

**COMMUNITY ACTION AGENCY OF  
SOUTHERN NEW MEXICO**

**Consolidated Financial Statements**

**September 30, 2020**

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**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
BOARD OF DIRECTORS  
September 30, 2020**

Board of Directors

Michael Rudloff	Board Chair
Mark Pickett	1 <sup>st</sup> Vice Chair
Danielle Guerrero	2 <sup>nd</sup> Vice Chair
Gilda Dorbandt	Secretary and Treasurer
Alberto Cuen	Member
Cathy Diaz	Member
Ray Lara	Member
Manuel Morales, Jr	Member
Lisa Pena	Member
Sara Reed	Member
Neomi O. Parra	Member
Inez Dominguez	Member
Dr. Magdaleno Manzanarez	Member

Administrative Offices

Dawn Hommer	CEO
Kimberly Daisley	Finance Director



## Independent Auditors' Report

The Board of Directors  
Community Action Agency of Southern New Mexico  
Las Cruces, New Mexico

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Community Action Agency of Southern New Mexico, Inc. (Agency) a nonprofit organization, which comprise the consolidated statement of financial position, as of September 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque



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

### ***Opinions***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of September 30, 2020, 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.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2021, on our consideration of the Agency'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 the Agency's internal control over financial reporting and compliance.

*Pattillo, Brown & Hill, LLP*

Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
May 20, 2021

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2020**

**ASSETS**

Current assets

Cash and cash equivalents	\$	165,210
Cash and cash equivalents, restricted		124,939
Grants receivable		304,515
Other receivables		22,110
Prepaid expenses		15,297
<b>Total current assets</b>		<b>632,071</b>

Property and equipment

Land		435,632
Furniture and fixtures		695,207
Equipment		7,995
Vehicles		210,392
Buildings and improvements		2,648,353
		3,997,579
Less accumulated depreciation		(1,672,332)
Property and equipment, net		2,325,247

Investment in New Mexico Community Foundation

		50,634
<b>Total assets</b>	<b>\$</b>	<b>3,007,952</b>

**LIABILITIES AND NET ASSETS**

Current liabilities

Accounts payable	\$	170,150
Accrued expenses		94,914
Accrued interest		78
Current portion of long-term notes payable		12,540
<b>Total current liabilities</b>		<b>277,682</b>

Notes payable, long-term

		31,873
<b>Total liabilities</b>		<b>309,555</b>

Net assets

Without donor restrictions		2,522,824
With donor restrictions		175,573
<b>Total net assets</b>		<b>2,698,397</b>
<b>Total liabilities and net assets</b>	<b>\$</b>	<b>3,007,952</b>

*See Notes to Consolidated Financial Statements.*

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Federal funds	\$ 3,866,822	-	3,866,822
Local revenues and other	1,273,813	99,432	1,373,245
Rent Revenue	15,170	-	15,170
Gain/(loss) on investment	-	1,888	1,888
Net assets released from restrictions	104,735	(104,735)	-
<b>Total support and revenues</b>	<b>5,260,540</b>	<b>(3,415)</b>	<b>5,257,125</b>
Expenses			
Program services:			
Programs	4,599,004	-	4,599,004
Support services:			
Administrative	543,998	-	543,998
Fundraising	-	-	-
CPI	123,665	-	123,665
<b>Total expenses</b>	<b>5,266,667</b>	<b>-</b>	<b>5,266,667</b>
<b>Change in net assets</b>	<b>(6,127)</b>	<b>(3,415)</b>	<b>(9,542)</b>
Net assets at beginning of year	2,528,951	178,988	2,707,939
<b>Net assets at end of year</b>	<b>\$ 2,522,824</b>	<b>175,573</b>	<b>2,698,397</b>

