balances. As of June 30, 2021, Growing Up New Mexico's New Mexico Bank and Trust cash balances were underinsured by \$198,354.

Investments

Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Realized and unrealized gains and losses, as well as investment expenses are reflected within the investment return, net, in the statement of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in net assets without donor restrictions unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition may differ from the amounts reported in these financial statements. Fair value estimates for securities are currently volatile, difficult to predict, and subject to material changes that could affect Growing Up New Mexico's financial condition and results of operations in the future.

Prepaid Expenses

Prepaid expenses consist of insurance that is paid ahead of time and reduced throughout the fiscal year.

Accounts, Grants and Contracts Receivables

Contracts, grants, and other receivables are stated as unpaid balances, less a discount for doubtful accounts. Management estimates the adequacy of the discounted amount of net receivables based on historical collections, specific impaired receivables, and other situations that may affect the collection of the receivables. Receivables are charged off in the period in which the management determines the receivable is uncollectible. As of June 30, 2021 and 2020, management estimates all contract, grant, and net contribution receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

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Pledged Receivables

Unconditional pledges to give are recognized as contribution revenues and receivables in the period the pledge is made. Conditional pledges to give are recognized when the conditions on which they depend are substantially met. Pledged receivables are allowance based on the receivables that have gone uncollected by the fiscal year end. Additionally, the non-current capital campaign pledge receivables are discounted by 3% each year, to reflect present value based on a 5-year average.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition may differ from the amounts reported in these financial statements. Fair value estimates for securities are currently volatile, difficult to predict, and subject to material changes that could affect Growing Up New Mexico's financial condition and results of operations in the future.

Revenue Recognition

Growing Up New Mexico has adopted ASC 606 "Revenue from Contracts with Customers" and ASU 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" in accordance with accounting principles generally accepted in the United States of America.

The following summarizes the revenue recognition policies for major classifications of revenue:

- **Grants and Contributions**—Grants and contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Grants and contributions received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is satisfied, 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. Grants and contributions received with donor stipulations that are met in the same year are initially identified as restricted and then released (as shown in Note M). There may be other donor restricted funds with donor stipulations that are met in the same year in which the contributions are received; these are classified as revenue and net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are computed using risk free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

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- **Donated Materials and Services**—Donated services and materials are recorded as both revenue and expense in the accompanying statement of activities at their estimated values. Contributions of services are recognized 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 donations. If donors of property or equipment stipulate how long these assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.
- **Contract Revenue**—Contract revenue is recorded at the time the services are provided and the performance obligation is satisfied. Some contracts are fee for service and other contracts are on a reimbursement basis. For these contracts, the performance obligation is the delivery of the services supplied to the customer. The transaction price is established by Growing Up New Mexico and the contracting entity per an agreement. No allocation of the transaction price of the services is necessary. Specifically, when Growing Up New Mexico has incurred expenses or provided services in compliance with the general and specific requirements of the funding source, both the receivable from the government agency and offsetting contract revenue are recorded.
- **Payroll Protection Program (PPP) Loan Revenue** - Growing Up New Mexico applied for and received forgiveness during 2021 for a PPP loan which it obtained in 2020. Upon receipt of approval for forgiveness, Growing Up New Mexico accounted for the loan in accordance with FASB ASC 958-605, Not-for-Profit Entities—Revenue Recognition, as a conditional contribution under which (1) proceeds from the loan were initially recorded as a refundable advance, and (2) the refundable advance was reduced and the contribution was recognized when the conditions of release were substantially met or explicitly waived. Growing Up New Mexico recognized \$435,000, the entirety of the original PPP loan amount, as revenue in FY21.
- **Donor Designated Funds** - Annual fundraising campaigns are conducted each year to carry out Growing Up New Mexico's mission. Pledges from campaigns continue to be received into the following calendar year. Pledges that are donor designated for payment to specific agencies or other third parties are accounted for as agency transactions, rather than as revenue and expense of Growing Up New Mexico. Amounts representing pledges designated by donors to specific agencies (and thus, not included in net revenue or expense) totaled, net of fees, \$3,740 in 2021 and \$6,858 in 2020.

