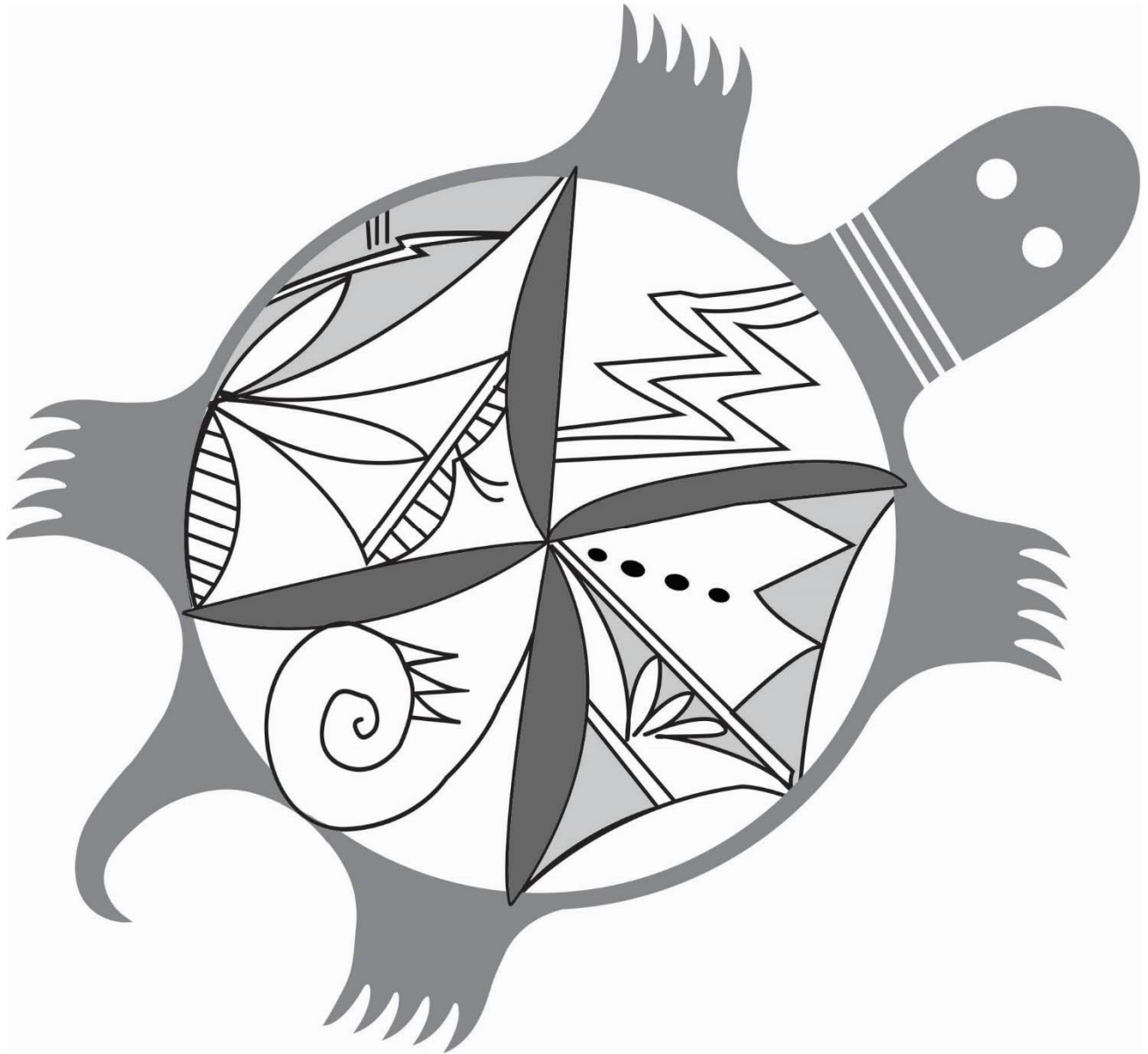


**Sexual Assault Services of Northwest New Mexico, Inc.
Financial Statements and
Independent Auditor's Report
For the Years Ended June 30, 2021 and 2020**