*See Notes to Consolidated Financial Statements.*

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Community Services Block Grant	Child Care Food Program	Housing Program	Other Outreach Programs	Total Program Services	General and Administrative	Fundraising	CPI	Total
Salaries	\$ 284,832	195,968	-	751,946	1,232,746	294,495	-	-	1,527,241
Employee Benefits	33,774	50,081	-	60,331	144,186	60,422	-	-	204,608
Payroll Taxes	22,970	15,594	-	62,760	101,324	24,177	-	-	125,501
	<u>341,576</u>	<u>261,643</u>	<u>-</u>	<u>875,037</u>	<u>1,478,256</u>	<u>379,094</u>	<u>-</u>		<u>1,857,350</u>
Misc/Bank Charges	-	-	523	15	538	2,224	-	-	2,762
Insurance	8,348	4,487	910	4,318	18,063	15,329	-	6,308	39,700
Vehicle Expenses	2,062	2,969	2	1,211	6,244	1,844	-	-	8,088
Travel	2,561	1,259	-	35,518	39,338	1,800	-	-	41,138
Board Expenses	43	-	-	-	43	263	-	-	306
Maintenance Expenses	28,441	2,887	21,300	8,185	60,813	53,020	-	56,049	169,882
Food	-	-	-	1,749	1,749	45	-	-	1,794
Office Supplies	4,938	3,635	-	19,162	27,735	2,797	-	-	30,532
Field Supplies	7,587	-	-	156	7,743	-	-	-	7,743
Training Expenses	5,790	525	-	110,829	117,144	2,628	-	-	119,772
Inventory Exempt	13,406	-	1,590	37,257	52,253	1,055	-	-	53,308
Printing	104	365	-	2,811	3,280	666	-	-	3,946
Advertising	25	-	-	12,362	12,387	-	-	-	12,387
Contractual Services	34,516	85	52	167,099	201,752	14,228	-	-	215,980
Postage	1,050	1,335	-	255	2,640	99	-	-	2,739
Utilities	9,962	2,610	103	4,821	17,496	6	-	-	17,502
Rent of Building	-	-	-	-	-	32,526	-	-	32,526
Rent of Equipment	1,609	2,258	1	5,188	9,056	8,285	-	-	17,341
Telephone	7,128	4,278	-	10,335	21,741	4,763	-	-	26,504
Subscriptions and Fees	8,865	5	-	6,333	15,203	1,565	-	-	16,768
Care & Support	269,811	1,847,765	856	368,277	2,486,709	71	-	-	2,486,780
Furniture and Fixtures	1,992	-	-	-	1,992	-	-	-	1,992
Donations	-	-	-	-	-	180	-	-	180
Miscellaneous	-	-	-	-	-	-	-	-	-
Property Taxes	-	-	3,534	85	3,619	90	-	-	3,709
Depreciation & Amortization Expense	-	-	-	-	-	21,420	-	61,308	82,728
Endowment Annual Distribution	-	-	-	13,210	13,210	-	-	-	13,210
Total Expense	\$ <u>749,814</u>	<u>2,136,106</u>	<u>28,871</u>	<u>1,684,213</u>	<u>4,599,004</u>	<u>543,998</u>	<u>-</u>	<u>123,665</u>	<u>5,266,667</u>

See Notes to Consolidated Financial Statements.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

<b>Cash Flows from Operating Activities</b>	
Cash provided by fund sources	\$ 5,198,171
Cash used for salaries and expenses	<u>(5,176,246)</u>
<b>Net cash provided by operating activities</b>	<u>21,925</u>
<b>Cash Flows from Financing Activities</b>	
Payments on borrowings	<u>(12,167)</u>
<b>Net cash used by financing activities</b>	<u>(12,167)</u>
<b>Net Increase in Cash for Year</b>	9,758
<b>Cash, beginning of year</b>	<u>280,391</u>
<b>Cash, end of year</b>	<u><u>\$ 290,149</u></u>

**Reconciliation of changes in net assets to net cash provided by operating activities:**

Changes in net assets	\$ (9,542)
Adjustments to reconcile changes in net assets to net cash used by operating activities:	
Depreciation	82,728
Increase in investments	(1,288)
(Increase) decrease in:	
Grants receivable	(45,122)
Other receivable	(4,836)
Prepaid Expenses	(7,708)
Increase (decrease) in:	
Accounts payable	25,947
Accrued expenses	(18,254)
Payroll taxes payable	<u>-</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 21,925</u></u>

*See Notes to Consolidated Financial Statements.*

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting.** The consolidated financial statements of the Community Action Agency of Southern New Mexico (CAASN) have been prepared on the accrual basis. The following is a general description of significant policies followed by CAASN in accounting for its operations. These significant accounting policies and other notes to the consolidated financial statements are described below to enhance the usefulness of the consolidated financial statements to the reader.

**Basis of Presentation.** The Agency's consolidated financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 2016-14, *Not-for-Profit Entities, Presenting Financial Statements*. Under ASC 2016-14, the Agency is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Agency is required to present a statement of cash flows and statement of functional expenses.

**Organization.** The Agency is a nonprofit organization established in 1965, which provides social services in the form of community assistance and services to low income individuals and households in the southern New Mexico counties of Dona Ana, Luna, Hidalgo, Sierra, and Grant. The Agency is exempt from income tax under Section 501(C)(3) of the U.S. Internal Revenue Code. This code section defines such organizations as "corporations...organized and operated exclusively for religious, charitable, scientific testing of public safety, literary or educational purposes...no part of the net earnings of which inures to the benefit of any shareholder or individual..."

The Agency operates the following programs:

**Community Services Block Grant** – The Agency utilizes the funds from the Community Services Block Grant to provide a variety of community social services. Programs currently funded through this grant include (1) Free Tax Preparation (2) Financial and Computer Literacy and (3) Benefit screenings for low income families.