Property, Equipment, and Depreciation

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as support with

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donor restrictions. Depreciation is computed using the straight-line method. Growing Up New Mexico capitalizes all expenditures for property and equipment with a cost of \$5,000 or more with useful lives in excess of two years. Items with a cost of less than \$5,000 are expensed in the year of acquisition. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized.

The major classifications of property and equipment and the related depreciable lives are as follows:

<u>Type</u>	<u>Useful Lives</u>
Building and building improvements	10-39 years
Leasehold improvements	2 - 39 years
Furniture & equipment	3 - 5 years
Computer equipment and other	3 - 5 years

Impairment of Long-Lived Assets

Growing Up New Mexico accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10 and subsections. ASC 360-10 requires that long-lived assets be reviewed 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 to be 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 the fair value less costs to sell. Management does not believe impairment indicators are present as of June 30, 2021.

Accrued Leave

For full-time employees whose work does not adhere to the annually established school year schedule, PTO will be accrued at the rate of 6.15 hours per pay period, to be pro-rated for employees working less than 40 hours per week, down to 20 hours per week. PTO balances will carry forward from year to year, but an employee may not, unless otherwise approved by the President or the Board of Directors, exceed the amount that he or she would accrue over the course of one year of work. When this limit is reached, the employee's accrued PTO balance will remain at this cap until such time that the balance is lowered by the employee using PTO. This policy is not applicable to employees of the PreK Program whose work necessitates their consistent presence, and as these employees do not accrue PTO.

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The following table outlines the accrual rates:

<u>Employee Classification</u>	<u>Computation of PTO</u>
Full-time (40 hrs) Professional and Admin Staff (1st to 5th years)	20 days
Full-time (40 hrs) Professional and Admin Staff (5th year plus)	25 days
Permanent part-time staff (any permanent employee who works less than 40 hrs, down to 20 hrs)	accrued at a prorated full-time rate

The annual leave balance at year end was \$70,809 in 2021 and \$58,597 in 2020.

Support

Growing Up New Mexico reports contributions of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed (Donated) Services

Contributions of services are recognized in the accompanying financial statements in accordance with FASB ASC 958-605-25-16; if the services received:

- enhance or create non-financial assets,
- require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

A substantial number of unpaid volunteers have made significant contributions of their time to develop Growing Up New Mexico's programs, principally in board activities, fundraising and programs. The value of this contributed time is not reflected in these financial statements. Donated goods and services are recorded at their estimated fair value at the date of donation. Services that require specific expertise are recorded when received. See Note N for a summary of in-kind contributions.

Contributed (Donated) Assets

Growing Up New Mexico may receive contributions of non-cash assets and use of facilities in return for services provided. Donated marketable securities and other non-cash donations are recorded as in-kind contributions at their estimated fair values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Absent donor stipulations regarding how long those donated assets must be maintained, Growing Up New Mexico reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Growing Up New Mexico reclassifies net assets with donor restrictions to net assets without donor restrictions at that time unless the donor has restricted the donated asset to a specific purpose. See Note N for additional detail regarding donated assets and use of facilities.

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Advertising

Growing Up New Mexico expenses advertising costs as incurred. Advertising costs are incurred primarily for the dissemination of program information.

Retirement Benefits

Growing Up New Mexico provides a retirement plan under Section 403(b) of the Internal Revenue Code. Eligible employees are entitled to immediately participate in the 403(b)-retirement plan, with the Organization matching their contributions up to 3% of their earnings after one year of employment. Employer contributions to the retirement plan were \$22,774 and \$17,310 for the years ended June 30, 2021 and 2020, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of Growing Up New Mexico have been summarized on a functional basis in the statement of functional expenses. Salary and other personnel costs that are not directly coded to a programmatic activity are allocated based on time certifications and the best estimate of employees. Bad debt is allocated to program expenses based on actuals. Repairs, maintenance and depreciation expenses are allocated among the programs, supporting services, and fundraising activities benefited.

Other operating costs are allocated using various allocation methodologies including allocations based on personnel, square footage, or revenue generated.