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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, 2021

BOARD OF DIRECTORS

Patricia Simpson	President
Marla Sipes	Vice-President
GloJean Todacheene	Member
Terry Ogle	Treasurer
Andie (Amanda) Fuller	Member
Cali Candelaria	Member
Marjorie Steffen	Member
Nicole Wayne	Member
Tsaa Henderson	Member

ADMINISTRATIVE OFFICIALS

Eleana Butler	Executive Director
Pam Valencia	Finance Director

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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, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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 November 2, 2021 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
November 2, 2021

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FINANCIAL STATEMENTS

SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 707,345	\$ 549,541
Contracts and grants receivable	201,570	220,376
Prepaid expenses	341	3,197
<i>Total current assets</i>	909,256	773,114
<i>Noncurrent assets</i>		
Equipment, net of accumulated depreciation of \$18,486 and \$16,299	14,392	11,620
<i>Total assets</i>	\$ 923,648	\$ 784,734
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable	\$ 9,857	\$ 8,086
Accrued expenses	40,385	44,049
Unearned revenue	24,500	24,500
Accrued compensated absences	21,187	27,937
Paycheck protection program loan - current	-	79,747
<i>Total current liabilities</i>	95,929	184,319
<i>Noncurrent liabilities</i>		
Paycheck protection program loan - noncurrent	-	99,683
<i>Total liabilities</i>	95,929	284,002
<i>Net assets</i>		
Without donor restrictions		
Undesignated	813,327	489,112
Invested in property and equipment, net of related debt	14,392	11,620
<i>Total net assets</i>	827,719	500,732
<i>Total liabilities and net assets</i>	\$ 923,648	\$ 784,734

See accompanying notes to the financial statements.

SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Net Assets without Donor Restrictions	
	<u>2021</u>	<u>2020</u>
UNRESTRICTED SUPPORT		
<i>Support</i>		
Contracts and grants	\$ 1,214,673	\$ 1,104,565
Contributions	308,599	106,640
In-kind contributions	10,176	10,240
Fundraising	12,266	3,856
<i>Total support</i>	<u>1,545,714</u>	<u>1,225,301</u>
EXPENSES		
<i>Program expenses</i>		
Sexual assault nurse examiners	128,810	179,402
Advocacy and therapy	825,302	841,015
Education and outreach	131,163	130,619
<i>Total program expenses</i>	<u>1,085,275</u>	<u>1,151,036</u>
<i>Supporting services</i>		
Management and general	130,903	137,004
Fundraising	2,549	5,741
<i>Total support services</i>	<u>133,452</u>	<u>142,745</u>
<i>Total expenses</i>	<u>1,218,727</u>	<u>1,293,781</u>
Change in net assets	326,987	(68,480)
Net assets, beginning of year	<u>500,732</u>	<u>569,212</u>
Net assets, end of year	<u>\$ 827,719</u>	<u>\$ 500,732</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, 2021

	<u>Program Services</u>			<u>Support Services</u>		<u>Total</u>
	<u>Sexual Assault Nurse Examiners</u>	<u>Advocacy and Therapy</u>	<u>Education and Outreach</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 89,793	\$ 540,446	\$ 65,801	\$ 87,054	\$ -	\$ 783,094
Volunteer services	9,686	392	58	40	-	10,176
Payroll taxes	7,018	42,310	5,109	6,753	-	61,190
Advertising	50	7,720	1,730	1,741	21	11,262
Contract labor	-	1,372	450	-	-	1,822
Depreciation	559	2,533	372	261	-	3,725
Dues and subscriptions	1,800	3,472	-	2,226	556	8,054
Insurance	3,568	25,108	2,736	11,503	14	42,929
Professional fees	2,134	2,734	750	8,412	-	14,030
Miscellaneous	218	58,601	-	-	-	58,819
Office expense	1,756	19,350	1,129	2,404	-	24,639
Rent	3,295	48,948	47,253	6,104	-	105,600
Supplies, maintenance, & repairs	8,696	52,342	3,795	4,405	1,958	71,196
Telephone	-	10,255	1,400	-	-	11,655
Training	-	-	-	-	-	-
Travel expense	237	9,719	580	-	-	10,536
Total expenses	<u>\$ 128,810</u>	<u>\$ 825,302</u>	<u>\$ 131,163</u>	<u>\$ 130,903</u>	<u>\$ 2,549</u>	<u>\$ 1,218,727</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, 2020