**Child Care Food Program** – Provides cash reimbursements for food and childcare technical assistance to individuals caring for children in their homes.

**Asset Development** – The Business Development program allows the self-employed to understand and effectively implement the many areas of running a small business. The Tax Program prepares federal and state tax returns for free. The IDA program offers clients financial accounts for education, business or home with a 4-to-1 match on savings after completion of the program.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CYFD Home Visiting Program (Thriving Kids)** – Work with high-risk families with children ages 0-3 to ensure they are developing according to age appropriateness. The program has three (3) full time employees that visit the homes to ensure children are developing appropriately. The focus is on prevention of child abuse and neglect.

The Agency also receives funding from the State of New Mexico Department of Health, U.S. Housing and Urban Development, City of Las Cruces, W.K. Kellogg Foundation (Empowerment Congress Grant) and the United Way of Southwest New Mexico, which is used to assist in providing community social services to low-income individuals and households.

**CARE Program.** The Agency operates the Cancer Aid Resource and Education program (“CARE”) on behalf of CARE, Inc. The Agency, acting as a fiscal agent, has taken on the responsibility of the operations of the CARE program. The Agency receives, for being the fiscal agent of CARE, 2.5% of CARE’s contributed revenues or at least \$250 annually.

**USDA Rural Business Enterprise.** The EATP will focus on assisting existing businesses whose basic operational needs (such as infrastructure) are already fulfilled by the community. Through EATP, CAASNMM will offer 6 months of one-on-one mentoring services to businesses with modest revenues but with potential for growth, including business owners with limited English proficiency. The proposed project will consist of a planning and assessment period and subsequently entail providing individual entrepreneurship and innovation consulting services to 5 small businesses in the Village of Hatch over a 6-month period.

**NM DOH Healthy Kids Healthy Childcare.** Manage trainings reaching 35 licensed childcare centers. Trainings at childcare centers are to establish childcare wellness policies to support healthy eating and increased physical activity. Implement Family 5.2.1.0 challenge to encourage and support families to adopt healthy behaviors at home. The Agency also receives funding from the State of New Mexico Department of Health, U.S. Housing and Urban Development, City of Las Cruces, and the United Way of Southwest New Mexico, which is used to assist in providing community social services to low income individuals and households.

**Consolidated of Related Not-for-Profit Entities.** FASB 958-810-25 (FASB 958) states that in the case of control of a related but separate not-for-profit entity through a majority voting interest in the board of the other not-for-profit entity by means other than ownership or sole corporate membership and an economic interest in other such organizations, consolidation is required, unless control does not rest with the holder of the majority voting interest, in which case consolidation is prohibited. A not-for-profit entity has a majority voting interest in the board of another entity if it has the direct or indirect ability to appoint individuals that together constitute

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

a majority of the votes of the fully constituted board (that is, including any vacant board positions). For the year ended September 30, 2020, the Agency was required to consolidate Community Properties, Inc. (CPI) into its financials based on the criteria noted above.

**Controlled Affiliate.** The controlled affiliate, CPI, is a single asset nonprofit corporation that serves as a holding company for the Agency. The determination of why the CPI should be consolidated is disclosed above. CAASNMM paid rent each month to CPI in the amount of \$8,000 for land and building. The amount of the rent is reevaluated each year. CPI pays taxes and any repairs and maintenance required on the building. Any funds remaining in CPI at the end of the year are reverted back to the CAASNMM. During 2020, CPI returned \$88,912 to the CAASNMM.

**Principles of Consolidation.** The consolidated financial statements include the accounts of CPI. Intercompany accounts and transactions for these entities have been eliminated in the preparation of the consolidated financial statements. Collectively, the consolidated entity is referred to as the “Agency”.

**Functional Allocation of Expenses.** Expenses are charged directly to program and supporting services categories based on specific identification. Costs benefiting more than one service are allocated based on measures such as management’s estimates of time spent.

**Management Estimates and Assumptions.** The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Basis of Presentation.** The consolidated financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which require the Agency to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition.** Grant revenues and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The guidance requires the Agency to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Agency expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments, and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

ASU 2014-09 requires organizations to exercise more judgment and recognize revenue using a five-step process. The Agency adopted the requirements of the new guidance retrospectively to all periods presented in this report. Adoption of the new guidance did not result in significant changes to the accounting policies for revenue recognition, receivables, and deferred revenues since most of the Agency's revenue sources are not included in the scope of ASU 2014-09.

**Cash and Cash Equivalents.** Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. At times, these balances exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000 per institution. As of September 30, 2020, the Agency's balances did not exceed the amounts covered by insurance provided by the FDIC. The Agency has not experienced any losses and maintains deposits with reputable institutions. As such, the Agency believes it is not exposed to any significant credit risk to cash.