Use of Estimates in Preparing Financial Statements

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

Income Taxes

Growing Up New Mexico is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation.

Growing Up New Mexico files its Federal Form 990 tax return in the U.S. federal jurisdiction and the online charitable registration in the Office of the Attorney General for the State of New Mexico. The organization is generally no longer subject to examination by the Internal Revenue Service and the New Mexico Taxation and Revenue Department for fiscal years before 2018. Growing Up New Mexico is not currently under audit nor has the organization been contacted by any of these jurisdictions. Management believes that they are operating within their tax-exempt purpose.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read

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in conjunction with Growing Up New Mexico's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Reclassifications

Certain reclassifications may have been made to 2020 amounts to conform to 2021 presentation.

NOTE C – CASH, RESTRICTED CASH, AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30:

<u>Type</u>	<u>2021</u>	<u>2020</u>
Checking and savings	\$ 824,772	689,402
Petty cash	50	75
Total	\$ <u>824,822</u>	<u>689,477</u>

Cash and restricted cash consist of the following at June 30:

<u>Cash and Restricted Cash</u>	<u>2021</u>	<u>2020</u>
Without donor restrictions	\$ (216,632)	197,272
With donor restrictions	1,041,454	492,205
Total cash and cash equivalents	\$ <u>824,822</u>	<u>689,477</u>

Restricted Cash and Investments

Cash and investments are restricted for the perpetually restricted endowment and to satisfy purpose or time restrictions.

Restricted cash is as follows:

<u>Restricted Cash</u>	<u>2021</u>	<u>2020</u>
Net assets with purpose restrictions	\$ 2,087,070	902,736
Less: outstanding receivables with purpose restrictions	<u>(1,045,616)</u>	<u>(410,531)</u>
Total restricted cash	\$ <u>1,041,454</u>	<u>492,205</u>

Restricted investments are as follows:

	<u>2021</u>	<u>2020</u>
Restricted endowment investments	\$ <u>268,665</u>	<u>168,742</u>

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NOTE D – INVESTMENTS

Investments at June 30, include:

	2021		2020	
	Original Cost	Fair Value	Original Cost	Fair Value
Investments				
Securities & equity funds	\$ 110,275	156,135	79,502	82,154
Bond & fixed income	109,204	112,530	79,801	86,588
Total investments	\$ 219,480	268,665	159,303	168,742

Investment activity for each fiscal year consists of the following:

	2021	2020
Beginning Balance	\$ 168,742	133,240
Investment income (loss), net	49,851	10,466
Contributions	50,072	25,036
Ending Balance	\$ 268,665	168,742

NOTE E – ENDOWMENT

The endowment is made up of the following:

Endowment	2021	2020
Investments	\$ 268,665	168,742
Loan receivable	1,427,047	1,477,119
Total endowment	\$ 1,695,712	1,645,861

Interpretation of Relevant Law

Growing Up New Mexico is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. Growing Up New Mexico's Board of Directors has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Growing Up New Mexico considers a fund to be underwater if the fair value of the fund is less than the sum of:

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

Growing Up New Mexico has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with

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SPMIFA, Growing Up New Mexico considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of Growing Up New Mexico.

Changes in endowment net assets as of June 30, 2021 are:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 10,466	1,635,395	1,645,861
Activity			
Investment income/(loss)	49,851	-	49,851
Endowment net assets, end of the year	<u>\$ 60,317</u>	<u>1,635,395</u>	<u>1,695,712</u>

Changes in endowment net assets as of June 30, 2020 are:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ -	1,635,395	1,635,395
Activity			
Investment income/(loss)	10,466	-	10,466
Endowment net assets, end of the year	<u>\$ 10,466</u>	<u>1,635,395</u>	<u>1,645,861</u>

Return Objectives and Risk Parameters

Growing Up New Mexico has adopted investment and spending policies for endowment assets which attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of funds with donor restrictions that must be held in perpetuity or for a donor- specified period(s). Under this policy, as approved by the Board of Directors the endowment assets are invested in a manner that is intended to produce results which exceed the price and yield results of investment vehicle specific benchmarks while assuming an appropriate level of risk. The investment policy calls for expectation of 4% plus the rate of the Consumer Price Index. Actual returns in any given year may vary from this amount.