	<u>Program Services</u>			<u>Support Services</u>		<u>Total</u>
	<u>Sexual Assault Nurse Examiners</u>	<u>Advocacy and Therapy</u>	<u>Education and Outreach</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 128,061	\$ 546,253	\$ 83,833	\$ 94,394	\$ -	\$ 852,541
Volunteer services	9,600	-	-	640	-	10,240
Payroll taxes	10,370	44,145	6,506	5,851	-	66,872
Advertising	750	2,549	3,783	871	40	7,993
Contract labor	2,828	6,560	7,817	3,817	3,954	24,976
Depreciation	1,438	-	-	3,437	-	4,875
Dues and subscriptions	500	1,686	250	2,180	280	4,896
Insurance	5,523	33,354	6,137	4,364	750	50,128
Professional fees	2,434	5,038	2,750	1,557	-	11,779
Miscellaneous	-	52,855	-	-	400	53,255
Office expense	747	12,224	660	1,259	224	15,114
Rent	9,651	73,044	9,820	13,085	-	105,600
Supplies, maintenance, & repairs	5,872	33,460	3,640	4,360	-	47,332
Telephone	950	9,737	1,802	1,189	93	13,771
Training	-	-	50	-	-	50
Travel expense	678	20,110	3,571	-	-	24,359
Total expenses	<u>\$ 179,402</u>	<u>\$ 841,015</u>	<u>\$ 130,619</u>	<u>\$ 137,004</u>	<u>\$ 5,741</u>	<u>\$ 1,293,781</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, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 326,987	\$ (68,480)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,725	4,875
(Increase) decrease in operating assets:		
Contracts receivable	18,806	62,316
Prepaid expenses	2,856	(751)
Increase (decrease) in operating liabilities:		
Accounts payable	1,771	(1,401)
Accrued expenses	(3,664)	32,060
Unearned revenue	-	24,500
Accrued compensated absences	(6,750)	3,623
Net cash provided (used) by operating activities	343,731	56,742
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(6,497)	-
Net cash provided (used) by investing activities	(6,497)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Reduction of debt	(179,430)	-
Net cash provided (used) by financing activities	(179,430)	179,430
Net increase (decrease) in cash and cash equivalents	157,804	236,172
Cash and cash equivalents, beginning of period	549,541	313,369
Cash and cash equivalents, end of period	\$ 707,345	\$ 549,541
Supplemental disclosure cash flow information:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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 in San Juan County, Rio Arriba 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

The financial statements of Sexual Assault Services of Northwest New Mexico, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require net assets, revenues, gains, and losses be classified based on the existence of absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restriction, net assets for an operating reserve or other board designated operations. All of the Organization's net assets are classified as net assets without donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor– (or certain grantor–) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization has no net assets classified as net assets with donor restrictions at this time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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

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.

Advocacy and Therapy – Advocates provide support, advocacy and intervention to sexual assault survivors and their families. This includes emotional support and information, resources and referrals, emergency funds to maintain health and safety, and support at legal proceedings. Therapists provide crisis stabilization, assessment and therapy services to reduce symptoms resulting from sexual assault and abuse, regardless of when the assault occurred. Goals are to restore a sense of safety and control, learn coping skills for anxiety and stress, and collaborate with each individual to meet their unique needs.

Education and Outreach – This program provides primary prevention programs, educational trainings, workshops and presentations in a variety of venues across the service area. Primary prevention programs include the Safe Dates curriculum for high school students and the Care for Kids program for children ages 4-8.

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, 2021 and 2020, cash and cash equivalent accounts were not fully insured by FDIC insurance as amounts exceed the \$250,000 limit. 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.

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.