**Investments.** The Agency has adopted FASB ASC 958, *Not-for-Profit Entities*. Under this Standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position.

Unrealized gains and losses are included in the change of net assets. Investment income and gains restricted by a donor are reported as increases in net assets with donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments.** The fair values of substantially all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

**Property and Equipment.** Assets purchased whose cost is greater than \$5,000 are recorded, at cost, as property and equipment. Depreciation of property and equipment is provided using the straight-line method over the assets estimated useful life or the lease term of the related asset improvement. Repairs and maintenance costs are expensed as incurred. Estimated useful lives of the assets are as follows:

<u>Type</u>	<u>Life</u>
Furniture and fixtures	5-10 years
Equipment	5-10 years
Vehicles	5 years
Buildings and improvements	40 years

Management reviews long-lived assets to assess recoverability whenever events or changes in circumstances indicate that expected future undiscounted cash flows might not be sufficient to support the carrying amount of an asset. If an asset is determined to be impaired, the loss is measured as the amount by which the carrying value of the asset exceeds its fair value. At this time, no impairment losses have been recorded.

Gifts of long-lived assets such as land, buildings, or equipment are reported at fair value at date of donation, as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

**Advertising.** The Agency expenses advertising costs as amounts are incurred. For the period ended September 30, 2020, the Agency recorded \$12,387 in advertising expense.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes.** The Agency is a not-for-profit organization that is exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code of 1986 and, therefore, has made no provision for federal income taxes in the accompanying consolidated financial statements. There was no unrelated business income for the fiscal year ending September 30, 2020.

**Compensated Absences.** Employees of the Agency are entitled to paid vacation depending on length of service. Non-vesting sick leave benefits are not accrued. Employees are not paid for any sick leave balance at termination of employment.

**Sales Tax.** State of New Mexico imposes a gross receipts tax of 8.3125% on some of the Agency's sales to exempt and nonexempt customers. These taxes are reported monthly to the State of New Mexico.

**Receivables.** The Agency estimates that all receivables will be collected; therefore, no allowance for doubtful accounts has been set up.

**Subsequent Events.** Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Agency recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about the conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Agency's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that exist at the date of the statement of financial position but arose after the statement of financial position date and before the consolidated financial statements are available to be issued. The Agency has evaluated subsequent events through May 20, 2021, which is the date the consolidated financial statements were available to be issued and, as a result of evaluation, there were no subsequent events that require disclosure.

**New Accounting Pronouncement.** The Agency adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No 2018-08 – *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update provides a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. To accomplish this, the ASU clarifies how a not-for-profit organization determines whether a resource provider is receiving value in return for the resources transferred based on the following criteria:

- A resources provider (including a private foundation, a government agency, or other) is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- Execution of a resource provider’s mission or the positive sentiment from acting as a donor would not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange.

In addition, this ASU also requires an organization to determine whether a contribution is conditional based on whether the agreement includes a barrier that must be overcome or whether a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.

**NOTE 2 – CASH, RESTRICTED CASH, AND CASH EQUIVALENTS**

At September 30, 2020 cash and cash equivalents were as follows:

BBVA Compass – unrestricted cash	\$	2,436
US Bank – unrestricted cash		94,496
Citizen Bank – unrestricted cash		68,278
Citizen Bank – restricted cash		124,939
Total Cash and cash equivalents	\$	<u>290,149</u>

**NOTE 3 –RECEIVABLES**

Receivables at September 30, 2020, consist of the following:

Grants		
Other	\$	44,759
State of New Mexico - DOH		7,250
State of New Mexico CYFD		49,168
Region IX MIECHV		22,442
Child Care Food Reimbursement		203,006
Total	\$	<u>326,625</u>

No allowance for doubtful accounts has been established. All accounts are expected to be collected.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 4 – INVESTMENTS**

As of September 30, 2020, investments consisted of an endowment at the Community Foundation of Southern New Mexico (Foundation) which is valued at the fair market value of the investment. Distributions from these funds can only be made in accordance with the Foundation’s distribution policy and the funds are the property of the New Mexico Community Foundation. The Agency will receive matching contributions along with interest income allocated to the Endowment. Current fair market value, as reported on the Statement of Financial Position, was \$50,634 as of September 30, 2020.

**NOTE 5 – PREPAID EXPENSE**

Prepaid expense at September 30, 2020 consisted of the following:

Prepaid Insurance     \$     15,297

**NOTE 6 – PROPERTY AND EQUIPMENT**

A summary of changes in property and equipment and accumulated depreciation as of September 30, 2020, follows:

	Balance September 30, 2019	Additions	Deletions	Balance September 30, 2020
Land	\$ 14,342	-	-	14,342
Land – CPI	421,290	-	-	421,290
Furniture and fixtures	695,207	-	-	695,207
Equipment	7,995	-	-	7,995
Vehicles	210,392	-	-	210,392
Buildings and improvements	233,616	-	-	233,616
Buildings and improvements - CPI	2,414,737	-	-	2,414,737
Total property and equipment	3,997,579	-	-	3,997,579
Less accumulated depreciation	(1,589,604)	(82,728)	-	(1,672,332)
Net property and equipment	\$ 2,407,975	(82,728)	-	2,325,247

Depreciation expense for the year ended September 30, 2020 was \$82,728.