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Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Growing Up New Mexico relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In the case of gifts by donors with permanent restrictions (endowment funds), preservation of the value of the original gift is the primary emphasis of Growing Up New Mexico. Growing Up New Mexico will target a diversified asset allocation of moderate long-term growth of principal and income, as well as stability within prudent risk parameters and constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In accordance with Growing Up New Mexico's investment policy approved by the Board of Directors, no distributions will occur beginning in fiscal year 2020 until the loan receivable is repaid.

NOTE F - FAIR VALUES MEASURED ON RECURRING BASIS

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on Growing Up New Mexico's financial statements as reflected herein. Growing Up New Mexico measures certain financial assets and liabilities at fair value on a recurring basis, including its derivative liabilities. Growing Up New Mexico's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy.

The three levels are as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2

Inputs to the valuation methodology include:

- 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; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of investment securities is the market value based on the quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs to the limited market activity of the instrument.

The following table sets forth value measurements of Growing Up New Mexico's financial assets within the fair value hierarchy by level, measured at fair value as of June 30:

	Level 1	
	2021	2020
Investments	\$ 268,665	168,742

The carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses, and other liabilities approximate fair value due to the short maturity periods of these instruments. The fair value of long-term debt, if any, is the carrying value due to the adjustable market rate of interest.

NOTE G – GRANTS & OTHER RECEIVABLES

The accounts receivable aging summary at year end is follows:

	2021	2020
Current (1-30)	\$ 264,573	174,279
Greater than 90 days	600,000	-
Total grants and other receivables	\$ 864,573	174,279

The non-current portion of the Delle Foundation grant receivable was \$400,000 as of June 30, 2021 and \$0 at June 30, 2020. Delle Foundation grant receivables with due dates extending beyond one year are presented at current value as the difference between current value and present value is immaterial.

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Grants and other receivables at year end are as follows:

<u>Customer</u>	<u>2021</u>	<u>2020</u>
Delle Foundation	\$ 600,000	-
CYFD Home Visiting COVID Relief	63,000	-
CYFD First Born Home Visiting Program	55,114	63,806
Christus St. Vincent	50,000	-
CYFD Early PreK	33,766	-
CYFD PreK Extended Day	27,621	24,647
CYFD PreK Jumpstart Program	14,400	-
SF County Navigation	13,625	8,770
Dolly Parton Imagination Library	4,762	19,314
Central Region Educational Cooperative	3,000	-
CYFD CACFP	2,207	2,559
Other	374	353
CYFD Summer Start	-	30,857
Kids Kitchen, LLC	-	12,299
CYFD PreK	-	2,494
State of New Mexico	(3,296)	9,180
Total grants and other receivables	\$ <u>864,573</u>	<u>174,279</u>

The amount of \$(3,296) is the result of an overpayment by the State of New Mexico.

As of June 30, 2021 and 2020, management estimates all receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

NOTE H – PLEDGES RECEIVABLE

Campaign pledges receivable are comprised of the following unconditional promises to give at June 30:

	<u>2021</u>	<u>2020</u>
Campaign pledges receivables	\$ 160,893	135,876
Less: allowance for uncollectible pledges	(12,650)	(11,397)
Net campaign pledges receivable	\$ <u>148,243</u>	<u>124,479</u>

All campaign pledges are expected to be received within one year.

In 2016, the Organization launched a capital campaign to obtain funding for the development of the Early Learning Center in collaboration with Santa Fe Public Schools. Capital campaign pledges receivable are comprised of the following unconditional promises to give at June 30:

	<u>2021</u>	<u>2020</u>
Capital campaign pledges receivables	\$ 37,235	125,235
Less: Discount to net present value	(4,435)	(13,462)
Net capital campaign pledges receivable	\$ <u>32,800</u>	<u>111,773</u>

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021, With Comparative Totals for 2020

Capital Campaign pledge receivable with due dates extending beyond one year have been discounted at a 3% annual rate based on historical review of uncollectable amounts. The capital campaign pledges receivables are restricted in use for costs and expenses of the Early Learning Center.