Contracts and Grants Receivable and Contract Services

The Organization has entered into contracts and grants to provide the program services identified above. Contracts and grants receivable are amounts for which the required services have been provided by the Organization to the contracting or granting agencies, and those amounts have been billed to the relevant agencies but which had not been received by year-end.

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

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

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.

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 \$5,000. Individual items with a cost of less than \$5,000 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.

Revenue Recognition

Revenues related to contracts and grants are recognized when earned based on the terms of the contract or grant. Revenues related to promises to give are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Contributions

The Organization receives contributions from San Juan Regional Medical Center, United Way, and other individuals and small businesses which it uses to fund its operations. Those donations during the years ended June 30, 2021 and 2020, respectively, were as follow: San Juan Regional Medical Center \$64,020 and \$64,020; United Way \$30,210 and \$19,316, and other miscellaneous contributions \$34,939 and \$23,304.

In-kind Donations

The Organization received in-kind services of \$10,176 and \$10,240 for the years ended June 30, 2021 and 2020, respectively. These services are for a medical director's time and shredding services provided to the Organization.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

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, 2021 and **2020**. 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, 2018** through 2020, are still open for examination and management anticipates the statute of limitations for the return for the year ended June 30, 2021, will expire in November 2024.

Paid Time Off Accrual

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 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
11-15	1/3 (.33) of regular workweek per month
16-20	1/2 (.4) 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 \$21,187 at June 30, 2021 and \$27,937 at **June 30, 2020** 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.

Reclassification of Financial Statements

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

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

Recent Pronouncements

Revenue Recognition: FASB has issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The amendments in this update were issued to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. To achieve that objective, and upon adoption, the Center will be required to disclose qualitative and quantitative information about its contracts with customers, the significant judgements and changes in those judgements as well as any assets recognized from the costs to obtain or fulfill a contract with a customer. The amendments in this update are effective for fiscal years beginning after December 15, 2019. Accordingly, the Organization adopted Topic 606 in the year ended June 30, 2021. There were no significant effects of implementation to these financial statements.

FASB has issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update were issued to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities for those leases classified as operating leases under previous GAAP. The amendments in this update are effective for fiscal years beginning after December 15, 2021. Early application is permitted; however, the Organization has not yet adopted Topic 842.

2. **AVAILABILITY AND LIQUIDITY**

Cash and cash equivalents consist of the following as of June 30, 2021 and 2020:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Balance</u> <u>June 30, 2020</u>
Financial assets at year-end:		
Bank deposits and cash equivalents	\$ 707,345	\$ 549,541
Contracts and grants receivable	201,569	220,376
Total financial assets	<u>908,914</u>	<u>769,917</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	-	-
Less net assets with purpose restrictions to be met in less than a year	-	-
Restrictions established by the board	<u>-</u>	<u>-</u>
Total restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 908,914</u>	<u>\$ 769,917</u>

The Organization's goal is generally to maintain, in liquid financial assets, enough to fund approximately three months of expenses.

3. CONTRACTS AND GRANTS RECEIVABLE

The details of contracts receivable at June 30, 2021 and 2020 are presented below:

Payee	<u>Balance June 30, 2021</u>	<u>Balance June 30, 2020</u>
New Mexico Coalition of Sexual Abuse Programs	\$ 87,506	\$ 125,603
Office of Justice Programs	29,389	21,441
State of NM Crime Victims Reparation Commission	57,316	57,979
State of New Mexico Department of Health	10,155	14,696
State of New Mexico Children, Youth and Families	8,080	-
Indian Health Services	4,293	-
City of Farmington	4,831	-
Other	-	657
Totals	<u>\$ 201,570</u>	<u>\$ 220,376</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2021 and 2020:

Capital assets used in governmental activities:	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Capital assets being depreciated:				
Furniture, fixtures, and equipment	<u>27,919</u>	<u>6,497</u>	<u>(1,537)</u>	<u>32,879</u>
Total capital assets being depreciated	<u>27,919</u>	<u>6,497</u>	<u>(1,537)</u>	<u>32,879</u>
Less accumulated depreciation:				
Furniture, fixtures, and equipment	<u>16,299</u>	<u>3,725</u>	<u>(1,537)</u>	<u>18,486</u>
Total accumulated depreciation	<u>16,299</u>	<u>3,725</u>	<u>(1,537)</u>	<u>18,486</u>
Total capital assets, net of depreciation	<u>\$ 11,620</u>	<u>\$ 2,772</u>	<u>\$ -</u>	<u>\$ 14,392</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$3,725 and \$4,875, respectively.