**NOTE 7 – ACCRUED ANNUAL LEAVE AND ACCRUED EXPENSES**

Accrued annual leave totaled \$59,129 and accrued wages payable totaled \$35,785 as of September 30, 2020.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2020**

**NOTE 8 – LONG-TERM DEBT**

Long term debt as of September 30, 2020 was as follows:

	<u>2020</u>
Note payable, US Bank, secured by Cactus Gardens, payable at \$445.46 per month at 5%, matures 06/30/2024	\$ 18,222
Note payable, City of Las Cruces, secured by building, payable in monthly installments of \$302.95 at 0.00% matures 11/02/2023	11,178
Note payable, City of Las Cruces, secured by building, payable in monthly installments of \$418.50 at 1.00%, matures 10/01/2023	15,013
Less: Current portion of long-term debt	<u>(12,540)</u>
	<u>\$ 31,873</u>

Estimated maturities on the long-term notes payable are as follows at September 30, 2020:

2021	\$ 12,540
2022	13,117
2023	13,413
2024	<u>5,343</u>
Total:	<u>\$ 44,413</u>

**NOTE 9 – CHILD CARE FOOD PROGRAM VENDOR PAYMENTS**

The Agency records the child vendor payments through the Child Care Food Program as support and revenue or an expense in the Statement of Activities. These payments pass through the Agency, which acts as an administrative agent for the State. The total child vendor payments for the fiscal year ended September 30, 2020, were \$1,951,571.

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS**

Net Assets with donor-imposed restrictions include an endowment for the Food Bank from the Stocker Foundation. The grant is to be used for restricted purposes. At September 30, 2020, the balance was \$50,634. Net Assets with donor-imposed restrictions also include residual restricted cash generated from the Agency acting as fiscal agent in which the Agency takes responsibility for operations of the Cancer Aid Resource and Education program. At September 30, 2020, the balance was \$124,939.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2020**

**NOTE 11 – AVAILABILITY AND LIQUIDITY**

The following reflects the Agency’s financial assets as of September 30, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available could include amounts set aside for long-term investing in quasi-endowments that could be drawn upon if the governing board approves that action.

	<u>2020</u>
Financial assets at year-end:	
Cash and equivalents	\$ 290,149
Receivables	326,625
Investments	50,634
	<u>667,408</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>175,573</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 491,835</u>

As of September 30, 2020, \$175,573 of the financial assets are subject to donor or other contractual restrictions.

**NOTE 12 – RENT EXPENSE AND LEASE COMMITMENTS**

The following operational leases were in place at September 30, 2020:

1. Lease for Tierra Del Sol, Anthony Office, payable at \$215 per month and on a month-to-month basis.
2. Lease for Las Cruces office payable at \$8,000 per month until April 30, 2021.
3. Lease of a mailing machine at \$225 per month until July 30, 2022.
4. Lease of a Xerox machine at \$165 per month until August 30, 2021.
5. Lease of a Xerox machine at \$106 per month until April 30, 2021.
6. Lease of a Xerox machine at \$336 per month until April 30, 2021.

Additionally, the following operational lease was in place for CARE at September 30, 2020:

1. Lease for CEC Las Cruces Office, payable at \$300 per month until February 28, 2023.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 12 – RENT EXPENSE AND LEASE COMMITMENTS (CONTINUED)**

Future minimum lease payments for the period ended September 30, 2020 are as follows:

2021	67,209
2022	6,300
2023	5,850
2024	1,500
Total:	<u>\$ 80,859</u>

Rental expense for the year ended September 30, 2020 was \$128,526.

**NOTE 13 – RETIREMENT PLAN**

A qualified deferred compensation plan 403(b) has been established for employees through Mutual of America Life Insurance Company. Employees participating in the plan are fully vested at initial contribution. During the year ended September 30, 2020, the Agency contributed a total of \$31,517.

**NOTE 14 – IN-KIND CONTRIBUTIONS**

A total of 1559 volunteer hours were identified during the year; however, the value is not recorded in the Statement of Activities. The Board of Directors contributed 73 hours of their time in performance of board duties, including strategic planning and other capacity building endeavors. 580 volunteer hours were contributed by various individuals in coordination with the Senior Community Service Employment Program (SCSEP) the Department of Vocational Rehabilitation (DVR), and Careerlink/SL Start.