	2021	2020
Amounts due in:		
Less than one year	\$ 12,000	80,000
One to five years	25,235	45,235
Total	\$ 37,235	125,235

NOTE I – SECURITY DEPOSIT

Growing Up New Mexico has security deposits related to their office space and equipment rent. Security deposits are as follows at June 30:

	2021	2020
Security deposit	\$ 1,975	1,975
Equipment deposit	465	465
Total deposits	\$ 2,440	2,440

NOTE J – PROPERTY, EQUIPMENT, AND DEPRECIATION

Property and equipment consisted of the following at June 30:

	2020	Additions	Deletions	2021
Property and equipment not depreciated				
CIP	\$ 114,630	-	(114,630)	-
Property and equipment depreciated				
Building and building improvements	3,838,229	33,848	-	3,872,077
Leasehold improvements	148,056	-	-	148,056
Furniture & equipment	37,670	-	-	37,670
Computer equipment and other	68,169	-	-	68,169
Total property and equipment	4,206,754	33,848	(114,630)	4,125,972
Less: accumulated depreciation				
Building	(185,134)	(102,118)	-	(287,252)
Leasehold improvements	(143,122)	(262)	-	(143,384)
Furniture & equipment	(37,174)	(475)	-	(37,649)
Computer equipment and other	(64,949)	(1,605)	-	(66,554)
Total accumulated depreciation	(430,379)	(104,460)	-	(534,839)
Total property and equipment, net	\$ 3,776,375	(70,612)	(114,630)	3,591,133

Growing Up New Mexico wrote off its construction in progress, which was related to architectural plans for a baby wing at Kaune. Considering current conditions and requirements, the Baby Wing project has been restructured.

Depreciation expense for the years ended June 30, 2021 and 2020 was \$104,460 and \$112,479, respectively.

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021, With Comparative Totals for 2020

NOTE K – ACCRUED LIABILITIES

Accrued liabilities at June 30, consist of the following:

		<u>2021</u>	<u>2020</u>
Accrued annual leave	\$	70,809	58,597
Accrued payroll		76,242	63,581
Accrued payroll taxes and benefits		-	3,940
Total accrued liabilities	\$	<u>147,051</u>	<u>126,118</u>

NOTE L – NOTES AND LOANS PAYABLE

Growing Up New Mexico had the following changes in notes and loans payable during the year:

		<u>2020</u>	<u>Additions</u>	<u>Forgiven</u>	<u>Repayment</u>	<u>2021</u>
Santa Fe Community Foundation Loan	\$	214,840	-	-	(48,124)	166,716
Century Bank Line of Credit		115,000	-	-	(115,000)	-
Paycheck Protection Program Loan (CARES Act.)		435,000	-	(435,000)	-	-
Total notes and loans payable	\$	<u>764,840</u>	<u>-</u>	<u>(435,000)</u>	<u>(163,124)</u>	<u>166,716</u>

Notes payable consist of the following as of June 30:

		<u>2021</u>	<u>2020</u>
Unsecured, uncollateralized loan with Santa Fe Community Foundation for \$250,000. Proceeds of the loan to be used solely for advancing the implementation of child and parent services at the Santa Fe Early Learning Center at Agua Fria. Quarterly payments of principal and interest at 3% beginning December 31, 2019. All outstanding principal and interest due September 2024.	\$	<u>166,716</u>	<u>214,840</u>
Total interest expense	\$	<u>5,911</u>	<u>7,238</u>
		2022 \$	49,583
		2023	51,088
		2024	52,638
		2025	13,407
		2026	-
		Thereafter	-
	Total \$	<u>166,716</u>	

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In addition, the line of credit balance outstanding was as follows:

	2021	2020
On February 20, 2020, Growing Up New Mexico took out a variable rate non-disclosable revolving line of credit loan with a limit of \$250,000 at Century Bank. The current interest rate is 5.00%. Starting in March 20, 2020, Growing Up New Mexico paid a regular monthly payment of all accrued unpaid interest due as of each payment date. All outstanding principal was paid during 2021, with the final principal payment made on February 5, 2021.	\$ <u> -</u>	<u> 115,000</u>
Total interest expense	\$ <u> 3,267</u>	<u> 5,511</u>

For the years ended June 30, the following summarizes the principal and interest on notes payable:

	2021	2020
Principal outstanding		
Current portion	\$ 49,583	598,124
Non-current portion	<u>117,133</u>	<u>166,716</u>
Total principal outstanding	\$ <u>166,716</u>	<u>764,840</u>
Total interest expense	\$ <u> 9,178</u>	<u> 12,782</u>

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021, With Comparative Totals for 2020

Intercompany Endowment Payable/Receivable

In 2020, Growing Up New Mexico formalized their repayment terms with its Endowment Fund and began repaying the Endowment Fund for prior year distributions. This balance is not shown on the statement of financial position.

	2020	Additions	Repayment	2021
Endowment Fund Promissory Note	\$ 1,477,119	-	(50,072)	1,427,047

On July 20, 2019, Growing Up New Mexico formalized a promissory note from the Endowment Fund for \$1,502,155 related to previous year distributions for the purchase and renovations of the Kaune Elementary School. The promise to pay was effective on January 31, 2020. There is a yearly interest rate of 5% charged on the unpaid balance. Interest is paid yearly starting on December 31, 2020. Monthly principal payments in the amount of \$4,172.65 will commence on or before January 31, 2020. One final payment of principal and accrued interest will be paid on or before January 31, 2050. This internal loan is eliminated on the face of the financial statement.

\$ 1,427,047 1,477,119

	2022 \$	50,072
	2023	50,072
	2024	50,072
	2025	50,072
	2026	50,072
	Thereafter	<u>1,176,687</u>
	Total \$	<u>1,427,047</u>

NOTE M –NET ASSETS WITH DONOR RESTRICTIONS

Various contributions have been restricted by donors. Net assets with donor restrictions related to assets restricted for program use are as follows:

Net Assets with Donor Restrictions in Purpose/Time	2020	Additions	Released	2021
Outstanding pledge contributions	\$ 124,479	148,243	(124,479)	148,243
Early Learning Programs (Santa Fe Children's Project)	81,177	972,773	(402,744)	651,206
Bridges to Opportunity	-	150,000	(17,536)	132,464
New Mexico Early Childhood Project	308,933	813,644	(585,040)	537,537
Capital campaign contributions	304,753	9,027	(34,062)	279,718
Family, Friends, and Neighbors	82,080	434,939	(180,431)	336,588
Growing Up NM Emergency fund	1,314	-	-	1,314
Total Net Assets with Donor Restrictions in Purpose/Time	\$ <u>902,736</u>	<u>2,528,626</u>	<u>(1,344,292)</u>	<u>2,087,070</u>

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021, With Comparative Totals for 2020

NOTE N – USE OF FACILITY AND IN-KIND CONTRIBUTIONS

Growing Up New Mexico had the following exchange of services for use of facility and in-kind donation revenues at June 30:

Use of Facility:

- Growing Up New Mexico provides crucial services to the city of Santa Fe and surrounding communities, and in exchange for those services, the Board of Education of the Santa Fe Public Schools has provided the use of a facility for Growing Up New Mexico’s Early Learning Community Collaboration Compact program and administrative activities. This is provided for through a lease agreement between the parties in which the rental fee is offset by the amount of allowable costs incurred to provide the early learning services. The amount of expense incurred surpasses the amount of rent charged, and so the use of the facility is recorded as in-kind revenue for the amount that would have otherwise been paid. The initial lease was for the period of January 1, 2015 through December 30, 2019, and is currently on its third and final consecutive one-year extension ending December 31, 2022 (see Note O).
- A second lease agreement between Growing Up New Mexico and Kids Kitchen, LLC, for commercial kitchen space, provides for donation of the space at fair market value in exchange for the preparation of meals for local children. This is also accounted for as use of facility in exchange for services in the amount that would otherwise have been paid for the lease.

