



GROWING UP NEW MEXICO

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

**For the Year Ended June 30, 2024
With Comparative Totals for 2023**

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GROWING UP NEW MEXICO
INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2024, With Comparative Totals for 2023
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GROWING UP NEW MEXICO

OFFICIAL ROSTER

As of June 30, 2024

Board of Directors

Brian Lewis	Chair
Stacy Quinn	Vice Chair
Lynda Sandler Gavioli	Secretary
Barb Rand	Treasurer
Jamie Aranda	Member
Keith Burks	Member
William E. Garcia	Member
Bud Hamilton	Member
Susie Harburg	Member
Carol Johnson	Member
Carl Luff	Member
Dr. Michael Patterson	Member

Principal Administrative Personnel

Kate Noble	President & CEO
Marisol Baird	COO
Maia Cortisoz	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
Anthony Legits	Human Resources Director
Brigid Quinn	Director of Philanthropy

GROWING UP NEW MEXICO
MANAGEMENT REVIEW OF OPERATIONS
As of June 30, 2024

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 2024 with an increase in net assets of \$600,010. Growing Up New Mexico's cash balance was \$94,113. In fiscal year 2025, Growing Up New Mexico, Inc. will no longer collect on outstanding pledges. Any outstanding pledges, if collected, will be recorded for the current year versus prior years. Our liabilities totaled \$2,098,928. Our net assets were \$4,410,800.

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. Beginning in January 2024, we launched new partnerships to provide both business development services to home-based caregivers and outreach efforts to include New Mexico families in research and policy development. This has amounted to some earned income for early childhood related services. In addition, we have been supported with continued and new funding from private donors like the Community Health Funders Alliance, the Delle Foundation, the Brindle Foundation, CHRISTUS St. Vincent Regional Medical Center, Anchorum St. Vincent, 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 at the Kaune Campus, are our vehicle for achieving that mission and as such represent our overall strategy.

GROWING UP NEW MEXICO
MANAGEMENT REVIEW OF OPERATIONS
As of June 30, 2024

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.
- **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.
- **Escalones: Child Care Support** – Formerly referred to as home-based care and Family, Friends, & Neighbors (FFN), this program provides support and resources for caregivers to gain valuable insights into child development, healthy attachment, early education, and business practices. Focused on home-care providers, our coaches support licensed, registered, or those with more informal operations. Caregivers can access incentives, coaching, peer networks and more.
- **Policy and Systems Change** –Alongside deep community listening, all of our

GROWING UP NEW MEXICO
MANAGEMENT REVIEW OF OPERATIONS
As of June 30, 2024

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.

- **Family Leadership** – Growing Up New Mexico directly supports a statewide Family Leadership Council that works to develop family leaders to set goals, build skills and advocate for change. We also support a local Santa Fe Family Leadership Council that is part of a local early childhood coalition funded through a grant from the Early Childhood Education and Care Department. This inspiring group of parents and grandparents are paid a professional wage and are engaged in all aspects of decision making and the operation of the group.

- **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.

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. Orchestrating 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

GROWING UP NEW MEXICO
MANAGEMENT REVIEW OF OPERATIONS
As of June 30, 2024

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

Growing Up New Mexico Philosophy

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 support and resources equal to the support 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

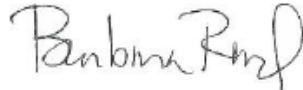
By creating new opportunities for children and families, we bring the community together to plan, advocate, and provide programs from birth to career. Our children become more successful in school and in life, our families become more resilient, our community becomes stronger both now and in the future.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

GROWING UP NEW MEXICO
MANAGEMENT REVIEW OF OPERATIONS
As of June 30, 2024

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 14% of our operating budget with the remaining 86% 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, 2024

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 the purpose 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

To 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, which comprise the statement of financial position as of June 30, 2024, 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, 2024, 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter**Accounting Pronouncements Adopted**

Effective July 1, 2023, Growing Up New Mexico adopted the provisions of FASB ASC Topic 326, *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). This update establishes the current expected credit loss (CECL) model, established by ASU 2016-13, which requires the immediate recognition of estimated expected credit losses over the life of a financial instrument, including trade receivables, and net investments in leases. The estimate of expected credit losses considers historical information as well as current and future economic conditions and events. Management has concluded that the new standard had no material impact in the year of adoption for the year ended June 30, 2024, other than an update to conform to the new disclosures and terminology of the standard.

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.

Report on Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from Growing Up New Mexico's June 30, 2023 financial statements. We have previously audited Growing Up New Mexico's 2023 financial statements, and we issued an unmodified opinion on those audited financial statements in our report dated January 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, 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 December 17, 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.

Albuquerque, NM

December 17, 2024

GROWING UP NEW MEXICO
STATEMENT OF FINANCIAL POSITION
As of June 30, 2024, with Comparative Totals for 2023

	Notes	2024	2023
ASSETS			
Current Assets			
Cash, restricted cash & cash equivalents	C	\$ 94,113	178,179
Campaign pledges receivable, net	H	18,997	80,766
Grants receivable	G	335,668	265,739
Contract receivables	G	591,846	259,778
Prepaid expenses		54,478	58,504
Total current assets		1,095,102	842,966
Non-Current Assets			
Grants receivable	G	330,000	-
Security and equipment deposit	I	2,440	2,440
Endowment investments	D, E	25,302	11,228
Property and equipment, net	J	3,749,479	3,837,849
Right-of-use assets, net - operating leases	K	1,307,405	1,531,467
Total non-current assets		5,414,626	5,382,984
TOTAL ASSETS		\$ 6,509,728	6,225,950
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable		\$ 179,920	123,078
Accrued liabilities	L	330,219	231,636
Line of credit due to bank	M	200,000	199,982
Grant advance	N	-	13,044
Note payable - current	M	16,130	52,638
Lease liabilities - current - operating leases	K	87,128	92,479
Total current liabilities		813,397	712,857
Long-Term Liabilities:			
Note payable	M	29,414	13,407
Lease liabilities - operating leases	K	1,256,117	1,688,896
Total long-term liabilities		1,285,531	1,702,303
Total liabilities		2,098,928	2,415,160
Net Assets			
Net assets without donor restrictions			
Undesignated		(776,184)	(918,729)
Net investment in property and equipment and ROU assets		2,056,002	1,895,729
Net assets with donor restrictions			
Purpose/time restricted net assets	O	1,493,587	1,196,395
Perpetual endowment invested in property and equipment	E	1,612,093	1,626,167
Perpetual endowment in investments	E	25,302	11,228
Total net assets		4,410,800	3,810,790
TOTAL LIABILITIES AND NET ASSETS		\$ 6,509,728	6,225,950

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, 2024, with Comparative Totals for 2023**

	Without Donor Restrictions	With Donor Restrictions		2024 Totals	2023 Totals
		Purpose/Time Restrictions	Perpetual Restrictions		
PUBLIC SUPPORT AND REVENUE					
Campaign results	\$ 728,794	-	-	728,794	930,818
Less provision for uncollectible pledges	-	-	-	-	(2,644)
Net campaign revenue	728,794	-	-	728,794	928,174
Capital campaign revenue	-	185,185	-	185,185	159,120
Federal grants	320,167	-	-	320,167	794,566
State grants	-	-	-	-	2,820
County grants	-	53,584	-	53,584	80,072
Other grants	36,573	1,542,786	-	1,579,359	1,206,370
State contracts	2,772,630	-	-	2,772,630	1,614,741
County contracts	183,879	-	-	183,879	141,007
City contracts	63,000	-	-	63,000	95,000
Other contracts	575,000	-	-	575,000	-
Use of facility in exchange for services	-	-	-	-	28,101
In-kind contributions	19,527	9,848	-	29,375	54,760
Total public support	4,699,570	1,791,403	-	6,490,973	5,104,731
Other income	136,467	-	-	136,467	149,241
Dividends and interest	890	-	-	890	21,682
Investment (losses) gains, net	904	-	-	904	(3,878)
Net assets released from restrictions due to satisfaction of program restrictions	1,494,211	(1,494,211)	-	-	-
Total revenue	1,632,472	(1,494,211)	-	138,261	167,045
Total public support and revenue	6,332,042	297,192	-	6,629,234	5,271,776
EXPENSES					
Program services	5,285,872	-	-	5,285,872	5,108,259
General & administrative	717,131	-	-	717,131	648,353
Fundraising expense	258,565	-	-	258,565	381,706
Total expenses	6,261,568	-	-	6,261,568	6,138,318
Change in net assets, before remeasurement of lease liability	70,474	297,192	-	367,666	(866,542)
Net effect of lease liability remeasurement	232,344	-	-	232,344	-
Change in net assets	302,818	297,192	-	600,010	(866,542)
Net assets, beginning	977,000	1,196,395	1,637,395	3,810,790	4,677,332
Net assets, ending	\$ 1,279,818	1,493,587	1,637,395	4,410,800	3,810,790

GROWING UP NEW MEXICO
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024, with Comparative Totals for 2023

	Program	Resource Development	General & Administrative	2024 Total	2023 Total
Personnel expenses:					
Salaries	\$ 3,086,470	156,489	391,796	3,634,755	3,290,002
Payroll taxes	231,581	11,010	27,795	270,386	244,280
Payroll benefits	171,684	9,454	82,559	263,697	221,461
Retirement expense	52,876	3,835	8,389	65,100	46,832
Total personnel	3,542,611	180,788	510,539	4,233,938	3,802,575
General expenses:					
Professional services	353,601	17,920	43,238	414,759	528,921
Supplies	321,035	122	4,092	325,249	201,829
Capacity building	236,436	-	-	236,436	218,993
Repairs and maintenance	191,548	308	12,351	204,207	247,004
Advertising and outreach	74,278	1,270	2,763	78,311	35,384
Travel	70,966	-	165	71,131	62,190
Insurance	30,471	-	36,904	67,375	67,847
Telephone and internet	46,033	374	7,881	54,288	61,139
Interest expense	-	-	51,067	51,067	55,324
Utilities	40,791	-	7,692	48,483	54,832
Dues and subscriptions	22,694	15,927	5,982	44,603	46,796
Printing & postage	28,198	10,967	2,868	42,033	49,238
Training, education and recognition	23,689	15,382	2,560	41,631	58,305
Meetings and events	34,599	2,786	2,380	39,765	90,714
Software support and equipment	8,564	2,272	15,160	25,996	33,192
Lobbying	12,993	-	-	12,993	8,133
Licenses, fees, permits, and taxes	2,807	4,087	595	7,489	9,425
Equipment and storage leases	2,638	-	4,081	6,719	10,124
Miscellaneous	147	-	451	598	(5)
Subtotal general expenses before depreciation and in-kind expenses	1,501,488	71,415	200,230	1,773,133	1,839,385
Depreciation and amortization	241,773	6,362	6,362	254,497	457,387
In-kind goods and services	-	-	-	-	10,870
Use of facility in exchange for services	-	-	-	-	28,101
Total in-kind and exchange for services	-	-	-	-	38,971
Total general expenses	1,743,261	77,777	206,592	2,027,630	2,335,743
Total expenses	\$ 5,285,872	258,565	717,131	6,261,568	6,138,318

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, 2024, with Comparative Totals for 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants and contracts	\$ 4,802,578	3,725,453
Cash received from contributors & support	849,313	1,017,831
Cash received from other income	106,440	105,658
Interest income & dividends	890	21,682
Cash payments to vendors & contractors	(1,795,931)	(1,892,581)
Cash payments for wages & benefits	(4,135,355)	(3,741,399)
Interest paid	(12,993)	(8,133)
Net cash provided/(used) by operating activities	(185,058)	(771,489)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	-	336,360
Purchase of investments	(12,518)	(73,154)
Purchase of property and equipment	(51,192)	(464,990)
Net cash provided/(used) by investing activities	(63,710)	(201,784)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital campaign contributions	185,185	159,121
Contributions restricted for endowment	-	2,000
Proceeds from issuance of debt/line of credit	18	199,982
Principal payments	(20,501)	(51,088)
Net cash provided/(used) by financing activities	164,702	310,015
Net increase (decrease) in cash	(84,066)	(663,258)
Cash, restricted cash, & cash equivalents, beginning of year	178,179	841,437
Cash, restricted cash, & cash equivalents, end of year	\$ 94,113	178,179
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 600,010	(866,542)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization expense	254,497	457,387
Donated stock (in-kind)	(29,375)	(43,890)
Investment losses (gains)	(1,556)	3,878
Capital campaign revenue	(155,810)	(115,231)
Contributions restricted for endowments	-	(2,000)
Lease liability payments	(96,659)	(83,641)
Effect of lease liability remeasurement, net	(232,344)	-
Changes in assets and liabilities:		
Campaign pledges receivable	61,769	3,877
Grants receivable	(399,929)	171,687
Contracts receivable	(332,068)	(12,336)
Miscellaneous receivable	-	307
Prepaid expenses	4,026	29,550
Accounts payable	56,842	(7,238)
Accrued expenses	98,583	61,176
Deferred revenue	(13,044)	(368,473)
Net cash provided (used) by operating activities	\$ (185,058)	(771,489)
Supplementary Information		
Use of facility in exchange for services	\$ -	28,101
In-kind goods and services	-	10,870
In-kind contributions-stock donation	29,375	43,890
	\$ 29,375	82,861

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, 2024, With Comparative Totals for 2023

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 goals. 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 that serves as the vehicle to help achieve the organization's goals. To accomplish this goal, Growing Up New Mexico is involved in a variety of activities, including providing 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 on 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 without donor restrictions and net assets with donor restrictions. These are defined as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets represent the investment in undesignated assets and

GROWING UP NEW MEXICO

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amounts invested in property and equipment, less accumulated depreciation. The organization's Board of Directors may designate net assets without donor restrictions for specific operational purposes from time to time.

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. See Note O for more detail.

Net Assets With Donor Restrictions – Perpetual in Nature

Net assets with donor 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. Growing Up New Mexico has net assets with perpetual donor restrictions related to its 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, and 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 operational surplus for its liquidity reserve.

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Liquidity is as follows:

	2024	2023
Financial assets, at year end		
Cash and cash equivalents	\$ 94,113	178,179
Campaign pledges receivable	18,997	80,766
Grants receivable	335,668	265,739
Contract receivables	591,846	259,778
Financial assets available to meet cash needs for general expenditures within one year	1,040,624	784,462
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(1,493,587)	(1,196,395)
Less net assets with purpose and time restrictions to be met in less than a year	1,163,587	1,196,395
	(330,000)	-
Other item: deficit in restricted cash (Note C)	(733,806)	(411,934)
Current assets available to meet cash needs for general expenditures within one year	\$ (23,182)	372,528

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 \$50,000 and \$50,018 available as of June 30, 2024 and 2023, 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 may 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 four accounts at two separate financial institutions located in Santa Fe, New Mexico. Currently, the FDIC insures bank balances up to \$250,000 per institution. As of June 30, 2024 and 2023, Growing Up New Mexico's Enterprise Bank cash balances were uninsured by \$0 and \$25,431, respectively.

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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 using 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 Receivable and Credit Policies

Receivables consist primarily of amounts due from grants and contracts. Growing Up New Mexico determines the allowance for uncollectible contract and grant receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible. No allowance for uncollectible accounts was determined necessary by management as of June 30, 2024 and 2023.

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Pledges Receivable

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. The allowance for uncollectible pledges as of June 30, 2024 and 2023, was \$0 and \$2,644, respectively.

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. 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 O).

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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 P for additional detail regarding donated assets and use of facilities.

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

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expertise are recorded when received. See Note P 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 estimated 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.

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

<u>Type</u>	<u>Estimated Useful Life</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, 2024 or June 30, 2023.

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 prorated 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. As of January 1, 2024, Pre-K program employees began to accrue PTO at the same rate of 6.15 hours per pay period for employees working 40 hours per week and prorated for employees working less than 40 hours per week..

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The following table outlines the accrual rates:

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

The annual leave balance for the years ended June 30, 2024 and 2023 was \$182,790 and \$107,692, respectively. Annual leave liabilities are part of the accrued liabilities on the statement of financial position.

Advertising

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

Retirement Benefits

Growing Up New Mexico provides a retirement plan under Section 403(b) of the Internal Revenue Code. Eligible employees are entitled to immediately participate in the 403(b)-retirement plan, with the Organization matching their contributions up to 3% of their earnings after one year of employment. Employer contributions to the retirement plan were \$65,100 and \$46,832 for the years ended June 30, 2024 and 2023, respectively.

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NOTES TO FINANCIAL STATEMENTS

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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:

<u>Type of Expense</u>
Salaries, wages, payroll expenses, occupancy, supplies, telephone, equipment, marketing, contract services, support services, transportation, travel, training, insurance, other

Bases of Allocation of Expenses

- Direct to program or supporting services
- Appropriate allocation based on time and effort

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

<u>Expense Allocation</u>	<u>2024</u>	<u>2023</u>
Program	84%	83%
General and administrative	12%	11%
Resource development	4%	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.

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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 lives of property and equipment
- Inputs and methods related to calculating lease liabilities 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, 2023, from which the summarized information was derived.

Reclassifications

Certain reclassifications may have been made to 2023 amounts to conform to 2024 presentation.

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NOTES TO FINANCIAL STATEMENTS

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NOTE C – CASH, RESTRICTED CASH, AND CASH EQUIVALENTS

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

<u>Type</u>	<u>2024</u>	<u>2023</u>
Checking and savings	\$ 94,093	178,159
Petty cash	20	20
Total	<u>\$ 94,113</u>	<u>178,179</u>

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

<u>Cash and Restricted Cash</u>	<u>2024</u>	<u>2023</u>
Without donor restrictions	\$ (733,806)	(411,934)
With donor restrictions	827,919	590,113
Total cash and cash equivalents	<u>\$ 94,113</u>	<u>178,179</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>2024</u>	<u>2023</u>
Net assets with purpose restrictions	\$ 1,493,587	1,196,395
Less: outstanding receivables with purpose restrictions	(665,668)	(606,282)
Total restricted cash	<u>\$ 827,919</u>	<u>590,113</u>

Restricted investments are as follows:

	<u>2024</u>	<u>2023</u>
Restricted endowment investments	<u>\$ 25,302</u>	<u>11,228</u>

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NOTE D – INVESTMENTS

Investments as of June 30 are as follows:

	<u>2024</u>		<u>2023</u>	
	Original	Fair Value	Original	Fair Value
	Cost		Cost	
Investments				
Securities & equity funds	\$ 9,080	9,396	2,086	7,114
Bond & fixed income	14,457	13,906	7,749	2,114
Cash	2,000	2,000	2,000	2,000
Total investments	<u>\$ 25,537</u>	<u>25,302</u>	<u>11,835</u>	<u>11,228</u>

Investment activity for the years ended June 30 consists of the following:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 11,228	278,312
Investment income (loss), net	1,556	(3,878)
Contributions	12,518	73,154
Withdrawals	-	(336,360)
Ending balance	<u>\$ 25,302</u>	<u>11,228</u>

NOTE E – ENDOWMENT

The endowment is made up of the following:

<u>Endowment</u>	<u>2024</u>	<u>2023</u>
Investments	\$ 25,302	11,228
Funds invested in property and equipment	1,650,746	1,663,264
Total endowment	<u>\$ 1,676,048</u>	<u>1,674,492</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 of the original gift amount contributed to an endowment fund, unless a donor stipulates

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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, 2024 are as follows:

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 37,097	1,637,395	1,674,492
Activity			
Investment income/(loss)	<u>1,556</u>	<u>-</u>	<u>1,556</u>
Endowment net assets, end of the year	<u>\$ 38,653</u>	<u>1,637,395</u>	<u>1,676,048</u>

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Changes in endowment net assets as of June 30, 2023 are as follows:

	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>

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 consist of funds that are subject to donor-imposed restrictions requiring that they be maintained either in perpetuity or for a specified period as determined by the donor. Under this policy, approved by the Board of Directors, endowment assets are invested with the objective of achieving returns that exceed the price and yield benchmarks of specific investment vehicles, while maintaining an appropriate level of risk. The investment policy establishes an expected return of 4% plus the Consumer Price Index (CPI) rate, recognizing that actual returns may vary from this target in any given year.

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.

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Intercompany Endowment Distributions and Related Obligations

During the year ended June 30, 2019, \$1,502,155 was distributed from the endowment fund for the purchase and renovations of the Kaune Early Learning Center in Santa Fe, New Mexico (the Kaune Building). On July 20, 2019, Growing Up New Mexico formalized a promissory note from the endowment fund related to these distributions, and an intercompany payable and receivable were established. On June 6, 2023, an additional amount of \$336,360 was borrowed from the endowment fund, related to further renovations of the Kaune Building. At that time, the terms of the note were revised to require monthly principal payments as well as annual interest payments at the rate of 5%, beginning on January 31, 2024.

On March 21, 2024, the Board of Directors of Growing Up New Mexico passed a resolution modifying the repayment terms of the loan from the endowment fund. The resolution acknowledges that the loan was utilized to purchase and improve the building used for the Early Learning Center at Kaune (ELC). It also recognizes that the land on which the Kaune Building sits is leased from the Santa Fe Public Schools Board of Education (the Board of Education), with an option for Growing Up New Mexico to purchase the land.

The repayment terms are now contingent on the following conditions:

1. **Lease Termination Without Purchase:** If Growing Up New Mexico does not exercise the option to purchase the land before the lease ends, ownership of the building will revert to the Board of Education. At that point, the original repayment terms of the promissory note will resume.
2. **Sale of Property After Purchase:** If Growing Up New Mexico exercises the option to purchase the land and subsequently sells the building and property, proceeds from the sale must be used to satisfy the loan obligation.
3. **Continued Operation of the ELC:** If Growing Up New Mexico purchases the land and continues to operate the ELC on the premises, no loan payments will be required until this operational condition changes.

Additionally, interest on the obligation will cease to accrue until repayment resumes. The current amount of this intercompany obligation, which is eliminated on the face of the financial statements, is \$1,663,264.

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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 additional distributions from the endowment fund will be made until this intercompany obligation is fully repaid.

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, approximates the carrying value due to the variable market rate of interest.

NOTE G – GRANT AND CONTRACT RECEIVABLES

The receivable aging summary for the years ended June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Current (1-30)	\$ 592,163	320,927
31-90 days	-	4,590
Greater than 90 days	<u>665,351</u>	<u>200,000</u>
Total grant and contract receivables	\$ <u><u>1,257,514</u></u>	<u><u>525,517</u></u>

During the year ended June 30, 2024, Growing Up New Mexico received two grants with terms of three years. These included a grant from Anchorum St. Vincent in the amount of \$390,000, and a grant from the Community Health Funder Alliance in the amount of \$600,000. Each of these grants provides funding equally over the three years, with funds having been received for the year ended June 30, 2024. The outstanding portion of these grants is \$660,000 as of June 30, 2024, with non-current balances of \$130,000 and \$200,000, respectively. Grant receivables with due dates extending beyond one year are

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presented at current value, as the difference between current value and present value is immaterial.

Grant and contract receivables at year end are as follows:

Customer	2024	2023
Community Health Funders Alliance	\$ 400,000	-
Anchorum St. Vincent	260,000	-
WESST	257,138	-
NM ECECD/CYFD PreK Extended Day	175,261	21,943
NM State General Funds - Home Visiting Program	83,489	41,044
State of New Mexico	31,295	30,227
NM ECECD/CYFD Systems	13,476	46,300
NM ECECD/CYFD Family Learning Center	12,495	28,211
Early Childhood Trust	8,602	63,500
NM ECECD/CYFD Child and Adult Care Food Program	5,756	2,624
Southwest NM Council of Governments	5,366	2,490
First Presbyterian Child Development Center	3,154	-
SF County Navigation	1,182	21,576
W.K. Kellogg Foundation	300	-
Delle Foundation	-	200,000
NM ECECD/TANF - Centennial Home Visiting Program	-	26,966
NM ECECD/CYFD Early PreK 2	-	12,119
NM ECECD/CYFD Early PreK	-	9,554
City of Santa Fe Escalones	-	7,500
Dolly Parton Imagination Library	-	6,825
Santa Fe County American Rescue Plan Act Grant	-	4,638
Total grant and contract receivables	\$ <u>1,257,514</u>	<u>525,517</u>

As of June 30, 2024 and 2023, management estimates all grant and contract receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024, With Comparative Totals for 2023

NOTE H – PLEDGES RECEIVABLE

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

	2024	2023
Campaign pledges receivable	\$ 18,997	83,410
Less: allowance for uncollectible pledges	-	(2,644)
Net campaign pledges receivable	\$ 18,997	80,766

Growing Up New Mexico determines the allowance for uncollectible pledges receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Pledges receivable are written off when deemed uncollectible.

Changes in the allowance for uncollectable pledges for the year ended June 30, 2024 were as follows:

	2024
Balance, beginning of year	\$ 2,644
Impact of adoption of new credit loss standard	-
Additions to allowance	-
Write-off, net of recoveries	(2,644)
Balance, end of year	\$ -

NOTE I – SECURITY DEPOSIT

Growing Up New Mexico has deposits related to its office space and equipment leases. These deposits are as follows as of June 30:

	2024	2023
Security deposit	\$ 1,975	1,975
Equipment deposit	465	465
Total deposits	\$ 2,440	2,440

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024, With Comparative Totals for 2023

NOTE J – PROPERTY, EQUIPMENT, DEPRECIATION AND AMORTIZATION

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

	2023	Additions	Deletions	2024
Property and equipment depreciated				
Building and building improvements	\$ 4,124,250	51,192	-	4,175,442
Leasehold improvements	264,285	-	-	264,285
Furniture & equipment	143,957	-	-	143,957
Computer equipment and other	68,169	-	-	68,169
Total property and equipment	<u>4,600,661</u>	<u>51,192</u>	<u>-</u>	<u>4,651,853</u>
Less: accumulated depreciation				
Building	(495,799)	(110,254)	-	(606,053)
Leasehold improvements	(146,642)	(8,508)	-	(155,150)
Furniture & equipment	(52,202)	(20,800)	-	(73,002)
Computer equipment and other	(68,169)	-	-	(68,169)
Total accumulated depreciation and amortization	<u>(762,812)</u>	<u>(139,562)</u>	<u>-</u>	<u>(902,374)</u>
Total property and equipment, net	<u>\$ 3,837,849</u>	<u>(88,370)</u>	<u>-</u>	<u>3,749,479</u>

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was \$139,562 and \$123,838, respectively.

NOTE K – 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 \$11,394, 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 value of such right-of-use assets is considered to be an estimate, and is subject to change as new information becomes known or conditions change. The office space lease is subject to re-estimation, as annual rental fee increases are at the lessor's discretion, capped at the Consumer Price Index (CPI) rate. In June 2024, the agreement was renegotiated to reduce the leased square footage, resulting in a lower base rent for future periods. This change in estimate resulted in an adjustment to the right-of-use asset and the associated amortization. The right-of-use assets associated with these operating

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024, With Comparative Totals for 2023

leases, and accumulated amortization related to these leases, are as follows as of June 30:

<u>Right-of-Use Assets - Operating Leases</u>	<u>2023</u>	<u>Remeasurement</u>	<u>Additions</u>	<u>Deletions</u>	<u>2024</u>
Office space	\$ 1,418,057	(331,813)	-	-	1,086,244
Ground lease - Kaune Elementary	420,613	-	-	-	420,613
Equipment	26,346	-	-	-	26,346
Total right-of-use assets - operating leases	<u>1,865,016</u>	<u>(331,813)</u>	<u>-</u>	<u>-</u>	<u>1,533,203</u>
Less accumulated amortization					
Office space	(283,611)	222,686	(62,122)	-	(123,047)
Ground lease - Kaune Elementary	(47,544)	-	(47,544)	-	(95,088)
Equipment	(2,394)	-	(5,269)	-	(7,663)
Total accumulated amortization - operating leases	<u>(333,549)</u>	<u>222,686</u>	<u>(114,935)</u>	<u>-</u>	<u>(225,798)</u>
Net right-of-use assets - operating leases	<u>\$ 1,531,467</u>	<u>(109,127)</u>	<u>(114,935)</u>	<u>-</u>	<u>1,307,405</u>

Lease amortization expense for the operating leases was \$114,935 for the year ended June 30, 2024, and the adjustment to reduce accumulated amortization due to the change in estimate was \$222,686, resulting in a net reduction of amortization expense of \$107,751.

Lease Liabilities – Operating Leases

The change in terms to the lease for office space required an adjustment to the lease liability for this right-of-use asset. 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>2023</u>	<u>Remeasurement</u>	<u>Additions</u>	<u>Deletions</u>	<u>2024</u>
Office space	\$ 1,380,818	(341,471)	-	(46,994)	992,353
Ground lease - Kaune Elementary	376,691	-	-	(44,677)	332,014
Equipment	23,866	-	-	(4,988)	18,878
Total lease liabilities - operating leases	<u>\$ 1,781,375</u>	<u>(341,471)</u>	<u>-</u>	<u>(96,659)</u>	<u>1,343,245</u>

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024, With Comparative Totals for 2023

Future Minimum Lease Obligations – Operating Leases

The future minimum lease payments as of June 30, 2024 are as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2025	\$ 87,128	34,022	121,150
2026	93,119	31,896	125,015
2027	99,513	29,600	129,113
2028	103,373	27,220	130,593
2029	107,685	24,649	132,334
Thereafter	852,427	98,629	951,056
Total	<u>\$ 1,343,245</u>	<u>246,016</u>	<u>1,589,261</u>

The remaining lease terms are between four and 13 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 11.4 years, and the weighted average discount rate is 2.62%.

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-of-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 \$774.

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 Public Schools, to rent the Agua Fria Elementary School for administrative office space and service space for the Early Learning Community Collaboration Compact programs. The lease was 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

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024, With Comparative Totals for 2023

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 Public Schools at Agua Fria Elementary School. Growing Up New Mexico submitted monthly certification of allowable costs 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 \$28,101 for the year ending June 30, 2023, and \$0 for the year ending June 30, 2024.

NOTE L – ACCRUED LIABILITIES

Accrued liabilities as of June 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Accrued annual leave	\$ 182,790	107,692
Accrued payroll	140,156	121,243
Accrued payroll taxes and benefits	7,273	2,701
Total accrued liabilities	<u>\$ 330,219</u>	<u>231,636</u>

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024, With Comparative Totals for 2023

NOTE M – NOTE PAYABLE

Growing Up New Mexico has a note payable held by Santa Fe Community Foundation, which consisted of the following as of June 30:

	2024	2023
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. An amendment in April, 2024 extended the term of the loan until March 30, 2027 with quarterly payments of \$4,329.	\$ <u>45,544</u>	<u>66,045</u>
Total interest expense	\$ <u>772</u>	<u>2,944</u>
Future obligations	2025 \$	16,130
	2026	16,619
	2027	12,795
	2028	-
	2029	-
	Thereafter	-
	Total \$	<u>45,544</u>

Changes to this note payable for the year ended June 30, 2024 were as follows:

	2023	Additions	Repayment	2024
Santa Fe Community Foundation Note	\$ 66,045	-	(20,501)	45,544
Total	<u>\$ 66,045</u>	<u>-</u>	<u>(20,501)</u>	<u>45,544</u>

Additionally, Growing Up New Mexico maintains a line of credit agreement with a local financial institution for \$250,000. The line of credit was established on February 20, 2020, and all initial outstanding amounts were repaid during the fiscal year ended June 30, 2022. The line of credit is utilized as needed to support the organization's operational needs and is classified as short-term, with balances repaid within 12 months of disbursement. The interest rate on the line of credit is variable, calculated as the U.S. Prime Rate plus 0.75%. As of June 30, 2023 and 2024, the outstanding principal balances were \$200,000 and \$199,982, respectively.

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024, With Comparative Totals for 2023

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

	2024	2023
Principal outstanding		
Current portion	\$ 216,130	220,483
Non-current portion	29,414	32,749
Total principal outstanding	\$ 245,544	266,027
Total interest expense for note payable and line of credit	\$ 14,580	61,139

Intercompany Endowment Payable/Receivable

Growing Up New Mexico has an intercompany obligation to its Endowment Fund for distributions related to the purchase and renovation of the Kaune Building in Santa Fe, New Mexico. This balance is not shown on the statement of financial position. See Note E for additional information.

NOTE N – GRANT ADVANCE

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 were to be used for the purpose of covering expenses to expand child care services to address community needs. As of June 30, 2023 the balance of the funds remaining was \$13,044, which was reflected in the financial statements as a grant advance. As of June 30, 2024, these funds have been spent in their entirety.

NOTE O – NET ASSETS WITH DONOR RESTRICTIONS

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

Net Assets with Donor Restrictions in Purpose/Time	2023	Additions	Released	2024
Early Learning Programs (Santa Fe Children's Project)	\$ 344,556	57,334	(312,573)	89,317
Bridges to Opportunity	153,636	620,000	(288,554)	485,082
Policy	390,462	892,884	(767,693)	515,653
Capital campaign contributions	181,950	196,185	(30,633)	347,502
Family, Friends, and Neighbors	125,791	25,000	(94,758)	56,033
Total Net Assets with Donor Restrictions in Purpose/Time	\$ 1,196,395	1,791,403	(1,494,211)	1,493,587

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024, With Comparative Totals for 2023

NOTE P – 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 as of 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 K).

- 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.

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024, With Comparative Totals for 2023

For the years ended June 30, Growing Up New Mexico recognizes in-kind contributions and use of facilities in exchange for services as follows:

Type	2024	2023	Usage in Programs/Activities	Donor Restriction	Fair Value Technique
Use of facility in exchange for services	\$ -	28,101	Early learning services	Program	1
Donated stock	9,848	22,829	Outdoor Learning Space	Program	2
Donated stock	19,527	21,061	Operations	None	2
Services in exchange for use of facility	-	10,870	Meal preparation for children	Program	1
Total	<u>\$ 29,375</u>	<u>82,861</u>			

* 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 Q – JOINT COST ALLOCATIONS

Growing Up New Mexico did not participate in joint activities during the years ended June 30, 2024 or 2023 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.

GROWING UP NEW MEXICO
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024, With Comparative Totals for 2023

The following is a summary of concentrations from significant revenue sources as of June 30:

<u>Concentrations</u>	<u>2024</u>		<u>2023</u>	
Grants	\$ 1,953,110	29%	2,083,828	40%
Contracts	3,019,509	46%	1,850,747	35%
Campaign and capital campaign, net	913,979	14%	1,087,295	21%
In-kind and exchanges	29,375	0%	82,861	2%
	<u>\$ 5,915,973</u>	<u>89%</u>	<u>5,104,731</u>	<u>97%</u>
 Total revenue	 \$ 6,629,234		 5,271,776	
Concentration percentage	<u>89%</u>		<u>97%</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 home caregivers, family leaders, and policy statewide.

NOTE 5 – EVALUATION OF SUBSEQUENT EVENTS

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

The organization has evaluated subsequent events through December 17, 2024, which is the date the financial statements were available to be issued.



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To 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, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Growing Up New Mexico’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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

December 17, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. 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*.

December 17, 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**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hinkle & Landers, P.C.

Hinkle + Landers, PC
Albuquerque, NM
December 17, 2024

GROWING UP NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2024

		Findings		
Reference #	Description	Current or Prior Year Finding	Status of Findings	Type of Finding
NONE				

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting
- D. Instance of Non-compliance Material to the Financial Statements