



**GROWING UP NEW MEXICO**

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

**For the Year Ended June 30, 2023  
With Comparative Totals for 2022**

2500 9th St. NW  
Albuquerque, NM 87102  
505.883.8788  
[www.HL-cpas.com](http://www.HL-cpas.com)



**GROWING UP NEW MEXICO**  
**INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023, With Comparative Totals for 2022**  
**TABLE OF CONTENTS**

	Page
Official Roster	i
Management Review of Operations	1-4
Report by Management	5
Independent Auditor's Report on the Audit of the Financial Statements	6-9
Financial Statements:	
Statement of Financial Position	10
Statement of Activities	11
Statement of Functional Expenses	12
Statement of Cash Flows	13
Notes to Financial Statements	14-40
Federal Compliance Section:	
Schedule of Expenditures of Federal Awards	41
Other Reports	
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 <i>Government Auditing Standards</i>	42-44
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	45-48
Schedule of Findings and Questioned Costs	49-50

# GROWING UP NEW MEXICO

## OFFICIAL ROSTER

As of June 30, 2023

### Board of Directors

---

Brian Lewis	Chair
Stacy Quinn	Vice Chair
Lynda Sandler Gavioli	Secretary
Barb Rand	Treasurer
William E. Garcia	Member
Bud Hamilton	Member
Susie Harburg	Member
Carol Johnson	Member
Nancy King	Member
Carl Luff	Member
Dr. Michael Patterson	Member
Kelly Pope	Member
Trudy Swint	Member

### Administrative Personnel

---

Kate Noble	President & CEO
Marisol Baird	COO
Maia Cortissoz	VP of Strategy & Grants Management
Rhonda Montoya	VP of Early Learning
Lakersha Martinez	VP of Program Development
Rebecca Baran-Rees	VP for Policy & Community Development
Jessica Terrazas	Senior Finance Manager

**GROWING UP NEW MEXICO**  
**MANAGEMENT REVIEW OF OPERATIONS**  
**As of June 30, 2023**

Growing Up New Mexico: The Early Childhood Partnership is exclusively focused on early childhood education and care. Our team designs and delivers 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 2023 with a decrease in net assets of \$866,542. Growing Up New Mexico's cash balance was \$178,179. We expect \$80,766 in pledges from the 2023 campaign to be paid during fiscal year 2024. Our liabilities totaled \$2,415,160. Our net assets were \$3,810,790.

**Results of Operations**

The increased awareness of the shortage of high-quality child care nationally, as well as locally, provided new federal, state, and regional funding opportunities that we embraced. In addition, we have 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 Delle Foundation, the Pritzker Family Foundation, CHRISTUS St. Vincent Regional Medical Center, Anchorum St. Vincent, Homegrown, Child Care NEXT, and the W.K. KELLOGG Foundation. This, sustained and new grant revenue, in combination with charitable giving through annual fundraising efforts, has enabled Growing Up New Mexico to continue its momentum.

**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, housed primarily at the Kaune Campus, are our vehicle for achieving that mission and as such represent our overall strategy. Listed here are the components of that strategy:

- **Great Start Family Support** - Prenatal and postpartum support beginning at the end of pregnancy, lasting through the first 6 weeks after baby arrives. Lactation professionals support parents with infant feeding, infant development, postpartum recovery, and provide connections to community resources.

**GROWING UP NEW MEXICO**  
**MANAGEMENT REVIEW OF OPERATIONS**  
**As of June 30, 2023**

- **Home Visiting** –Provides support for parents—prenatally through the first five years of a child’s life. Weekly visits by trained professionals offer individual and family support, guidance, and resources that promote confident, healthy, and happy families.
  
- **PreK and Child Care** – High-quality child care and early education for children six weeks to four years of age to prepare students for success in kindergarten.
  
- **Dolly Parton’s Imagination Library** - Boosts reading and promotes early literacy among young children and their families. Every month, a book selected by a panel of experts is delivered for free to the family’s mailbox—from the time a child is born until the age of five.
  
- **Bridges to Opportunity** - Provides one-on-one guidance for families, meeting them where they are with compassion and without judgement. The program promotes long-term resiliency by connecting families to community resources and other tools needed to thrive. Above all, Bridges to Opportunity empowers families to be their own goal setters, problem solvers, and advocates in order to reach their full potential.
  
- **Family, Friends, & Neighbors and Home-Based Child Care** - Many families use home-based caregivers for child care. These innovative programs provide support and resources for caregivers to gain valuable insights into child development, healthy attachment, early education, and business practices. Providers can be licensed, registered, or have more informal operations, and can access incentives, coaching, peer networks and more.
  
- **Policy and Systems Change** –Alongside deep community listening, all of our programs and operations inform our policy work with the goal of growing an efficient and effective system of education and care throughout the state of New Mexico. Working through legislative and other government partnerships, we advocate for concrete improvements at different levels of government as well as provide information, data, and other support for key decision makers and administrators.

**GROWING UP NEW MEXICO**  
**MANAGEMENT REVIEW OF OPERATIONS**  
**As of June 30, 2023**

- **Volunteer Opportunities** – Our volunteer community is committed to our mission. 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 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 six 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**  
**MANAGEMENT REVIEW OF OPERATIONS**

**As of June 30, 2023**

**Growing Up New Mexico Philosophy**

Growing Up New Mexico achieves our mission primarily 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 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 two decades. 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.

**Outlook**

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. We believe we are making real and lasting changes for our families through our programs.

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 18% of our operating budget with the remaining 82% coming from the combination of private foundations, individual donations, fees for services and state multi-year service awards.