5. 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, 2021 and 2020, the Organization had \$481,781 and \$299,541, respectively, which were uninsured.

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. Contracts with Federal and state agencies account for approximately ninety percent 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.

6. CONTINGENCIES

The Organization receives financial assistance from Federal and state sources in the form of grants and contracts. The disbursements of the funds received are generally limited to specific compliance requirements as specified in the grant agreement or contract. 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.

7. OPERATING LEASE

On February 5, 2019, 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 lease agreement began March 1, 2019 and continues through February 29, 2024. The cost of the lease will be \$8,577.18 per month through February 2022 and then will increase to \$9,155.42 per month through February 2024.

The Organization also has entered into a month-to-month rental agreement for its Gallup office. The rental agreement was initially signed in September 2016, and the monthly rental amount of \$800 has been in effect since that day. If the Organization maintains its Gallup office through the next year, the rental cost will be \$9,600 for the year.

Future lease payments related to the Farmington lease are as follow:

Fiscal Year Ending	
<u>June 30,</u>	<u>Farmington</u>
2022	\$ 105,239
2023	109,865
2024	<u>73,243</u>
	<u>\$ 288,347</u>

The Organization received support from San Juan Regional Medical Center in the amount of \$64,020 for the years ended June 30, 2021 and 2020, respectively, which the Organization uses to help offset these lease costs.

8. UNEARNED REVENUE

The Organization has received two grants totaling \$24,500 which it has not yet expended because of interruptions of services caused by the COVID pandemic. Those grants amount to \$22,000 from DVPI Crownpoint and \$2,500 from the Yates Foundation.

9. PAYCHECK PROTECTION PROGRAM

On April 20, 2020, the Organization received loan proceeds in the amount of \$179,430 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provided for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expense of the qualifying entity. The loans and accrued interest were forgivable after eight weeks or twenty-four weeks, depending on which option the organization chose, as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. The amount of loan forgiveness would be reduced if the borrower terminated employees or reduced salaries during the eight-week period.

On May 21, 2021, the Organization was informed that the entire loan amount of \$179,430 was forgiven. This amount was recorded as revenue in the current year under the contributions heading.

10. EVALUATION OF SUBSEQUENT EVENTS

Sexual Assault Services of Northwest New Mexico, Inc. has evaluated subsequent events through November 2, 2021, the date which the financial statements were available to be issued. The organization has determined that two such incidents exist.

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the operations of the Organization are not reasonably estimable at this time.

In October 2021, five members of the nine-member SAS Board of Directors resigned for a variety of reasons. At the September 2021 Board of Directors meeting, the Board members invited a financial institution to present regarding investing funds and retirement plans. At the same meeting, the board voted for management to move forward with this institution with the understanding that additional decisions needed to be made around processes.

Management had questions about the amount of knowledge the presenter had about non-profit organizations and opted to explore additional options including meeting with another institution with a long history of non-profit expertise. This meeting was exploratory in nature and no decisions were made. The Board was approached with this new information to review the differences and determine which organization would best meet the needs of SAS.

Upon receiving this information from management, the conversations that followed on email caused several board members to examine their personal lives, as well as, communication differences with management and other board members which ultimately contributed to their resignations.

A mediator was present at the October Board meeting to allow the remaining Board members to share thoughts, to support the group through the adjustment of the resignations and to establish steps to effectively move forward.

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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, 2021, 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, and have issued our report thereon dated November 2, 2021.

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) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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
November 2, 2021

**SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021**

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? | None noted |
| c. Noncompliance material to financial statements noted? | None noted |

**SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

None identified

**SEXUAL ASSAULT SERVICES OF NORTHWEST NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021**

Section III – Prior Year Audit Findings

Financial Section Findings

None identified