**NOTE 15 – FAIR VALUE MEASUREMENT**

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in US GAAP and expands disclosures about fair value measurements. This statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Agency's consolidated financial statements as reflected herein. 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 is the carrying value due to the adjustable market rate of interest. The Agency measures certain financial assets and liabilities at fair value on a recurring basis. The Agency's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 15 – FAIR VALUE MEASUREMENT (CONTINUED)**

**Level 1 Inputs** – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

**Level 2 Inputs** – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3 Inputs** – Measurement based on the Organization’s assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the Agency measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

At September 30, 2020, the valuations of the Agency’s investments according to the fair value hierarchy are all Level 1.

**NOTE 16 – SUBLEASE OF FACILITY**

The Agency entered into a sublease agreement with Ngage New Mexico. The terms of the agreement are \$1,285 per month on a month-to-month basis.

**NOTE 17 – CONTINGENCIES**

The Agency participates in a number of federal award programs. Although the Agency’s programs have been audited in accordance with the provisions of the Uniform Guidance, these programs are still subject to financial and compliance audits. The amounts, if any, of expenditures or overhead allowances which may be disallowed or changed by the granting agencies cannot be determined at this time, although the Agency expects such amounts, if any, to be immaterial.

Amounts received, or receivables from grantor agencies and through agreements, are subject to audit and adjustment by grantor and organizations. Any disallowed claims, including amounts already collected, may constitute a liability of the Agency. The amount, if any, of expenses which may be disallowed by the grantor or organization cannot be determined at this time, although the Agency expects such amount, if any, to be immaterial.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 18 – ECONOMIC DEPENDENCY**

The Agency receives a significant portion of its revenue in the form of grants from governmental entities. The Agency expects these grants to continue into the foreseeable future. If, however, a significant portion of these funds are not continued, the Agency's ability to continue all programs would be diminished. As of September 30, 2020, the Agency's federal and local grants accounted for approximately 95% of its total revenue.

**NOTE 19 – COVID-19**

In early March 2020, the COVID-19 virus was declared a global pandemic, and it continues to cause market fluctuations. Business continuity and financial markets, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time.

**SUPPLEMENTARY INFORMATION**

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Federal Grantor or Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Number	Award Amount	Expenditures
<b>Department of Agriculture</b>				
<i>Passed through the State of New Mexico</i>				
<i>Children, Youth and Families Department:</i>				
Child Care Food Program				
Operational	10.558	Agreement #11	\$1,847,765	\$1,847,765 **
Administrative	10.558	Agreement #11	367,660	299,832 **
<b>Total Department of Agriculture</b>				<u>\$2,147,597</u>
<b>Department of Treasury</b>				
<i>Passed through the City of Las Cruces</i>				
CARES ACT - COVID 19				
04/01/2020-09/30/2020	21.019	P.O. #20204830	225,500	<u>225,500</u>
<b>Total Department of Treasury</b>				<u>225,500</u>
<b>Department of Health and Human Services</b>				
<i>Passed through the State of New Mexico Human Services Department:</i>				
477 Cluster				
Community Services Block Grant				
07/01/19-06/30/20	93.569	PSC-17-630-9000-0005 A2	646,240	520,282
07/01/20-06/30/21	93.569	PSC-17-630-9000-0005 A2	668,067	158,585
<i>Passed through the State of New Mexico Human Services Department:</i>				
CSBG CARES ACT - COVID 19				
04/01/20-06/30/20	93.569	GSA-20-630-9000-0024	110,168	16,148
06/23/20-09/30/22	93.569	GSA-20-630-9000-0024	860,982	293,778
<b>Total 477 Cluster</b>				<u>988,793</u>
<i>Passed through the State of New Mexico</i>				
<i>New Mexico Department of Health:</i>				
Healthy Eating Active Living Grant				
11/20/2019-6/30/2020	93.737	PSA	41,500	41,500
08/01/20-06/30/21	93.737	PSA	55,000	23,270
<b>Total Department of Health and Human Services</b>				<u>1,053,563</u>
<b>Region IX</b>				
MIECHV Home Visiting Thriving Children				
7/1/19-06/30/20	93.870	19998000101	390,000	<u>305,187</u>
<b>Total Region IX</b>				<u>305,187</u>
<b>TOTAL EXPENDITURES</b>			<u><u>\$5,212,883</u></u>	<u><u>3,731,847</u></u>
<b>Reconciliation of federal expenditure to Statement of Activity</b>				
Federal awards expended per SEFA			\$	\$3,731,847
Total expenditures funded by other sources				<u>1,534,383</u>
Total expenditures reported in Statement of Activities			\$	<u><u>5,266,230</u></u>

\*\*Denotes major programs

**Note 1 - Basis of Presentation**

The schedule of expenditures of Federal Awards includes the federal grant activity of the Community Action Agency of Southern New Mexico and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and audit requirements for federal awards (Uniform Guidance). Some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the consolidated financial statements.