Kate Noble  
President & CEO



Barbara Rand  
Treasurer



**GROWING UP NEW MEXICO**

**REPORT BY MANAGEMENT**

**June 30, 2023**

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.



Kate Noble  
President & CEO



Barbara Rand  
Treasurer



**Independent Auditor’s Report on the Audit of the Financial Statements**

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

**Opinion**

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Growing Up New Mexico and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal

control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Growing Up New Mexico's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Growing Up New Mexico's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the

overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Growing Up New Mexico's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Emphasis of Matter**

#### **Adoption of New Accounting Principle**

As discussed in Note B to the financial statements, Growing Up New Mexico has adopted the new accounting guidance ASU 2016-02, Leases (Topic 842). Growing Up New Mexico has elected to apply the new lease standard using the "transition method," which allows the presentation of leases through a cumulative effect adjustment based on when the organizations initially implement the standard. Therefore, right-of-use assets - operating leases and lease liabilities - operating leases have been presented in the current year but are not presented in the prior year. This implementation of the new accounting principle had no material impact on beginning net assets. Our opinion is not modified with respect to this matter. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

### **Supplementary 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 schedule of expenditures of federal

awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Report on Prior Year Summarized Comparative Information**

The prior year summarized comparative information has been derived from the Growing Up New Mexico June 30, 2022 financial statements. We have previously audited Growing Up New Mexico's 2022 financial statements, and we issued an unmodified opinion on those audited financial statements in our report dated January 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 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 sections 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 10, 2024, 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.*

Hinkle + Landers, P.C.  
Albuquerque, NM  
January 10, 2024

**GROWING UP NEW MEXICO**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2023, with Comparative Totals for 2022**

	Notes	2023	2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash, restricted cash & cash equivalents	C	\$ 178,179	841,437
Campaign pledges receivable, net	H	80,766	84,643
Grants receivable	G	265,739	237,427
Contract receivables	G	259,778	247,442
Miscellaneous receivable	G	-	307
Prepaid expenses		58,504	88,054
<b>Total current assets</b>		<b>842,966</b>	<b>1,499,310</b>
<b>Non-Current Assets</b>			
Grants receivable	G	-	200,000
Security and equipment deposit	I	2,440	2,440
Endowment investments	D, E	11,228	278,312
Property and equipment, net	J	3,837,849	3,496,696
Right-to-use assets, net - operating leases	P	1,531,467	-
<b>Total non-current assets</b>		<b>5,382,984</b>	<b>3,977,448</b>
<b>TOTAL ASSETS</b>		<b>\$ 6,225,950</b>	<b>5,476,758</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable		\$ 123,078	130,316
Accrued liabilities	K	231,636	170,460
Line of credit due to bank	L	199,982	-
Grant advance	M	13,044	381,517
Note payable - current	L	52,638	51,088
Lease liability - current - operating leases	P	92,479	-
<b>Total current liabilities</b>		<b>712,857</b>	<b>733,381</b>
<b>Long-Term Liabilities:</b>			
Note payable	L	13,407	66,045
Lease liability - operating leases	P	1,688,896	-
<b>Total long-term liabilities</b>		<b>1,702,303</b>	<b>66,045</b>
<b>Total liabilities</b>		<b>2,415,160</b>	<b>799,426</b>
<b>Net Assets</b>			
<b>Net assets without donor restrictions</b>			
Undesignated		(918,729)	(702,641)
Net investment in property and equipment and RTU assets		1,895,729	2,022,480
<b>Net assets with donor restrictions</b>			
Purpose/time restricted net assets	N	1,196,395	1,722,098
Perpetual endowment invested in property and equipment	E	1,626,167	1,357,083
Perpetual endowment in investments	E	11,228	278,312
<b>Total net assets</b>		<b>3,810,790</b>	<b>4,677,332</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>\$ 6,225,950</b>	<b>5,476,758</b>

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, 2023, with Comparative Totals for 2022**

	With Donor Restrictions			2023 Totals	2022 Totals
	Without Donor Restrictions	Purpose/Time Restrictions	Perpetual Restrictions		
<b>PUBLIC SUPPORT AND REVENUE</b>					
Campaign results	\$ 889,763	39,055	2,000	930,818	978,776
Less provision for uncollectible pledges	(2,644)	-	-	(2,644)	(2,618)
Net campaign revenue	<u>887,119</u>	<u>39,055</u>	<u>2,000</u>	<u>928,174</u>	<u>976,158</u>
Capital campaign revenue	-	159,121	-	159,121	4,435
Federal grants	794,566	-	-	794,566	387,399
State grants	-	2,820	-	2,820	5,000
County grants	80,072	-	-	80,072	77,267
Other grants	37,062	1,169,308	-	1,206,370	1,226,120
State contracts	1,614,740	-	-	1,614,740	1,691,561
County contracts	141,007	-	-	141,007	83,433
City contracts	95,000	-	-	95,000	80,000
Use of facility in exchange for services	28,101	-	-	28,101	94,100
In-kind contributions	54,760	-	-	54,760	30,274
Total public support	<u>3,732,427</u>	<u>1,370,304</u>	<u>2,000</u>	<u>5,104,731</u>	<u>4,655,747</u>
Other income	149,241	-	-	149,241	117,696
Dividends and interest	21,682	-	-	21,682	19,548
Investment (losses) gains	(3,878)	-	-	(3,878)	(59,665)
Net assets released from restrictions due to satisfaction of program restrictions	<u>1,896,007</u>	<u>(1,896,007)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>2,063,052</u>	<u>(1,896,007)</u>	<u>-</u>	<u>167,045</u>	<u>77,579</u>
Total public support and revenue	<u>5,795,479</u>	<u>(525,703)</u>	<u>2,000</u>	<u>5,271,776</u>	<u>4,733,326</u>
<b>EXPENSES</b>					
Program services	5,108,259	-	-	5,108,259	4,717,464
General & administrative	648,353	-	-	648,353	388,078
Fundraising expense	381,706	-	-	381,706	304,374
Total expenses	<u>6,138,318</u>	<u>-</u>	<u>-</u>	<u>6,138,318</u>	<u>5,409,916</u>
Change in net assets	(342,839)	(525,703)	2,000	(866,542)	(676,590)
Net assets, beginning	<u>1,319,839</u>	<u>1,722,098</u>	<u>1,635,395</u>	<u>4,677,332</u>	<u>5,353,922</u>
Net assets, ending	<u>\$ 977,000</u>	<u>1,196,395</u>	<u>1,637,395</u>	<u>3,810,790</u>	<u>4,677,332</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, 2023, with Comparative Totals for 2022**