At year end, Growing Up New Mexico recognizes in-kind contributions and use of facilities in exchange for services as follows:

	2021	2020
Use of facilities in exchange for services \$	106,100	106,100
Donated stock	13,625	-
In-kind equipment	2,328	350
In-kind donation of fundraising prizes	1,300	800
In-kind advertising	-	3,000
Total	\$ 123,353	110,250

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021, With Comparative Totals for 2020

NOTE O – OPERATING LEASES

Growing Up New Mexico rents office space and equipment under multiple leases that expire in various months during fiscal years 2021 and 2026. Monthly payments range from \$26 to \$5,343 and the lease terms range from 1 year to 10 years. These leases have been accounted for as operating leases by Growing Up New Mexico.

Minimum future lease payments as of June 30, 2021, are as follows:

<u>Year ending</u>	<u>Amount</u>
2022 \$	105,183
2023	55,786
2024	52,905
2025	51,000
2026	46,750
Thereafter	-

Lease expenses for the years ended June 30, 2021 and 2020 were \$127,768 and \$127,219, respectively.

Beginning January 1, 2015, Growing Up New Mexico entered into a lease agreement with the Board of Education of the Santa Fe Schools (Board), to rent the Agua Fria Elementary School for administrative office space and service space for the Early Learning Community Collaboration Compact programs. The lease is subject to the prior approval of the New Mexico State Board of Finance. The term of the lease is for five years, beginning on January 1, 2015 or the date the lease is approved by the State Board of Finance, whichever is later, and ending December 30, 2019. The lease may be renewed annually for not more than three consecutive one-year period.

Growing Up New Mexico is required to pay base rent of \$94,100 per year. However, the annual rent payment for base rent will be offset by the amount of the Allowable Costs, as defined in the agreement, incurred by Growing Up New Mexico to provide the services to the Santa Fe Schools at Agua Fria Elementary School. Growing Up New Mexico submits monthly certification of allowable costs of services which details the amount of resources spent on behalf of Growing Up New Mexico by program and type, in order to, ensure the monthly allowable costs equal or exceed the base rent. Any amount of offset which exceeds the amount of base rent will be credited against the next month's base rent. If the lease is terminated for any reason, then any credit due to Growing Up New Mexico from Board will be treated as a donation of services to Board as a governmental entity and the Board will have no payment obligation to Growing Up New Mexico for any credit balance. Any deficiencies will be paid by Growing Up New Mexico. It is management's belief that it is unlikely that allowable costs would not exceed base rent amount due. Any credits due to Growing Up New Mexico at termination will be treated as a donation of services. In-kind revenue and expense related to this lease is \$94,100.

Either party has the right to terminate the lease for breach by the other party of any material condition of the lease, subject to the provisions outlined in the lease agreement. Growing Up New Mexico can terminate the lease by providing written notice to the Board, at least 60 days prior to either the end of the original term or the expiration of any renewals, if applicable.

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021, With Comparative Totals for 2020

NOTE P – JOINT COST ALLOCATIONS

Growing Up New Mexico did not participate in joint activities during the 2021 year or the 2020 year that required allocations.

NOTE Q – CONCENTRATION OF MARKET AND BUSINESS RISK

Economic Dependency

Growing Up New Mexico receives a significant portion of its revenue in the form of grants, contracts, and other contributions. Growing Up New Mexico expects these grants, contracts, and awards to continue into the foreseeable future. If, however, a significant portion of these funds are not continued, Growing Up New Mexico's ability to continue all programs would be diminished. The following is a summary of concentrations from contributions and grants as of June 30:

<u>Concentrations</u>	<u>2021</u>	<u>2020</u>
Contributions, grants, and contracts \$	<u>5,404,948</u>	<u>4,038,159</u>
Total revenue	\$ <u>6,058,367</u>	<u>4,507,672</u>
Concentration percentage	<u>89%</u>	<u>90%</u>

Geographical Concentration

Growing Up New Mexico's operations are concentrated in the areas including and around Santa Fe, New Mexico. The organization also directly supports statewide policy work as well as the development of family leaders through a statewide Family Leadership Council.