**Note 2 - Sub recipients**

The Agency did not provide any federal funds to sub-recipients during the year.

**Note 3 - Non-Cash Assistance and Loan Guarantees**

There were no federal awards expended in the form of non-cash assistance of loan guarantees outstanding at year-end.

**Note 4 - Indirect Cost Rate**

The Agency did not use the 10 percent de minimis indirect cost rate.

The accompanying notes are an integral part of this financial statement.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2020**

	<u>CAASNM</u>	<u>CPI</u>	<u>Elimination</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 70,714	94,496	-	165,210
Cash and cash equivalents, restricted	124,939	-	-	124,939
Grants receivable	304,515	-	-	304,515
Other receivables	14,110	8,000	-	22,110
Prepaid expenses	15,297	-	-	15,297
<b>Total current assets</b>	<u>529,575</u>	<u>102,496</u>	<u>-</u>	<u>632,071</u>
Property and equipment				
Land	14,342	421,290	-	435,632
Furniture and fixtures	695,207	-	-	695,207
Equipment	7,995	-	-	7,995
Vehicles	210,392	-	-	210,392
Buildings and improvements	233,616	2,414,737	-	2,648,353
	<u>1,161,552</u>	<u>2,836,027</u>	<u>-</u>	<u>3,997,579</u>
Less accumulated depreciaiton	<u>(962,915)</u>	<u>(709,417)</u>	<u>-</u>	<u>(1,672,332)</u>
Property and equipment, net	<u>198,637</u>	<u>2,126,610</u>	<u>-</u>	<u>2,325,247</u>
Investment in New Mexico Community Foundation	50,634	-	-	50,634
<b>Total assets</b>	<u>\$ 778,846</u>	<u>2,229,106</u>	<u>-</u>	<u>3,007,952</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities				
Accounts payable	\$ 170,150	-	-	170,150
Accrued expenses	94,914	-	-	94,914
Accrued interest payable	78	-	-	78
Current portion of long-term notes payable	12,540	-	-	12,540
<b>Total current liabilities</b>	<u>277,682</u>	<u>-</u>	<u>-</u>	<u>277,682</u>
Notes payable, long-term	31,873	-	-	31,873
<b>Total liabilities</b>	<u>309,555</u>	<u>-</u>	<u>-</u>	<u>309,555</u>
Net assets				
Without donor restrictions				
Undesignated	293,718	2,229,106	-	2,522,824
Total without donor restrictions	293,718	2,229,106	-	2,522,824
With donor restrictions	175,573	-	-	175,573
<b>Total net assets</b>	<u>469,291</u>	<u>2,229,106</u>	<u>-</u>	<u>2,698,397</u>
<b>Total liabilities and net assets</b>	<u>\$ 778,846</u>	<u>2,229,106</u>	<u>-</u>	<u>3,007,952</u>

See Notes to Financial Statements.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	CAASNMM		Total	CPI	Elimination	Total
	Without donor restrictions	With donor restrictions				
Revenues and Other Support						
Federal funds	\$ 3,866,822	-	3,866,822	-	-	3,866,822
Local revenues and other	1,306,676	99,432	1,406,108	-	(32,863)	1,373,245
Rent revenue	15,170	-	15,170	96,000	(96,000)	15,170
Gain/(loss) on investment	-	1,888	1,888	-	-	1,888
Net assets released from restrictions	104,735	(104,735)	-	-	-	-
<b>Total support and revenues</b>	<b>5,293,403</b>	<b>(3,415)</b>	<b>5,289,988</b>	<b>96,000</b>	<b>(128,863)</b>	<b>5,257,125</b>
Expenses						
Program services:						
Programs	4,674,818	-	4,674,818	-	(75,814)	4,599,004
Support services:						
General and administrative	564,184	-	564,184	-	(20,186)	543,998
Fundraising	-	-	-	-	-	-
CPI	-	-	-	156,528	(32,863)	123,665
<b>Total expenses</b>	<b>5,239,002</b>	<b>-</b>	<b>5,239,002</b>	<b>156,528</b>	<b>(128,863)</b>	<b>5,266,667</b>
<b>Change in net assets</b>	<b>54,401</b>	<b>(3,415)</b>	<b>50,986</b>	<b>(60,528)</b>	<b>-</b>	<b>(9,542)</b>
Net assets at beginning of year	239,317	178,988	418,305	2,289,634	-	2,707,939
<b>Net assets at end of year</b>	<b>\$ 293,718</b>	<b>175,573</b>	<b>469,291</b>	<b>2,229,106</b>	<b>-</b>	<b>2,698,397</b>

See Notes to Financial Statements.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Program Services					Support Services				Total
	Community Services Block Grant	Child Care Food Program	Housing Program	Other Outreach Programs	Total Program Services	General and Administrative	Fundraising	CPI	Eliminations	
	Salaries	\$ 284,832	195,968	-	751,946	1,232,746	294,495	-	-	
Employee Benefits	33,774	50,081	-	60,331	144,186	60,422	-	-	-	204,608
Payroll Taxes	22,970	15,594	-	62,760	101,324	24,177	-	-	-	125,501
	<u>341,576</u>	<u>261,643</u>	<u>-</u>	<u>875,037</u>	<u>1,478,256</u>	<u>379,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,857,350</u>
Misc/Bank Charges	-	-	523	15	538	2,224	-	-	-	2,762
Insurance	8,348	4,487	910	4,318	18,063	15,329	-	6,308	-	39,700
Vehicle Expenses	2,062	2,969	2	1,211	6,244	1,844	-	-	-	8,088
Travel	2,561	1,259	-	35,518	39,338	1,800	-	-	-	41,138
Board Expenses	43	-	-	-	43	263	-	-	-	306
Maintenance Expenses	28,441	2,887	21,300	8,185	60,813	53,020	-	56,049	-	169,882
Food	-	-	-	1,749	1,749	45	-	-	-	1,794
Office Supplies	4,938	3,635	-	19,162	27,735	2,797	-	-	-	30,532
Field Supplies	7,587	-	-	156	7,743	-	-	-	-	7,743
Training Expenses	5,790	525	-	110,829	117,144	2,628	-	-	-	119,772
Inventory Exempt	13,406	-	1,590	37,257	52,253	1,055	-	-	-	53,308
Printing	104	365	-	2,811	3,280	666	-	-	-	3,946
Advertising	25	-	-	12,362	12,387	-	-	-	-	12,387
Contractual Services	34,516	85	52	167,099	201,752	14,228	-	-	-	215,980
Postage	1,050	1,335	-	255	2,640	99	-	-	-	2,739
Utilities	9,962	2,610	103	4,821	17,496	6	-	-	-	17,502
Rent of Building	23,682	11,492	-	40,640	75,814	52,712	-	-	(96,000)	32,526
Rent of Equipment	1,609	2,258	1	5,188	9,056	8,285	-	-	-	17,341
Telephone	7,128	4,278	-	10,335	21,741	4,763	-	-	-	26,504
Subscriptions and Fees	8,865	5	-	6,333	15,203	1,565	-	-	-	16,768
Care & Support	269,811	1,847,765	856	368,277	2,486,709	71	-	-	-	2,486,780
Furniture and Fixtures	1,992	-	-	-	1,992	-	-	-	-	1,992
Data processing	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	180	-	-	-	180
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Property Taxes	-	-	3,534	85	3,619	90	-	-	-	3,709
Depreciation & Amortization Expense	-	-	-	-	-	21,420	-	61,308	-	82,728
Contributions to CAA	-	-	-	-	-	-	-	32,863	(32,863)	-
Endowment Annual Distribution	-	-	-	13,210	13,210	-	-	-	-	13,210
<b>Total Expense</b>	<b>\$ 773,496</b>	<b>2,147,598</b>	<b>28,871</b>	<b>1,724,853</b>	<b>4,674,818</b>	<b>564,184</b>	<b>-</b>	<b>156,528</b>	<b>(128,863)</b>	<b>5,266,667</b>

See Notes to Financial Statements.

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

The Board of Directors  
Community Action Agency of Southern New Mexico  
Las Cruces, 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 consolidated financial statements of the Community Action Agency of Southern New Mexico, Inc. (Agency), which comprise the consolidated statement of financial position, as of September 30, 2020, and the related consolidated 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 May 20, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 over financial reporting 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**OFFICE LOCATIONS**

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pattillo, Brown & Hill, LLP*

Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
May 20, 2021

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## OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
THE UNIFORM GUIDANCE**

The Board of Directors  
Community Action Agency of Southern New Mexico  
Las Cruces, New Mexico

**Report on Compliance for Each Major Federal Program**

We have audited the Community Action Agency of Southern New Mexico, Inc.'s (Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended September 30, 2020. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

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**OFFICE LOCATIONS**

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

## Report on Internal Control over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Pattillo, Brown & Hill, LLP*

Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
May 20, 2021

## OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2020**

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

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***Financial Statements***

Type of Auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting: Material Weakness reported?	None
Significant deficiencies reported not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	None

***Federal Awards***

Internal control over major programs: Material weaknesses reported?	None
Significant deficiencies reported not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	None
Identification of major programs: Child and Adult Care Food Program – CFDA #10.558	
Dollar threshold used to distinguish Between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2020**

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**SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT**

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**None**

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**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD  
PROGRAMS AUDIT**

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**None**

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**SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS**

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**None**