	Program	General & Administrative	Fundraising	2023 Total	2022 Total
<b>Personnel expenses:</b>					
Salaries	\$ 2,731,592	354,436	203,974	3,290,002	2,887,273
Payroll taxes	201,478	27,946	14,856	244,280	221,361
Payroll benefits	160,895	49,503	11,063	221,461	211,801
Retirement expense	34,678	7,449	4,705	46,832	34,790
<b>Total personnel</b>	<b>3,128,643</b>	<b>439,334</b>	<b>234,598</b>	<b>3,802,575</b>	<b>3,355,225</b>
<b>General expenses:</b>					
Professional services	474,740	34,617	19,564	528,921	638,249
Repairs and maintenance	236,971	10,033	-	247,004	179,709
Capacity building	218,993	-	-	218,993	154,582
Supplies	196,424	5,120	285	201,829	223,399
Meetings and events	25,126	5,833	59,755	90,714	27,681
Insurance	30,408	37,439	-	67,847	72,621
Travel	61,572	518	100	62,190	28,236
Telephone and internet	7,269	53,870	-	61,139	59,714
Training, education and recognition	45,628	12,105	572	58,305	65,717
Interest expense	38,022	3,173	14,129	55,324	6,455
Utilities	47,628	7,204	-	54,832	64,117
Printing & postage	31,265	2,280	15,693	49,238	37,938
Dues and subscriptions	24,661	5,019	17,116	46,796	38,765
Software support and equipment	17,733	14,022	1,437	33,192	35,185
Miscellaneous	23,881	-	-	23,881	34,526
Marketing and development	8,703	2,294	501	11,498	9,407
Equipment leases	6,647	3,477	-	10,124	13,299
Licenses, fees, permits, and taxes	2,278	583	6,564	9,425	5,682
Lobbying	8,093	40	-	8,133	32,363
Office rent expense	-	-	-	-	115,111
Subtotal general expenses before depreciation and in-kind expenses	<b>1,506,042</b>	<b>197,627</b>	<b>135,716</b>	<b>1,839,385</b>	<b>1,842,756</b>
Depreciation and amortization	434,603	11,392	11,392	457,387	104,135
In-kind goods and services	10,870	-	-	10,870	13,700
Use of facility in exchange for services	28,101	-	-	28,101	94,100
<b>Total in-kind and exchange for services</b>	<b>38,971</b>	<b>-</b>	<b>-</b>	<b>38,971</b>	<b>107,800</b>
<b>Total general expenses</b>	<b>1,979,616</b>	<b>209,019</b>	<b>147,108</b>	<b>2,335,743</b>	<b>2,054,691</b>
<b>Total expenses</b>	<b>\$ 5,108,259</b>	<b>648,353</b>	<b>381,706</b>	<b>6,138,318</b>	<b>5,409,916</b>

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, 2023, with Comparative Totals for 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from grants and contracts	\$ 3,725,453	4,111,627
Cash received from contributors & support	1,017,831	1,072,906
Cash received from other income	105,658	101,189
Interest income & dividends	21,682	19,548
Cash payments to vendors & contractors	(1,892,581)	(1,832,810)
Cash payments for wages & benefits	(3,741,399)	(3,331,816)
Interest paid	(8,133)	(32,363)
Net cash provided/(used) by operating activities	(771,489)	108,281
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	336,360	-
Proceeds from sales of donated stock	-	16,574
Purchase of investments	(73,154)	(69,620)
Purchase of property and equipment	(464,990)	(9,698)
Net cash provided/(used) by investing activities	(201,784)	(62,744)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Capital campaign contributions	159,121	20,661
Contributions restricted for endowment	2,000	-
Proceeds from issuance of debt/line of credit	199,982	-
Principal payments	(51,088)	(49,583)
Net cash provided/(used) by financing activities	310,015	(28,922)
Net increase (decrease) in cash	(663,258)	16,615
Cash, restricted cash, & cash equivalents, beginning of year	841,437	824,822
Cash, restricted cash, & cash equivalents, end of year	\$ 178,179	841,437
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED/(USED)</b>		
<b>BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ (866,542)	(676,590)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization expense	457,387	104,135
Donated stock (in-kind)	(43,890)	(16,574)
Investment losses (gains)	3,878	59,665
Capital campaign revenue	(115,231)	12,139
Contributions restricted for endowments	(2,000)	-
Lease liability payments	(83,641)	-
Changes in assets and liabilities:		
Campaign pledges receivable	3,877	63,600
Grants receivable	171,687	179,330
Contracts receivable	(12,336)	-
Miscellaneous receivable	307	67
Prepaid expenses	29,550	(36,789)
Accounts payable	(7,238)	14,448
Accrued expenses	61,176	23,409
Deferred revenue	(368,473)	381,517
Funds held for other organizations	-	(76)
Net cash provided (used) by operating activities	\$ (771,489)	108,281
Supplementary Information		
Use of facility in exchange for services	\$ 28,101	94,100
In-kind goods and services	10,870	13,700
In-kind contributions-stock donation	43,890	16,574
	\$ 82,861	124,374

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, 2023, With Comparative Totals for 2022**

**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 in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). 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

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

assets held during fiscal year 2023 and 2022, 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.

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.

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

Liquidity is as follows:

	<u>2023</u>	<u>2022</u>
Financial assets, at year end		
Cash and cash equivalents	\$ 178,179	841,437
Campaign pledges receivable	80,766	84,643
Grants receivable	265,739	237,427
Contract receivables	259,778	247,442
Miscellaneous receivables	-	307
Financial assets available to meet cash needs for general expenditures within one year	<u>784,462</u>	<u>1,411,256</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(1,196,395)	(1,722,098)
Less net assets with purpose and time restrictions to be met in less than a year	<u>1,196,395</u>	<u>1,666,270</u>
	-	(55,828)
Other item: deficit in restricted cash (Note C)	<u>(411,934)</u>	<u>(110,841)</u>
Current assets available to meet cash needs for general expenditures within one year	<u>\$ 372,528</u>	<u>1,244,587</u>

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 \$50,018 and \$250,000 available as of June 30, 2023 and 2022, respectively.

**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-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 accounts at two 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, 2023 and 2022, Growing Up New Mexico's Enterprise Bank cash balances were underinsured by \$25,431 and \$1,012, respectively.

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

**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 and program costs that are 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, 2023 and 2022, management estimates all contract, grant, and net contribution receivables to be fully collectible; therefore, no provision for an allowance for uncollectible

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

receivables has been recorded.

**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.

**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 accounts for its revenue and support under 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.

## GROWING UP NEW MEXICO

### NOTES TO FINANCIAL STATEMENTS

#### For the Year Ended June 30, 2023, With Comparative Totals for 2022

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 N). 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.

- **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.
- **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 O for additional detail regarding donated assets and use of facilities.

## GROWING UP NEW MEXICO

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023, With Comparative Totals for 2022

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 O for a summary of in-kind contributions.

- **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.

#### **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 donor restrictions. Depreciation and amortization are 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.



**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

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

<u>Type</u>	<u>Estimated 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, 2023 or June 30, 2022.

**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.

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

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 \$107,692 in 2023 and \$71,370 in 2022.

**Advertising**

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

**FASB ASC 842 - Leases**

Growing Up New Mexico has adopted the new accounting guidance ASU 2016-02, Leases (Topic 842) for the year ended June 30, 2023. Growing Up New Mexico has elected to apply the new lease standard using the “transition method,” which allows the presentation of leases through a cumulative effect adjustment based on when the organization initially implements the standard. Therefore, right-of-use assets - operating leases and lease liability - operating leases have been presented in the current year but are not presented in the prior year. The implementation of the new accounting principle had no material impact on beginning net assets. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

**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 \$46,832 and \$34,790 for the years ended June 30, 2023 and 2022, respectively.

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

**Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to one or more services provided by the organization. Expenses and support services that can be identified with a specific service are charged directly to a program according to the natural expenditure classification. Direct costs are recorded to the functional classification the expense relates to. All other expenses require allocation on a reasonable basis that is consistently applied.

These expenses are allocated among the services on the following basis:

Type of Expense	Basis *
Salaries, wages and related payroll expenses	A
Occupancy, supplies, telephone, equipment	B
Marketing, contract services, support services, transportation, travel, training	C
Other	D

\* Legend for Basis of Allocation of Expenses

- A. Time and effort
- B. Number of employees
- C. Direct to program
- D. Appropriate allocation

The functional expense allocation ratios for the years ended June 30 are as follows:

Expense Allocation	2023	2022
Program	83%	87%
General and administrative	11%	7%
Fundraising	6%	6%
	<u>100%</u>	<u>100%</u>

**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.

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

Estimates that are particularly susceptible to significant changes in the near term that could have a material effect on the financial statements include:

- Estimated useful life of property and equipment
- Inputs and methods related to calculating lease liability and right of use assets
- Valuation of in-kind donations
- Valuation of the exchange of services in exchange for the use of facilities
- The allocation of expenses by function

**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. 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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with Growing Up New Mexico's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

**Reclassifications**

Certain reclassifications may have been made to 2022 amounts to conform to 2023 presentation.

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

**NOTE C – CASH, RESTRICTED CASH, AND CASH EQUIVALENTS**

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

<u>Type</u>	<u>2023</u>	<u>2022</u>
Checking and savings	\$ 178,159	841,387
Petty cash	20	50
Total	<u>\$ 178,179</u>	<u>841,437</u>

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

<u>Cash and Restricted Cash</u>	<u>2023</u>	<u>2022</u>
Without donor restrictions	\$ (411,934)	(110,841)
With donor restrictions	590,113	952,278
Total cash and cash equivalents	<u>\$ 178,179</u>	<u>841,437</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>2023</u>	<u>2022</u>
Net assets with purpose restrictions	\$ 1,196,395	1,722,098
Less: outstanding receivables with purpose restrictions	(606,282)	(769,820)
Total restricted cash	<u>\$ 590,113</u>	<u>952,278</u>

Restricted investments are as follows:

	<u>2023</u>	<u>2022</u>
Restricted endowment investments	<u>\$ 11,228</u>	<u>278,312</u>

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

**NOTE D – INVESTMENTS**

Investments at June 30 include:

	2023		2022	
	Original	Fair Value	Original	Fair Value
	Cost		Cost	
Investments				
Securities & equity funds	\$ 2,086	7,114	150,237	158,284
Bond & fixed income	7,749	2,114	138,703	120,028
Cash	2,000	2,000	-	-
Total investments	<u>\$ 11,835</u>	<u>11,228</u>	<u>288,940</u>	<u>278,312</u>

Investment activity for each fiscal year consists of the following:

	2023	2022
Beginning balance	\$ 278,312	268,665
Investment income (loss), net	(3,878)	(40,425)
Contributions	73,154	50,072
Withdrawals	(336,360)	-
Ending balance	<u>\$ 11,228</u>	<u>278,312</u>

**NOTE E – ENDOWMENT**

The endowment is made up of the following:

<u>Endowment</u>	2023	2022
Investments	\$ 11,228	278,312
Loan receivable (funds invested in property and equipment)	1,663,264	1,376,975
Total endowment	<u>\$ 1,674,492</u>	<u>1,655,287</u>

**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

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

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 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, 2023 are:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 19,892	1,635,395	1,655,287
Activity			
Investment income/(loss)	17,205	-	17,205
Contributions	-	2,000	2,000
Endowment net assets, end of the year	<u>\$ 37,097</u>	<u>1,637,395</u>	<u>1,674,492</u>

**GROWING UP NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

Changes in endowment net assets as of June 30, 2022 are:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 60,317	1,635,395	1,695,712
Activity			
Investment income/(loss)	(40,425)	-	(40,425)
Endowment net assets, end of the year	\$ 19,892	1,635,395	1,655,287

**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.

**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.



**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

**NOTE F – SUMMARY OF FAIR VALUE EXPOSURE**

U.S. generally accepted accounting principles, as they relate to fair value measurement, establish a framework for measuring fair value. That framework 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). All of Growing Up New Mexico’s investments meet the Level 1 criteria in the fair value hierarchy and therefore, no table of fair measurement information is required.

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:

	<u>2023</u>	<u>2022</u>
Current (1-30)	\$ 320,927	273,912
31-90 days	4,590	9,017
Greater than 90 days	<u>200,000</u>	<u>402,247</u>
Total grants and other receivables	\$ <u><u>525,517</u></u>	<u><u>685,176</u></u>

Growing Up New Mexico is the recipient of a five-year grant from the Delle Foundation under which they will receive \$200,000 annually. The outstanding portion of this grant was \$200,000 at June 30, 2023 and \$400,000 at June 30, 2022, with a non-current balance of \$0 and \$200,000, respectively. 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.

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

Grants and other receivables at year end are as follows:

Customer	2023	2022
Delle Foundation	\$ 200,000	400,000
Early Childhood Trust	63,500	-
NM ECECD/CYFD Systems	46,300	8,217
NM State General Funds - Home Visiting Program	41,044	-
State of New Mexico	30,227	13,752
NM ECECD/CYFD Family Learning Center	28,211	-
NM ECECD/TANF - Centennial Home Visiting Program	26,966	-
NM ECECD/CYFD PreK Extended Day	21,943	12,852
SF County Navigation	21,576	8,351
NM ECECD/CYFD Early PreK 2	12,119	-
NM ECECD/CYFD Early PreK	9,554	15,974
City of Santa Fe Escalones	7,500	-
Dolly Parton Imagination Library	6,825	4,261
Santa Fe County American Rescue Plan Act Grant	4,638	-
NM ECECD/CYFD Child and Adult Care Food Program	2,624	5,427
Southwest NM Council of Governments	2,490	9,326
NM ECECD/CYFD First Born Home Visiting Program	-	138,661
Home-Based Child Care	-	39,852
NM ECECD/CYFD PreK Jumpstart Program	-	18,000
City of Santa Fe Children & Youth Commission	-	10,196
Other	-	307
Total grants and other receivables	\$ <u>525,517</u>	<u>685,176</u>

As of June 30, 2023 and 2022, 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:

	2023	2022
Campaign pledges receivable	\$ 83,410	87,261
Less: allowance for uncollectible pledges	(2,644)	(2,618)
Net campaign pledges receivable	\$ <u>80,766</u>	<u>84,643</u>

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

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

**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:

		2023	2022
Security deposit	\$	1,975	1,975
Equipment deposit		465	465
Total deposits	\$	2,440	2,440

**NOTE J – PROPERTY, EQUIPMENT, DEPRECIATION AND AMORTIZATION**

Property and equipment, net depreciation and amortization, consisted of the following at June 30:

		2022	Additions	Transfers	2023
Property and equipment not depreciated					
Furniture not yet in service	\$	3,192	-	(3,192)	-
Property and equipment depreciated					
Building and building improvements		3,872,077	252,173	-	4,124,250
Leasehold improvements		154,563	109,722	-	264,285
Furniture & equipment		37,670	103,095	3,192	143,957
Computer equipment and other		68,169	-	-	68,169
Total property and equipment		4,135,671	464,990	-	4,600,661
Less: accumulated depreciation					
Building		(389,639)	(106,160)	-	(495,799)
Leasehold improvements		(143,725)	(2,917)	-	(146,642)
Furniture & equipment		(37,670)	(14,532)	-	(52,202)
Computer equipment and other		(67,941)	(228)	-	(68,169)
Total accumulated depreciation and amortization		(638,975)	(123,837)	-	(762,812)
Total property and equipment, net	\$	3,496,696	341,153	-	3,837,849

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$123,837 and \$104,135, respectively.

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

**NOTE K – ACCRUED LIABILITIES**

Accrued liabilities at June 30 consist of the following:

	2023	2022
Accrued annual leave	\$ 107,692	71,370
Accrued payroll	121,243	99,040
Accrued payroll taxes and benefits	2,701	-
Other accrued liabilities	-	50
Total accrued liabilities	\$ 231,636	170,460

**NOTE L – NOTE PAYABLE**

Growing Up New Mexico had the following changes in its note payable for the year ended June 30:

	2022	Additions	Repayment	2023
Santa Fe Community Foundation Note	\$ 117,133	-	(51,088)	66,045
Total	\$ 117,133	-	(51,088)	66,045

The note payable consisted of the following as of June 30:

	2023	2022
Unsecured, uncollateralized note payable 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.	\$ 66,045	117,133
Total interest expense	\$ 2,944	4,447
	2024 \$	52,638
	2025	13,407
	2026	-
	2027	-
	2028	-
	Thereafter	-
	Total \$	66,045

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

Additionally, Growing Up New Mexico has a line of credit agreement with a local financial institution for \$250,000. The line of credit was initially opened on February 20, 2020, and all outstanding amounts were paid during the year ended June 30, 2022. During the year ended June 30, 2023, this line of credit was drawn upon, and at June 30, 2023, the outstanding principal was \$199,982. Payments of accrued interest are made monthly, and the outstanding balance is to be paid in one payment of all outstanding principal plus any additional accrued unpaid interest on February 20, 2024. The interest rate is variable, and is calculated as the U.S. Prime Rate plus 0.75%.

For the years ended June 30, the following summarizes the total principal outstanding and interest paid on the note payable and line of credit:

	2023	2022
Principal outstanding		
Current portion	\$ 252,620	51,088
Non-current portion	13,407	66,045
Total principal outstanding	\$ 266,027	117,133
Total interest expense for note payable and line of credit	\$ 13,584	6,456

**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. During the year ended June 30, 2023, Growing Up New Mexico borrowed an additional \$336,360 from the Endowment Fund. At this time, the repayment terms were revised.

	2022	Additions	Repayment	2023
Endowment Fund Promissory Note	\$ 1,376,975	336,360	(50,071)	1,663,264

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

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. Monthly principal payments in the amount of \$4,172.65 commenced in January, 2020, and interest payments were made yearly starting on December 31, 2020. On June 6, 2023, an additional amount of \$336,360 was borrowed from the Endowment Fund. At this time, the terms of the note were revised to require monthly principal payments of \$5,544 in addition to continuing annual interest payments at the rate of 5%. The first principal payment is scheduled for January 31, 2024, and the last payment is scheduled to be on December 31, 2048. This internal loan is eliminated on the face of the financial statement.

	2023	2022
	\$ 1,663,264	1,376,975
Total interest expense	\$ 70,101	70,309
	2024 \$	14,082
	2025	35,015
	2026	36,807
	2027	38,690
	2028	40,669
	Thereafter	1,498,001
	Total \$	1,663,264

**NOTE M – GRANT ADVANCE**

During the year ended June 30, 2022, Growing Up New Mexico received advance funds of \$487,400 from the New Mexico Early Childhood Education & Care Department Child Care Stabilization Grant. These funds were to be used solely for personnel costs, rent, facility maintenance or improvements, equipment to be used in child care services, health and safety trainings for staff, and mental health supports for children and employees. At June 30, 2022, the balance of these funds was \$381,517. During the year ended June 30, 2023, these funds were used in their entirety.

During the year ended June 30, 2023, Growing Up New Mexico received advance funds of \$27,500 from the New Mexico Early Childhood Education & Care Department New Mexico American Rescue Plan Act Child Care Supply Building Grant. These funds are to be used for the purpose of covering expenses to expand child care services to address community needs. At June 30, 2023 the balance of the funds remaining is \$13,044. This balance is reflected in the financial statements as a grant advance.

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

**NOTE N – 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:

<u>Net Assets with Donor Restrictions in Purpose/Time</u>	<u>2022</u>	<u>Additions</u>	<u>Released</u>	<u>2023</u>
Outstanding pledge contributions	\$ 84,643	-	(84,643)	-
Early Learning Programs (Santa Fe Children's Project)	481,183	67,075	(203,700)	344,557
Bridges to Opportunity	160,818	152,389	(159,571)	153,636
Policy	531,504	941,391	(1,082,433)	390,462
Capital campaign contributions	280,961	181,950	(280,961)	181,950
Family, Friends, and Neighbors	182,989	27,500	(84,698)	125,791
Total Net Assets with Donor Restrictions in Purpose/Time	<u>\$ 1,722,098</u>	<u>1,370,304</u>	<u>(1,896,007)</u>	<u>1,196,395</u>

**NOTE O – 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 had provided the use of a facility for Growing Up New Mexico's Early Learning Community Collaboration Compact program and administrative activities. This was provided for through a lease agreement between the parties in which the rental fee was offset by the amount of allowable costs incurred to provide the early learning services. The amount of expense incurred surpassed the amount of rent charged, and so the use of the facility was 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 was extended three times for an additional year, coming to an end on October 14, 2022 (see Note P).
  
- A second lease agreement between Growing Up New Mexico and Kids Kitchen, LLC, for commercial kitchen space, provided for donation of the space in the Kaune Building to Kids Kitchen at fair market value in exchange for the preparation of meals for local children. This agreement was terminated on May 26, 2023, at which time, the kitchen equipment located in the Kaune Building Kitchen was transferred from Kids Kitchen to Growing Up New Mexico in exchange for \$95,107 in consideration. See Note J for details of property and equipment.

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

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

<u>Donated Goods and Services</u>	<u>2023</u>	<u>2022</u>	<u>Usage in Programs/Activities</u>	<u>Donor Restriction</u>	<u>Fair Value Technique</u>
Use of facility in exchange for services	\$ 28,101	82,100	Early learning services	Program	1
Donated stock	22,829	-	Outdoor Learning Space	Program	2
Donated stock	21,061	16,574	Operations	None	2
Services in exchange for use of facility	10,870	12,000	Meal preparation for children	Program	1
In-kind donation of fundraising prizes	-	1,700	Resource development	None	2
<b>Total</b>	<b>\$ 82,861</b>	<b>112,374</b>			

\* Legend for Fair Value Techniques

1. Estimated based on third party fair valuation or fair value of comparative properties in the area.
2. Estimated based on current prices for identical or similar products.

**NOTE P – LEASES**

**Right-of-Use Leased Assets and Amortization – Operating Leases**

Growing Up New Mexico rents office space and equipment under multiple leases that will expire in various months during fiscal years ranging from 2024 through 2037. Monthly payments range from \$36 to \$14,565, and the lease terms range from 4 to 15 years. These leases have been accounted for as operating leases by Growing Up New Mexico.

Three of these leases meet the requirements for capitalization under ASU 2016-02, Leases (Topic 842). The right-of-use assets associated with these operating leases, and accumulated amortization related to these leases, is as follows as of June 30:

<u>Right-of-Use Assets - Operating Leases</u>	<u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>2023</u>
Office space	\$ -	1,418,057	-	1,418,057
Ground lease - Kaune Elementary	-	420,613	-	420,613
Equipment	-	26,346	-	26,346
<b>Total right-of-use assets - operating leases</b>	<b>-</b>	<b>1,865,016</b>	<b>-</b>	<b>1,865,016</b>
<b>Less accumulated amortization</b>				
Office space	-	(283,611)	-	(283,611)
Ground lease - Kaune Elementary	-	(47,544)	-	(47,544)
Equipment	-	(2,394)	-	(2,394)
<b>Total accumulated amortization - operating leases</b>	<b>-</b>	<b>(333,549)</b>	<b>-</b>	<b>(333,549)</b>
<b>Net right-of-use assets - operating leases</b>	<b>\$ -</b>	<b>1,531,467</b>	<b>-</b>	<b>1,531,467</b>

Lease amortization expense for the operating leases was \$333,549 for the year ended June 30, 2023.



**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

Lease Liabilities – Operating Leases

Growing Up New Mexico’s lease liabilities for the right-of-use assets under operating leases are as follows for the year ended June 30:

<u>Lease Liabilities - Operating Leases</u>	<u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>2023</u>
Office space	\$ -	1,418,057	(37,239)	1,380,818
Ground lease - Kaune Elementary	-	420,613	(43,922)	376,691
Equipment	-	26,346	(2,480)	23,866
Total lease liabilities - operating leases	<u>\$ -</u>	<u>1,865,016</u>	<u>(83,641)</u>	<u>1,781,375</u>

Future Minimum Lease Obligations – Operating Leases

The future minimum obligations of the minimum lease payments as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 92,479	46,188	138,667
2025	99,829	43,755	143,584
2026	107,558	41,238	148,796
2027	115,822	38,498	154,320
2028	121,672	35,641	157,313
2029-2037	1,244,015	164,841	1,408,856
Total	<u>\$ 1,781,375</u>	<u>370,161</u>	<u>2,151,536</u>

The remaining lease terms are between one and 14 years, and the discount rates are set between 1.79% and 3.43%, based on the risk-free interest rate at the time of lease inception. The weighted average remaining lease term is 13.0 years, and the weighted average discount rate is 2.79%.

Additional Operating Leases

In addition to the long-term operating leases described above, Growing Up New Mexico has entered into a copier lease and a postage machine lease which do not meet the cost criteria for recognition as right-to-use assets under ASU 2016-02, Leases (Topic 842). The total minimum obligations for these additional leases, which will end on June 30, 2024 and April 13, 2026, respectively, are \$11,433.

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

Growing Up New Mexico also rents storage space in Santa Fe County on a month-to-month basis, at a cost of \$95 per month.

Use of Facility in Exchange for Services

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 initial lease was for five years, beginning on January 1, 2015 and ending on December 30, 2019. The lease was then renewed annually for three consecutive one-year periods, as allowed in the initial agreement.

Growing Up New Mexico was required to pay base rent of \$94,100 per year. However, the annual rent payment for base rent would 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 submitted monthly certification of allowable costs of services which detailed 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 exceeded the amount of base rent was credited against the next month's base rent. During the term of the lease, allowable costs did not exceed base rent amount due.

Either party had 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 could also 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 terminated this lease on October 14, 2022.

The transaction related to this lease has been recorded as non-cash recognition of revenue for the use of facility, and recognition of expense as exchange of services. The amount of this revenue and corresponding expenses was \$94,100 for the year ending June 30, 2022, and \$28,101 for the year ending June 30, 2023.

**GROWING UP NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

**NOTE Q – JOINT COST ALLOCATIONS**

Growing Up New Mexico did not participate in joint activities during the years ended June 30, 2023 or 2022 that required allocations.

**NOTE R – 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 contributions 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 significant revenue sources as of June 30:

<u>Concentrations</u>	<u>2023</u>		<u>2022</u>	
Grants	\$ 2,083,828	40%	1,695,786	36%
Contracts	1,850,747	35%	1,854,994	39%
Campaign and capital campaign, net	1,087,295	21%	980,593	21%
In-kind	82,861	2%	124,374	3%
	<u>\$ 5,104,731</u>	<u>97%</u>	<u>4,655,747</u>	<u>98%</u>
 Total revenue	 \$ <u>5,271,776</u>		 <u>4,733,326</u>	
Concentration percentage	<u>97%</u>		<u>98%</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 S – 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

**GROWING UP NEW MEXICO**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023, With Comparative Totals for 2022**

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 10, 2024, which is the date the financial statements were available to be issued.

**GROWING UP NEW MEXICO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

Federal Agency/ Program Description	AL Number	Pass-through Entity's Identifying Number	Federal Awards Expended
U.S. Department of Health and Human Services			
<i>Passed Through New Mexico Early Childhood Education and Care Department</i>			
<i>Child Care and Development Block Cluster</i>			
COVID 19 - Child Care Stabilization Grant	* 93.575	CCDF-ACF-IM-2021-02	\$ 381,517
COVID 19 - Child Care Supply Building Grant	* 93.575	CCG-6002	14,456
COVID 19 - Local Early Childhood Systems Steering Grant	* 93.575	2102NMCCC5	124,219
COVID 19 - Local Early Childhood Systems Building Grant - Proveedoras	* 93.575	2102NMCCC5	<u>82,104</u>
<i>Total Child Care and Development Block Cluster</i>			<u>602,296</u>
Temporary Assistance for Needy Families (TANF) State Programs	93.558	FY22 PreK Grant	<u>139,994</u>
Total U.S. Department of Health and Human Services			<u>742,290</u>
U.S. Department of Agriculture			
<i>Passed Through New Mexico Early Childhood Education and Care Department</i>			
<i>Child Nutrition Cluster</i>			
National School Lunch Program	10.555	669	<u>46,276</u>
<i>Total Child Nutrition Cluster</i>			<u>46,276</u>
Total U.S. Department of Agriculture			<u>46,276</u>
U.S. Department of Education			
<i>Passed Through New Mexico Early Childhood Education and Care Department</i>			
Education Stabilization Fund	84.425	S425C200021	<u>6,000</u>
Total U.S. Department of Education			<u>6,000</u>
Total Expenditures of Federal Awards			<u>\$ 794,566</u>

\* Major federal program

Reconciliation of federal expenditures to federal revenues:

Federal revenue per Statement of Activities	\$ 794,566
Federal awards expended per SEFA	<u>794,566</u>
Difference	<u>\$ -</u>

Notes to Schedule of Expenditures of Federal Awards

1) *Basis of presentation*

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Growing Up New Mexico and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform

2) *Non-cash assistance*

None

3) *De-minimis indirect cost rate*

Growing Up New Mexico uses the 10 percent de minimis indirect cost rate.

4) *Payments to subrecipients*

Of the federal expenditures presented in the schedule, Growing Up New Mexico provided no federal awards to subrecipients.

SEE INDEPENDENT AUDITOR'S REPORT



**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 and Management 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, 2023, 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 10, 2024.

**Report on 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

January 10, 2024

**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**

---

statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on 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

January 10, 2024

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

---

considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hinkle & Landers, P.C.*

Hinkle + Landers, PC  
Albuquerque, NM  
January 10, 2024





**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE**  
**FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL**  
**OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

**Opinion on Each Major Federal Program**

We have audited Growing Up New Mexico’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 Growing Up New Mexico’s major federal programs for the year ended June 30, 2023. Growing Up New Mexico’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Growing Up New Mexico 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, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Growing Up New Mexico and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Growing Up New Mexico's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Growing Up New Mexico's federal programs.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Growing Up New Mexico's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Growing Up New Mexico's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Growing Up New Mexico's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Growing Up New Mexico's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Growing Up New Mexico's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of

a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Hinkle + Landers, P.C.

Albuquerque, NM

January 10, 2024

**GROWING UP NEW MEXICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2023**

**SECTION I—SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
  
- Significant deficiency(ies) identified  
that are not considered to be a material weakness(es)? Yes No
  
- Noncompliance material to the financial statements noted? Yes No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
  
- Significant deficiency(ies) identified  
that are not considered to be a material weakness(es)? Yes No

Type of auditor’s report issued on compliance for major federal programs **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a) Yes No

Identification of major federal programs:

AL Number	Name of Federal Programs or Cluster	Federal Funding Source
93.575	Child Care and Development Block Grant	Department of Health and Human Services

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

Auditee qualified as low-risk auditee? Yes No

**GROWING UP NEW MEXICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2023**

**SECTION II AND SECTION III – SUMMARY OF FINANCIAL STATEMENT AND FEDERAL AWARD FINDINGS**

Reference #	Description	Findings		
		Current or Prior Year Finding	Status of Findings	Type of Finding
None	N/A	N/A	N/A	N/A

\* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters)
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Non-Compliance Related to Federal Awards
- G. Instance of Material Non-Compliance

**CURRENT YEAR FINDINGS**

None