NOTE R – PROGRAM EXPENSES

Designations distributed for the years ended June 30, 2021 and 2020 are as follows:

<u>Designations</u>	<u>2021</u>	<u>2020</u>
Reading Quest	\$ 2,940	-
SFCF Empty Stocking Fund	200	-
Partners in Education	150	150
The Interfaith Community Shelter	150	150
Literacy Volunteers of Santa Fe	100	100
Santa Fe Children's Museum	100	100
Santa Fe Community College Foundation	100	100
Life Center Foundation	-	1,063
Kitchen Angels	-	213
Adelante	-	200
Santa Fe Habitat for Humanity	-	179
Santa Fe Community Foundation	-	150
The Food Depot	-	100
All others	-	4,353
Total donor designations	\$ <u>3,740</u>	<u>6,858</u>

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021, With Comparative Totals for 2020

NOTE S – JOINT VENTURE

In July 2018, Growing Up New Mexico entered into a joint venture with The Food Depot, a food bank located in Santa Fe, New Mexico, and created the nonprofit organization, Kids Kitchen, LLC, which is housed at Growing Up New Mexico’s Early Learning Center at Kaune, and for which Growing Up New Mexico served as fiscal agent through February 5, 2021. The Food Depot assumed fiscal agent responsibilities for Kids Kitchen from February 5, 2021 forward. Growing Up New Mexico and The Food Depot have a 50/50 interest in Kids Kitchen, LLC. The purposes for which Kids Kitchen, LLC was organized are:

- Providing meals to youth under various government sponsored and reimbursed food and food insecurity programs;
- Providing meals on a paid basis to other interested youth and senior oriented programs and institutions;
- Providing job training for persons in the Members' service area; and
- Conducting, assisting or supporting other endeavors in keeping with the missions and charters of its Members.

Beginning September 2018, Kids Kitchen, LLC began paying Growing Up New Mexico \$5,000 per month for accounting and HR services. This revenue was recorded as administrative fees by Growing Up New Mexico. In September 2020, it was mutually agreed to discontinue these fees, and Growing Up New Mexico issued a credit to Kids Kitchen for the June, July and August 2020 administrative fees paid.

The following table is a breakdown of support, revenue, and expenses, presented on Growing Up New Mexico’s statement of activities, as noted in the table of contents, for the fiscal years ended June 30:

	2021	2020
Support and revenue		
Other income		
Kids Kitchen expense reimbursement	\$ 88,872	156,111
Administrative fees	-	50,000
Use of facility in exchange for services	12,000	12,000
Total support and revenue	\$ 100,872	218,111
Expenses		
Personnel expenses	\$ 82,075	149,534
Use of facility in exchange for services	12,000	12,000
Supplies	5,799	1,616
Administrative expense credited	5,000	-
Licenses, fees, permits, and taxes	374	282
Telephone and internet	285	766
Training and education	247	-
Marketing and development	60	20
Repairs and maintenance	12	234
Printing and postage	-	26
Dues and subscriptions	-	49
Utilities	-	3,584
Total expenses	\$ 105,852	168,111

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021, With Comparative Totals for 2020

NOTE T – EVALUATION OF SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. Growing Up New Mexico recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. Growing Up New Mexico's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. The organization has evaluated subsequent events through January 5, 2022, which is the date the financial statements were available to be issued.



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*

The Board of Directors of
Growing Up New Mexico
Santa Fe, New Mexico

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 Growing Up New Mexico (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional allocation of expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Growing Up New Mexico internal control over financial reporting (internal control) to determine the 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 Growing Up New Mexico’s internal control. Accordingly, we do not express an opinion on the effectiveness of Growing Up New Mexico’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.

January 5, 2022

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*, continued

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 Growing Up New Mexico'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 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.



Hinkle + Landers, PC
Albuquerque, NM
January 5, 2022

GROWING UP NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2021

<u>Reference #</u>	<u>Finding</u>	<u>Status of Prior Year Findings</u>	<u>Type of Finding*</u>
NONE			

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting