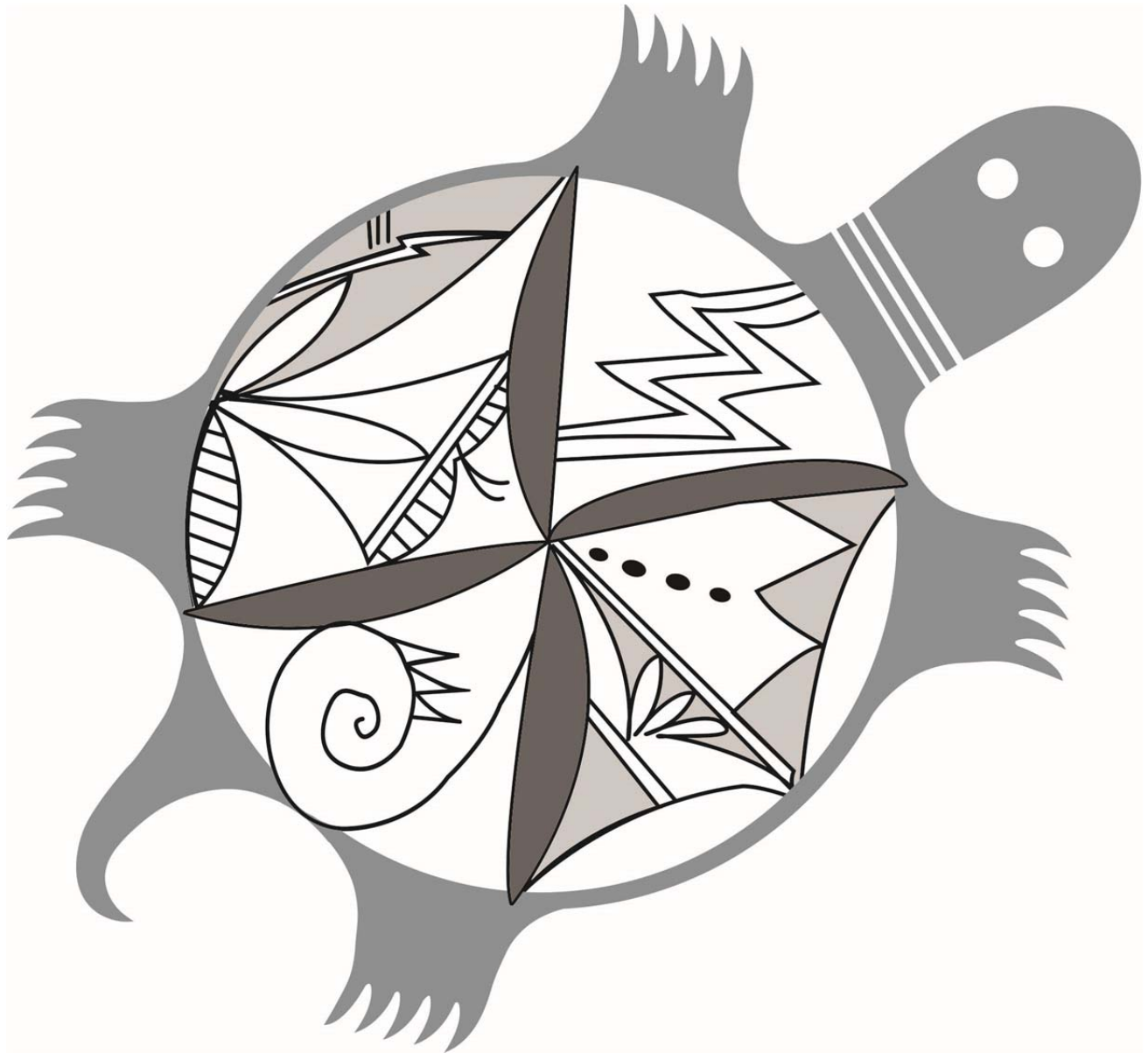


**Sexual Assault Services of Northwest New Mexico, Inc.
Financial Statements and
Independent Auditor's Report
For the Years Ended June 30, 2017 and 2016**



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INTRODUCTORY SECTION

SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.

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SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.

OFFICIAL ROSTER

JUNE 30, 2017

BOARD OF DIRECTORS

Erich Cole	President
Marla Sipes	Vice-President
GloJean Todacheene	Secretary
Terry Ogle	Treasurer
Andie (Amanda) Fuller	Member

ADMINISTRATIVE OFFICIALS

Eleana Butler	Executive Director
BethAnne O'Keefe	Dir. Of Finance & Oper.

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FINANCIAL SECTION



Manning Accounting and Consulting Services, LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Sexual Assault Services of Northwest New Mexico, Inc.
Farmington, New Mexico

We have audited the accompanying financial statements of Sexual Assault Services of Northwest New Mexico, Inc., (a New Mexico nonprofit organization), which comprise the statements of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sexual Assault Services of Northwest New Mexico, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

The financial statements of Sexual Assault Services of Northwest New Mexico, Inc. as of June 30, 2016 were audited by other auditors who expressed an unmodified opinion in a report dated March 31, 2017.

The introductory section on pages 1 and 2 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide 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 30, 2018 on our consideration of Sexual Assault Services of Northwest New Mexico, Inc.'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 the 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 Sexual Assault Services of Northwest New Mexico, Inc.'s internal control over financial reporting and compliance.

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
January 30, 2018

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FINANCIAL STATEMENTS

SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 304,733	\$ 51,578
Contracts receivable	195,828	336,286
Unconditional promise to give:		
United Way funding for following year	14,057	13,491
Prepaid expenses	3,125	300
<i>Total current assets</i>	517,743	401,655
Equipment, net of accumulated depreciation of \$6,364 and \$4,080	6,889	9,173
<i>Total assets</i>	\$ 524,632	\$ 410,828
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable	\$ 1,499	\$ -
Accrued expenses	24,775	-
Unearned revenue	5,335	-
Accrued compensated absences	15,336	16,649
<i>Total current liabilities</i>	46,945	16,649
<i>Net assets</i>		
Temporarily restricted net assets	14,057	13,491
Unrestricted net assets	463,630	380,688
<i>Total net assets</i>	477,687	394,179
<i>Total liabilities and net assets</i>	\$ 524,632	\$ 410,828

See accompanying notes to the financial statements.

SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
UNRESTRICTED SUPPORT AND REVENUES		
<i>Support</i>		
Grants and contracts	\$ 700,356	\$ 782,508
Contributions	110,908	201,719
In-kind contributions	77,484	95,524
Fundraising	101,726	85,867
Net assets released from restrictions:		
United Way funding for the year	13,491	18,546
<i>Total support</i>	<u>1,003,965</u>	<u>1,184,164</u>
<i>Revenues</i>		
Other income	21,200	35,910
<i>Total revenues</i>	<u>21,200</u>	<u>35,910</u>
<i>Total unrestricted support and revenues</i>	<u>1,025,165</u>	<u>1,220,074</u>
EXPENSES		
<i>Program expenses</i>		
Sexual assault nurse examiners	356,852	392,216
Rape crisis	241,962	282,146
Education and Outreach	200,301	246,888
<i>Total program expenses</i>	<u>799,115</u>	<u>921,250</u>
<i>Supporting services</i>		
Management and general	90,361	78,526
Fundraising	52,747	45,000
<i>Total support services</i>	<u>143,108</u>	<u>123,526</u>
<i>Total expenses</i>	<u>942,223</u>	<u>1,044,776</u>
Increase (decrease) in unrestricted net assets	<u>82,942</u>	<u>175,298</u>
Temporarily restricted net assets:		
United Way funding for next year	14,057	13,491
Net assets released from restrictions		
United Way funding for the current year	<u>(13,491)</u>	<u>(18,546)</u>
Increase (decrease) in temporarily restricted net assets	<u>566</u>	<u>(5,055)</u>
Increase (decrease) in net assets	<u>83,508</u>	<u>170,243</u>
Unrestricted net assets, beginning	<u>394,179</u>	<u>223,936</u>
Unrestricted net assets, ending	<u>\$ 477,687</u>	<u>\$ 394,179</u>

See accompanying notes to the financial statements.

SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Support Services</u>					<u>Total</u>
	<u>Sexual Assault Nurse</u>	<u>Rape Crisis</u>	<u>Education and Outreach</u>	<u>Management & General</u>	<u>Fundraising</u>	
Salaries	\$ 189,451	\$ 192,170	\$ 122,074	\$ 60,689	\$ 34,618	\$ 599,002
Volunteer services	13,080	-	-	384	-	13,464
Payroll taxes	9,964	9,950	6,457	3,389	1,651	31,411
Advertising	1,961	293	23,494	616	332	26,696
Contract labor	2,275	1,673	4,600	20	5,400	13,968
Depreciation	1,930	118	118	118	-	2,284
Dues and subscriptions	461	934	248	80	566	2,289
Insurance	17,725	2,014	1,014	2,141	-	22,894
Legal and professional	1,246	1,280	775	1,200	4,364	8,865
Miscellaneous	4,594	-	-	-	-	4,594
Office expense	2,757	2,990	3,767	661	1,916	12,091
Rent	34,442	13,840	12,128	12,127	-	72,537
Supplies, maintenance, & repairs	66,224	8,076	4,268	4,267	3,900	86,735
Telephone	4,767	2,378	2,378	2,193	-	11,716
Training	650	384	-	-	-	1,034
Travel expense	5,325	5,862	18,980	2,476	-	32,643
Total expenses	<u>\$ 356,852</u>	<u>\$ 241,962</u>	<u>\$ 200,301</u>	<u>\$ 90,361</u>	<u>\$ 52,747</u>	<u>\$ 942,223</u>

See accompanying notes to the financial statements.

SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Support Services</u>					<u>Total</u>
	<u>Sexual Assault Nurse</u>	<u>Rape Crisis</u>	<u>Education and Outreach</u>	<u>Management & General</u>	<u>Fundraising</u>	
Salaries	\$ 186,464	\$ 182,575	\$ 171,029	\$ 44,862	\$ 13,647	\$ 598,577
Volunteer services	8,761	8,238	3,557	139	139	20,834
Payroll taxes	18,049	17,673	16,555	4,292	1,321	57,890
Advertising	8,061	27,156	6,194	-	506	41,917
Contract labor	2,285	1,371	457	457	23,913	28,483
Depreciation	1,856	109	109	109	-	2,183
Dues and subscriptions	1,385	244	-	-	-	1,629
Insurance	19,632	5,609	1,402	1,402	-	28,045
Legal and professional	2,965	2,965	2,965	2,965	-	11,860
Miscellaneous	12,600	3,600	900	900	-	18,000
Office expense	15,761	1,970	985	985	436	20,137
Rent	33,437	13,622	13,622	13,623	-	74,304
Supplies, maintenance, & repairs	66,419	8,109	4,054	4,055	4,744	87,381
Telephone	4,959	2,479	2,479	2,479	-	12,396
Training	3,331	175	-	-	-	3,506
Travel expense	6,251	6,251	22,580	2,258	294	37,634
Total expenses	<u>\$ 392,216</u>	<u>\$ 282,146</u>	<u>\$ 246,888</u>	<u>\$ 78,526</u>	<u>\$ 45,000</u>	<u>\$ 1,044,776</u>

See accompanying notes to the financial statements.

SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 83,508	\$ 170,243
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,284	2,183
(Increase) decrease in operating assets:		
Contracts receivable	140,458	(215,605)
Unconditional promises to give	(566)	5,055
Prepaid expenses	(2,825)	(300)
Increase (decrease) in operating liabilities:		
Accounts payable	1,499	(5,013)
Accrued expenses	24,775	(2,537)
Unearned revenue	5,335	-
Accrued compensated absences	(1,313)	1,554
Net cash provided (used) by operating activities	<u>253,155</u>	<u>(44,420)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(5,074)
Net cash provided (used) by investing activities	<u>-</u>	<u>(5,074)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	-	-
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	253,155	(49,494)
Cash and cash equivalents, beginning of period	<u>51,578</u>	<u>101,072</u>
Cash and cash equivalents, end of period	<u>\$ 304,733</u>	<u>\$ 51,578</u>
Supplemental disclosure cash flow information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of the Organization

Sexual Assault Services of Northwest New Mexico, Inc. (the Organization) is a 501c(3) non-profit corporation which was incorporated under the laws of the State of New Mexico in 2005. The Organization provides services to survivors of sexual assault to individuals in San Juan County and McKinley County in New Mexico. The Organization is comprised of a primary office in Farmington, New Mexico with a location in Gallup, New Mexico. The services provided by the Organization are funded by grants and contracts from the various Federal, state, and local sources. The Organization is controlled by a Board of Directors as identified in the accompanying roster.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than when received, and expenses are recognized when the related liability is incurred rather than when paid.

Basis of Presentation

Financial statement presentation follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a Statement of Cash Flows. As permitted by the statement, the Organization does not use fund accounting and only has unrestricted net assets and temporarily restricted net assets.

Program Services

Sexual Assault Services of Northwest New Mexico, Inc. conducts the following programs:

Sexual Assault Nurse Examiners – The sexual assault nurse examiners program provides medical and forensic examinations to survivors of sexual assault, and other related services to victims and third parties.

Rape Crisis – This program provides support, advocacy and intervention to victims and affected individuals. The program also provides legal support and advocacy services to the survivors and their families.

Education and Outreach – This program provides prevention and educational workshops and presentations. The Organization has partnered with other not-for-profit organizations to provide education in the high schools.

1. **ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Contributions and Promises to Give

Promises to give contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Donations of services requiring specialized skills that would normally be purchased if not provided by donation, are recorded at their fair values in the period received. Volunteer services have not been recorded in the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include all monies held at financial institutions, including savings accounts and money markets. As of June 30, 2017 and 2016, cash and cash equivalent accounts were insured by FDIC insurance. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk. For purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

Sexual Assault Services of Northwest New Mexico, Inc.'s policy is to record purchases of property and equipment at cost. Donated equipment is stated at the estimated fair market value at the time of acquisition. The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Individual items with a cost of less than \$1,000 are expensed in the year of acquisition. Improvements are capitalized while expenditures for maintenance and repair are charged to operations when incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the Statement of Activities.

Depreciation

Depreciation of property and equipment is provided over the estimated lives of the respective assets using the straight-line method. The lives of assets are five to seven years.

Net Assets

Unrestricted net assets represent unrestricted resources available to support The Organization's operations. Most of the Organization's net assets are classified as unrestricted.

1. **ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Net Assets (Continued)

Temporarily restricted net assets represent gifts that are subject to donor-imposed purpose or time restrictions that can be fulfilled either by actions of the Organization pursuant to those restrictions, with the passage of time, or both. Upon satisfaction of such restrictions, net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. The Organization has some net assets classified as temporarily restricted net assets at this time.

Permanently restricted net assets represent gifts with donor-imposed restrictions that the original gift amounts be maintained in perpetuity as an endowment. The Organization has no net assets classified as permanently restricted net assets at this time.

Contract Services

Sexual Assault Services of Northwest New Mexico, Inc. receives approximately two-thirds of its total revenues from contracts with Federal and state agencies.

Allowance for Doubtful Accounts

It is the opinion of management that contracts receivable are fully collectible and that an allowance for doubtful accounts is not necessary.

Revenue Recognition

Revenues are recognized when earned based on the terms of the contracts.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated to programs based on the allowable program's administrative purpose, not the allocable benefit of that cost to the program served.

Income Taxes

Sexual Assault Services of Northwest New Mexico, Inc. is exempt from Federal income taxes under the Internal Revenue Code Section 501(c)(3) and files an annual information return (Form 990) with the Internal Revenue Service and copies of Form 990 with states in which the Organization is registered, as required. Sexual Assault Services of Northwest New Mexico, Inc. has received a ruling from the Internal Revenue Service that it is not a private foundation under Section 509(a) of the Internal Revenue Code. No provision for income taxes for unrelated business income was necessary for either of the years ended June 30, 2017 and 2016. The statute of limitations for examination of the Organization's returns expires three years from the due date of the return or the date filed, whichever is later. The Organization's returns for the years ended June 30, 2014 through 2016, are still open for examination and management anticipates the statute of limitations for the return for the year ended June 30, 2017, will expire in February 2020.

1. **ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Vacation and Sick Pay

It is the policy of Sexual Assault Services of Northwest New Mexico, Inc. to permit full time employees to begin to earn paid time off (PTO) from the first day of employment but may not take PTO until they have completed their probationary period. Regular full-time and part-time employees accrue PTO time according to the following schedule:

Years of Service:	Accrual Rate for Annual PTO Time:
0-3	1/5 (.2) of regular workweek per month
4-10	1/4 (.25) of regular workweek per month
11+	1/3 (.33) of regular workweek per month

Upon termination of employment, only employees who have worked for Sexual Assault Services of Northwest New Mexico, Inc., who provided a minimum of a two week (10 working days) written notice will be eligible to receive payment for up to 80 hours of accrued vacation time. A liability of \$15,336 at June 30, 2017 and \$16,649 at June 30, 2016 has been accrued to represent the Organization's commitment to fund such costs. Sick pay does not vest to employees upon separation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates include the useful lives of property and equipment, determinations of current and non-current portions of accrued leave, and allowances for doubtful accounts. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables, and liabilities will approximate fair value because of the short maturities of these instruments.

2. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following as of June 30, 2017 and 2016:

Description	Balance	Balance
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Demand deposit accounts	\$ 303,591	\$ 51,578
Undeposited funds	1,142	-
Totals	<u>\$ 304,733</u>	<u>\$ 51,578</u>

3. CONTRACTS RECEIVABLE

The details of contracts receivable at June 30, 2017 and 2016 are presented below:

Payee	Balance	Balance
	June 30, 2017	June 30, 2016
Children's Trust Fund	\$ -	\$ 6,149
Indian Health Services	45,821	227,030
New Mexico Coalition of Sexual Abuse Programs	78,364	80,830
State of New Mexico Crime Victims Reparation Commission	17,222	16,762
State of New Mexico Department of Health	54,421	5,515
Totals	<u>\$ 195,828</u>	<u>\$ 336,286</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2017 and 2016:

Capital assets used in governmental activities:	Balance	Additions	Deletions	Balance
	June 30, 2016			June 30, 2017
Capital assets being depreciated:				
Furniture, fixtures, and equipment	<u>13,253</u>	<u>-</u>	<u>-</u>	<u>13,253</u>
Total capital assets being depreciated	<u>13,253</u>	<u>-</u>	<u>-</u>	<u>13,253</u>
Less accumulated depreciation:				
Furniture, fixtures, and equipment	<u>4,181</u>	<u>2,183</u>	<u>-</u>	<u>6,364</u>
Total accumulated depreciation	<u>4,181</u>	<u>2,183</u>	<u>-</u>	<u>6,364</u>
Total capital assets, net of depreciation	<u>\$ 9,072</u>	<u>\$ (2,183)</u>	<u>\$ -</u>	<u>\$ 6,889</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$2,284 and \$2,183, respectively.

5. UNEARNED REVENUE

The Organization received \$5,335 from San Juan Regional Medical Center at the end of June 2017 which is intended for payment of the rent expense in July 2017. This revenue will be recognized when the rent is paid in July 2017. There was no unearned revenue at June 30, 2016.

6. CONCENTRATION OF CREDIT RISK

Sexual Assault Services of Northwest New Mexico, Inc. maintains its cash in one financial institution in Farmington, NM. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000. The cash balances, at times, may exceed Federal insured limits. At June 30, 2017 and 2016, the Organization had \$63,591 and \$0, respectively, which were uninsured.

6. CONCENTRATION OF CREDIT RISK (Continued)

The ability to collect receivables resulting from services provided and unconditional promises to give resulting from fund raising efforts is affected by general economic conditions in the State of New Mexico. Concentrations of credit risk with respect to receivables results from funding agencies accepting or rejecting claims for services provided. Concentrations of credit risk with respect to unconditional promises to give results from San Juan United Way being the single source. Contracts with Federal and state agencies account for approximately two-thirds of its total revenues. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk

7. CONTINGENCIES

The Organization receives financial assistance from Federal and state sources in the form of grants. The disbursements of the funds received are generally limited to specific compliance requirements as specified in the grant agreement. The Federal and state agencies reserve the right to review the scope of the audit and conduct a follow-up review if deemed necessary. Any disallowed claims resulting from such audits could become a liability of Sexual Assault Services of Northwest New Mexico, Inc.. The amount, if any, of revenues or expenses which may be disallowed by the contracting agency cannot be determined at this time, although Sexual Assault Services of Northwest New Mexico, Inc. expects such amounts, if any, to be insignificant.

8. OPERATING LEASE

On August 9, 2013, the Organization entered into a lease agreement with San Juan Professional Associates for the occupancy of the office and clinical facilities used in their program. The term of an addendum to the lease agreement began March 1, 2015 and continues through February 29, 2020 at an annual rental rate of \$64,020. An early termination penalty of \$38,245 is phased out at 20% per year over the five year period. The lessor acknowledges financial support from the hospital; however, if financial support is no longer adequate, the Organization may terminate and incur the penalty for early termination. Annual fair market rental value for the year ended June 30, 2017 and 2016 is \$64,020 and \$64,020, respectively, and is recorded as in-kind contribution support and related rent expense.

9. EVALUATION OF SUBSEQUENT EVENTS

Sexual Assault Services of Northwest New Mexico, Inc. has evaluated subsequent events through January 30, 2018, the date which the financial statements were available to be issued. Sexual Assault Services of Northwest New Mexico, Inc. has determined that there are no subsequent events requiring disclosure.

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COMPLIANCE SECTION



Manning Accounting and Consulting Services, LLC

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 of
Sexual Assault Services of Northwest New Mexico, Inc.
Farmington, 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 Sexual Assault Services of Northwest New Mexico, Inc. (a New Mexico nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Sexual Assault Services of Northwest New Mexico, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. (FS 2016-001)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 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*.

Sexual Assault Services of Northwest New Mexico, Inc.'s Response to Findings

Sexual Assault Services of Northwest New Mexico, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Organization's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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.

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
January 30, 2018

**SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section I – Summary of Audit Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Control deficiencies identified not considered to be significant deficiencies? | None noted |

SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

FS 2016-001 – Proper Reconciliation of General Ledger Accounts (Significant Deficiency) Repeated and Revised

Criteria: Good internal control practices dictate that all general ledger accounts should be properly and accurately reconciled on a timely basis to insure proper balances are maintained in those accounts. All general ledger accounts should be properly reconciled at least monthly.

Condition: During our review of general ledger accounts, we noted the following issues:

- The cash reconciliation included an outstanding general journal entry from 4/18/2017 of \$191.67 which should not be showing as an outstanding disbursement, and three deposits from March and April in the amount of \$660.60 should not have been showing as outstanding deposits.
- The detail fixed asset depreciation detail shows a total accumulated depreciation of \$6,364 while the trial balance has a total of \$6,263.
- Accounts Receivable had an amount recorded as a receivable from SJRMC for \$5,335 which should not have been a receivable at year-end.
- We identified the following issues with the liability accounts:
 - 2050 Credit Card had a balance owed of \$118.12 but should have been \$0.00.
 - 2100 Accrued Liabilities had a debit balance of \$1,594.63 but should have been \$0.00.
 - 2110 Accrued Salaries & Wages had a balance owed of \$19,897.76 but should have been \$23,076.17.
 - 2111 Direct Deposit Liabilities had a balance of \$1.00 but should have been \$0.00.
 - 2120 Accrued Paid Leave had a balance owed of \$16,648.63 but should have been \$15,335.93.
 - 2121 Payroll Asset had a balance owed of \$11.86 and should have been \$0.00.
 - 2130 Federal Payroll Taxes Payable had a balance owed of \$29.38 and should have been \$140.24.
 - 2140 State Income Taxes Payable had a balance owed of \$1,517.91 and should have been \$1,555.91.
 - 2170 FICA Payable had a debit balance of \$353.07 and should have been \$0.00.
 - 2175 Accrued Health Insurance had a balance owed of \$1,437.48 and should have been \$0.00.

Cause: Agency personnel had not taken the time to review all asset and liability accounts and adjust them to their actual amounts. With regards to the cash reconciliation, Agency personnel were not sure how to clear the adjusting journal entry and needed to adjust for the three outstanding deposits but had not done so. The amount in the general ledger for depreciation tied to previous audits; however, no adjustments had ever been made to tie the trial balance and the audit report to the actual detail depreciation schedule.

Effect: Cash, accounts receivable, accumulated depreciation, and liability accounts were improperly stated which also causes revenue and expenditure amounts to be misstated at year-end.

**SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings (Continued)

FS 2016-001 – Proper Reconciliation of General Ledger Accounts (Significant Deficiency) Repeated and Revised (Continued)

Auditor's Recommendation: We recommend that the Agency review all general ledger accounts on a regular basis to identify any strange or unexpected balances being carried in the trial balance. We recommend that this be done on a monthly basis so that incorrect posting don't go unnoticed for the entire year.

Responsible Official's Plan:

- Specific corrective action plan for finding:
SASNWNM has corrected all of the issues noted. This was the first year of using QuickBooks for SASNWNM and the issues were not quickly located. Sexual Assault Services will implement a process in which all general ledger accounts are reviewed and properly reconciled monthly. This information will be reported by the Finance Director to the Executive Director and the Board of Directors monthly.

- Timeline for completion of corrective action plan:
A complete review of General Ledger Accounts going back to July 2017 will be complete by March 31, 2018. General ledger accounts will then be reviewed monthly as indicated in specific corrective action plan.

- Employee position(s) responsible for meeting the timeline:
Finance Director

**SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section III – Prior Year Audit Findings

Financial Section Findings

2016-001 – Reconciliation of General Ledger Accounts – Repeated and Revised