

**Rocky Mountain Youth Corps**

**FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Rocky Mountain Youth Corps

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Rocky Mountain Youth Corps (RMYC), a not-for-profit 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, cash flows and functional expenses 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.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 auditors' 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 RMYC'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 RMYC'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 RMYC 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***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the 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 January 10, 2022, on our consideration of RMYC’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 RMYC’s internal control over financial reporting and compliance.

January 10, 2022

  
Pulakos CPAs, PC

# Rocky Mountain Youth Corps

## STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Current assets		
Cash	\$ 1,084,762	\$ 743,335
Grants receivable, net	519,528	246,520
Investments	-	305,220
Inventories	18,200	22,289
Prepaid expenses	27,491	28,862
Total current assets	1,649,981	1,346,226
Deposits	3,000	3,000
Property and equipment, net	610,678	501,676
Total assets	<u>\$ 2,263,659</u>	<u>\$ 1,850,902</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 89,955	\$ 75,472
Accrued payroll and related taxes	97,575	41,516
Deferred revenue	149,427	-
Refundable advance, Paycheck Protection Program	-	181,386
Note payable	46,554	-
Compensated absences	43,766	23,984
Total current liabilities	427,277	322,358
Net assets		
Without donor restriction	1,483,749	1,148,544
With donor restriction	352,633	380,000
Total net assets	1,836,382	1,528,544
Total liabilities and net assets	<u>\$ 2,263,659</u>	<u>\$ 1,850,902</u>

# Rocky Mountain Youth Corps

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2021

	<u>Without</u>	<u>With Donor</u>	<u>Total</u>
	<u>Donor Restriction</u>	<u>Restriction</u>	
<b>Revenues and gains and losses</b>			
Federal and State grants and agreements	\$ 897,537	\$ -	\$ 897,537
Other grants and agreements	620,550	52,633	673,183
Fee for service	1,237,431	-	1,237,431
Contributions	177,786	-	177,786
Leadership, training fees and special events	7,455	-	7,455
Interest income	101	-	101
Miscellaneous income	801	-	801
Gain on sale of assets	4,450	-	4,450
Release from restriction	80,000	(80,000)	-
	<hr/>	<hr/>	<hr/>
Total revenues and gains and losses	3,026,111	(27,367)	2,998,744
<b>Other support</b>			
In-kind contributions	35,003	-	35,003
	<hr/>	<hr/>	<hr/>
Total revenues, gains and losses and other support	3,061,114	(27,367)	3,033,747
<b>Expenses</b>			
Program expenses	2,067,107	-	2,067,107
General and administrative	596,317	-	596,317
Fundraising	62,485	-	62,485
	<hr/>	<hr/>	<hr/>
Total expenses	2,725,909	-	2,725,909
Change in net assets	335,205	(27,367)	307,838
Net assets, beginning of year	<hr/>	<hr/>	<hr/>
	1,148,544	380,000	1,528,544
Net assets, end of year	<u>\$ 1,483,749</u>	<u>\$ 352,633</u>	<u>\$ 1,836,382</u>

## Rocky Mountain Youth Corps

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2020

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Revenues and gains and losses</b>			
Federal and State grants and agreements	\$ 1,038,057	\$ -	\$ 1,038,057
Other grants and agreements	273,135	80,000	353,135
Fee for service	1,239,746	-	1,239,746
Contributions	168,554	-	168,554
Leadership, training fees and special events	22,195	-	22,195
Interest income	5,220	-	5,220
Miscellaneous income	5,676	-	5,676
Loss on sale of assets	(883)	-	(883)
Release from restriction	5,150	(5,150)	-
	2,756,850	74,850	2,831,700
<b>Other support</b>			
In-kind contributions	82,174	-	82,174
	2,839,024	74,850	2,913,874
<b>Expenses</b>			
Program expenses	2,123,527	-	2,123,527
General and administrative	321,247	-	321,247
Fundraising	88,756	-	88,756
	2,533,530	-	2,533,530
Change in net assets	305,494	74,850	380,344
Net assets, beginning of year	843,050	305,150	1,148,200
Net assets, end of year	\$ 1,148,544	\$ 380,000	\$ 1,528,544

# Rocky Mountain Youth Corps

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	2021	2020
Operating activities		
Change in net assets	\$ 307,838	\$ 380,344
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,336	20,833
Unrealized gain on investments	-	(5,220)
(Gain) loss on sale of assets	(4,450)	883
Changes in operating assets and liabilities		
Grants receivable	(273,008)	157,988
Inventories	4,089	(14,307)
Prepaid expenses	1,371	11,929
Accounts payable	14,483	(17,270)
Accrued payroll and related taxes	56,059	(39,221)
Deferred revenue	149,427	(12)
Refundable advance, Paycheck Protection Program	(181,386)	181,386
Compensated absences	19,782	6,991
	112,541	684,324
Net cash provided by operating activities		
Investing activities		
Purchases of property and equipment	(127,338)	(10,760)
Proceeds from sale of property and equipment	4,450	1,500
Proceeds from sale of investments	305,220	-
	182,332	(9,260)
Net cash provided (used) by investing activities		
Financing activities - principal borrowings on note payable	46,554	-
Net change in cash and cash equivalents	341,427	675,064
Cash and cash equivalents, beginning of year	743,335	68,271
Cash and cash equivalents, end of year	\$ 1,084,762	\$ 743,335
Supplemental cash flow disclosures - cash paid for interest	\$ -	\$ 892

## Rocky Mountain Youth Corps

### STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	<b>Program Expenses</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Compensation and related employee benefits	\$ 1,497,685	\$ 390,857	\$ 49,825	\$ 1,938,367
Professional services	185,532	19,901	1,898	207,331
Transportation	163,268	-	-	163,268
Lease expense	18,962	116,642	2,611	138,215
Insurance	46,748	5,078	566	52,392
Supplies and materials	33,137	9,716	50	42,903
Dues and subscriptions	7,759	29,320	3,000	40,079
In-kind expense	34,210	793	-	35,003
Evaluation	23,813	-	-	23,813
Training and education	20,519	3,240	10	23,769
Depreciation	17,283	1,053	-	18,336
Advertising and promotion	12,859	160	158	13,177
Telephone	1,264	7,688	-	8,952
Printing and copying	441	1,660	4,259	6,360
Travel	-	6,016	20	6,036
Miscellaneous	1,469	2,553	32	4,054
Utilities	928	1,531	56	2,515
Uniforms	1,230	-	-	1,230
Maintenance and repairs	-	109	-	109
Total expenses	\$ 2,067,107	\$ 596,317	\$ 62,485	\$ 2,725,909

## Rocky Mountain Youth Corps

### STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	<b>Program Expenses</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Compensation and related employee benefits	\$ 1,600,475	\$ 224,447	\$ 66,381	\$ 1,891,303
Professional services	161,811	8,132	4,871	174,814
In-kind expense	82,174	-	-	82,174
Lease expense	41,324	24,516	5,612	71,452
Transportation	65,093	-	-	65,093
Supplies and materials	48,643	7,421	2,547	58,611
Insurance	24,568	4,826	629	30,023
Evaluation	24,020	-	-	24,020
Miscellaneous	3,763	16,579	1,869	22,211
Depreciation	16,538	4,295	-	20,833
Travel	13,637	5,570	1,122	20,329
Training and education	15,913	1,325	205	17,443
Dues and subscriptions	4,350	9,726	171	14,247
Advertising and promotion	12,903	277	848	14,028
Telephone	2,504	6,472	-	8,976
Printing and copying	104	3,983	4,373	8,460
Uniforms	3,931	287	-	4,218
Maintenance and repairs	527	2,172	65	2,764
Utilities	1,249	1,219	63	2,531
	<b>\$ 2,123,527</b>	<b>\$ 321,247</b>	<b>\$ 88,756</b>	<b>\$ 2,533,530</b>
Total expenses	<b>\$ 2,123,527</b>	<b>\$ 321,247</b>	<b>\$ 88,756</b>	<b>\$ 2,533,530</b>

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 1 – NATURE OF BUSINESS

Rocky Mountain Youth Corps (RMYC) is a not-for-profit organization located and incorporated in Taos, New Mexico in November of 1994. RMYC establishes community service projects in collaboration with various governmental, business, and nonprofit organizations and facilitates these community service projects through employment of young people eager to gain work experience. RMYC provides meaningful, paid work experience and education to youth focusing on personal development in the areas of financial management, communication, employment training, work-specific skills, and civic responsibility. RMYC also meets significant community needs, primarily in the areas of community development, environmental restoration, and education.

RMYC operates the following programs:

#### **Conservation and Training**

RMYC Conservation Crews provide community beautification, preservation, and environmental enhancement projects. Field crewmembers learn about natural resource management and gain a conscientious respect for the environment.

The Leadership and Training Center is the internal training provider for RMYC that also offers its powerful training to community partners. The staff of this program offer project specific trainings, workforce development trainings and personal leadership trainings to RMYC's members. In addition, the Ropes Course is offered to every crew but also made available to community organizations looking to take advantage of the team building, leadership preparation and personal goal-setting opportunities the Ropes Course has to offer.

#### **Prevention Program**

A Taos area initiative to mitigate and prevent alcohol and drug abuse among the general population of the county and surrounding Native American Pueblos.

#### **Canine-Assisted Leadership Program**

In 2018, RMYC initiated the Canine Assisted Leadership Crew to provide paid work experiences for youth ages 15-22 who have barriers to employment, such as disability or health conditions, themselves. The Canine-Assisted Leadership Crew members and their service dog they are training will also be Camp Counselors at Camp L.E.A.D., a leadership, empowerment, and abuse prevention day camp in Taos for younger children with disabilities.

#### Cash and Cash Equivalents

For purposes of the statements of cash flows, RMYC considers unrestricted highly liquid investments with an original maturity date of 90 days or less to be cash equivalents. Cash held at financial institutions is periodically in excess of federally insured limits.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Investments

Investments consist of fixed income securities with readily determinable fair values and are reported at their fair values based on quoted prices in active markets in the statements of financial position. Investment gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets.

#### Grants Receivable

Grants and accounts receivable are stated at their estimated collectible amounts. Receivables are considered delinquent if not paid within 90 days of invoice date.

Management considers grants and accounts receivable to be fully collectible, and accordingly, no allowance has been provided for uncollectible accounts for fiscal years 2021 and 2020, respectively.

#### Inventory

Inventory consists of uniforms used in support of RMYC's AmeriCorps Programs. Inventories are stated at the lower of cost (first-in, first-out) or market.

#### Property and Equipment

Property and equipment are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation and amortization of fixed assets are computed using the straight-line method at rates sufficient to recover the basis of the asset over its estimated useful life. The lives used to compute depreciation and amortization range from three to five years. Acquisitions of property and equipment over \$500 and useful life greater than one year are capitalized.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are recorded as temporarily restricted support. It is RMYC's policy to record donations of property and equipment that have no donor restrictions as without donor restrictions support in the period of contribution.

#### Revenue Recognition

Support from grants and contracts is recognized when earned or when expenditures have been incurred in accordance with provisions of the associated grants and contracts. Monies received but not earned during the fiscal year are recorded as deferred revenue. Fee for service revenue is recognized as the service is performed.

Contributions and unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Non-cash donations are recorded at their estimated fair value on the date of donation.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Revenue Recognition – Continued

Donor-restricted contributions are reported as increases in with donor restrictions net assets, depending on the nature of the restrictions. When a restriction expires, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in without donor restrictions net assets if the restrictions expire in the reporting period in which revenue is recognized.

#### Donated Goods and Services

Donated goods and services are recorded at their estimated fair values as of the date of contribution and capitalized if in excess of the \$500 threshold policy. Contributions of services are recognized in the financial statements if the services received enhance or create nonfinancial assets, require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions were \$35,003 and \$82,174 in 2021 and 2020, respectively. In-kind contributions consisted of donated space at various schools, donated wages for crew services, donated time for presentations and workshops, donated equipment, donated items for the annual dinner, and donated rent for the Albuquerque office.

#### Net Assets

The financial statements of RMYC have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require RMYC 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 RMYC. These net assets may be used at the discretion of the RMYC's 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 RMYC or by the passage of 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 and changes in net assets.

#### Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs were \$13,177 and \$14,028 in 2021 and 2020, respectively.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical investments that RMYC has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, inputs other than observable quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

#### Functional Classification of Expenses

RMYC presents its expenses on a functional basis among its various programs and support services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships such as direct labor hours and square footage.

#### Financial Instruments

The carrying amounts of cash, receivables, payables, and accrued liabilities and other obligations approximate fair value due to the short-term nature of these instruments.

#### Income Taxes

RMYC is a nonprofit charitable corporation and has been recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. RMYC has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Management believes that the activities of RMYC are within their tax-exempt purpose, and that there are no uncertain tax positions that require disclosure or recognition in the financial statements.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those estimates and assumptions affect the reported revenues and expenses. Actual results could differ from these estimates.

#### Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

#### Subsequent Events

RMYC has evaluated all events occurring subsequent to June 30, 2021 through January 10, 2022, which is the date that the financial statements were issued and believes that all events occurring during this period that require either recognition or disclosure in the accompanying financial statements have been properly disclosed and recognized as applicable.

### NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects RMYC's financial assets as June 30, 2021 and 2020 available for general expenditure within one year of the balance sheet date:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,084,762	\$ 743,335
Grants receivable, net	519,528	246,520
Investments	<u>-</u>	<u>305,220</u>
Total financial assets	1,604,290	1,295,075
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(352,633)</u>	<u>(380,000)</u>
Financial assets available to meet cash needs for general expenditure	<u>\$ 1,251,657</u>	<u>\$ 915,075</u>

RMYC manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to cover current operational needs. RMYC's goal is generally to maintain a level of financial assets sufficient to cover one year of operating expenses which is approximately \$626,000 and \$507,000 as of June 30, 2021 and 2020, respectively.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

**June 30, 2021 and 2020**

### NOTE 4 – PROPERTY AND EQUIPMENT

As of June 30, 2021 and 2020, property and equipment consisted of the following:

	<b>2021</b>	<b>2020</b>
Vehicles, tools, and equipment	\$ 461,613	\$ 350,245
Ropes course	57,454	57,454
Furniture and fixtures	17,418	17,418
	536,485	425,117
Less accumulated depreciation	(407,515)	(405,149)
	128,970	19,968
Construction in progress	219,075	219,075
Land	262,633	262,633
Total property and equipment, net	\$ 610,678	\$ 501,676

Construction in progress consisted of architectural fees and salaries incurred for the construction of the new campus.

### NOTE 5 – FAIR VALUE MEASUREMENT

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2020. Amounts were zero in as of June 30, 2021

Description	Level 1	Level 2	Level 3	Total
Investments	\$ 305,220	\$ -	\$ -	\$ 305,220
Total assets at fair value	\$ 305,220	\$ -	\$ -	\$ 305,220

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

*Certificates-of-deposit:* Valued at face value plus accrued earnings, which approximate fair value.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 6 – LINE-OF-CREDIT

RMYC has a revolving line-of-credit for up to \$250,000 secured by real estate, with interest at 5.95% and a maturity date of April 2022. The outstanding balance was zero at June 30, 2021 and 2020.

### NOTE 7 – NOTE PAYABLE

A summary of notes at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Note payable to a bank, interest of 1.00%, unsecured, due April 2022.	\$ 46,554	\$ -
Current maturities	<u>46,554</u>	<u>-</u>
Total long-term debt, less current maturities	<u>\$ -</u>	<u>\$ -</u>

### NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

	<u>2021</u>	<u>2020</u>
With donor restriction – program restrictions	<u>\$ 352,633</u>	<u>\$ 380,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restriction – IT infrastructure	\$ -	\$ 5,150
Satisfaction of purpose restriction – contributions and grants	<u>80,000</u>	<u>-</u>
Total	<u>\$ 80,000</u>	<u>\$ 5,150</u>

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 9 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

On April 20, 2020, RMYC entered into a Loan Agreement and Promissory Note (SBA Loan) pursuant to the Paycheck Protection Program (PPP) under the recently enacted Coronavirus Aid, Relief, and Economic Security Act (CARES Act) administered by the U.S. Small Business Administration. RMYC received total loan proceeds of \$320,000. The loan is scheduled to mature on April 20, 2022, carries a 1.00% interest rate, and is subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration under the CARES Act. The loan may be prepaid by RMYC at any time prior to maturity with no prepayment penalties. The loan contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties.

Subject to certain conditions, the loan may be forgiven in whole or in part by applying for forgiveness pursuant to the CARES Act and the PPP. The amount of loan proceeds eligible for forgiveness is determined on a formula based on a number of factors, including the amount of loan proceeds used by RMYC during the 24-week forgiveness period after the loan origination for certain purposes, including payroll costs, interest on certain mortgage obligations, rent payments on certain leases, and certain qualified utility payments, provided that, among other matters, a least 60% of the loan amount is used for eligible payroll costs, the maintenance or rehiring of employees, and maintaining salaries at certain levels. In accordance with the requirements of the CARES Act and the PPP, RMYC intends to use the proceeds from the loan primarily for payroll costs.

RMYC has elected to account for this transaction as a conditional contribution, pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, *Financial Statements for Not-For-Profit Organizations – Revenue Recognition*. Accordingly, RMYC asserts that loan funds expended on amounts eligible for forgiveness pursuant to the CARES Act and the PPP constitute the condition placed on the funds to be met and therefore, a contribution should be recorded. Accordingly, RMYC has recorded contribution revenue of \$136,688 in 2021 and \$138,614 in 2020, which is included in contributions in the accompanying statements of activities and changes in net assets.

RMYC has filed for forgiveness of the loan under the applicable provisions subsequent to year end. Management believes loan proceeds and accrued interest of \$46,554 will not be forgiven and is recorded as a short-term note payable. Anticipated terms and conditions for the unforgiven outstanding debt are described in Note 7.

### NOTE 10 – BENEFIT PLANS

RMYC provides retirement benefits to its employees through a Simple IRA contribution plan covering all full-time employees over the age of 18 and with 60 days of eligible experience. RMYC matches employee contributions of 1% to a maximum of 3% of gross wages. Employees are 100% vested in the value of their Simple IRA plan at all times. RMYC contributed \$13,192 and \$12,377 to this plan in 2021 and 2020, respectively.

# Rocky Mountain Youth Corps

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 11 – LEASES

RMYC’s current operating facility lease agreement calls for monthly payments of \$3,500 and expires October 31, 2022. RMYC is also party to office copier leases, an alarm system lease and payroll service lease, which expire at various points from February 2020 through May 2023 and call for monthly payments ranging from \$58 to \$1,306 each. RMYC is also party to a payroll service lease on month-to-month terms with bi-weekly payments of \$319. Total rent expense under these leases was \$61,171 and \$60,968 in 2021 and 2020, respectively.

Future minimum fiscal year lease payments are as follows:

2022	\$	47,359
2023		<u>17,886</u>
Total	\$	<u>65,245</u>

### NOTE 12 – COMMITMENTS AND CONTINGENCIES

#### Grants

RMYC receives a significant portion of its revenue from grants and from contracts with federal government agencies, leaving RMYC subject to possible fluctuations resulting from changes in federal governmental funding priorities. RMYC received approximately 61% and 70% in 2021 and 2020, respectively, of its gross revenues from such grants and contracts. Related receivables were approximately 69% and 93% of total receivables as of June 30, 2021 and 2020, respectively.

Certain funds received are subject to review and audit by grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for amounts disallowed under terms and conditions of the grant agreements. As of June 30, 2021 and 2020, no amounts were due to grantor agencies as a result of these examinations.

#### COVID-19 Pandemic

The Secretary for the New Mexico Department of Health mandated temporary closing of businesses that were deemed non-essential and requested citizens to adopt certain behavioral changes in response to the worldwide COVID-19 pandemic. At a national and international level, government restrictions on travel and the behavioral changes by the public due to COVID-19 outbreaks across the globe are negatively impacting various industries and the world markets. While the disruption is expected to be temporary, there is considerable uncertainty around the duration and ultimate financial impact of these actions.

# **Rocky Mountain Youth Corps**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**

### **NOTE 13 – RELATED PARTIES**

RMYC purchased fixed income securities invested through a firm operated by a member of the Board of Directors. RMYC did not pay a fee for the transaction. The values of the investments are zero and \$305,220 as of June 30, 2021 and 2020, respectively.

### **NOTE 14 – FUTURE ACCOUNTING PRONOUNCEMENTS**

Effective for its annual financial statements for 2023, RMYC is subject to new accounting standards issued by FASB that will require significant changes in accounting for operating leases under which RMYC is the lessee. Upon adoption, among other effects, RMYC will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes will entail certain retrospective adjustments. The qualitative effects on the RMYC's future financial statements of these changes and related retrospective adjustments have not yet been determined.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

# Rocky Mountain Youth Corps

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**June 30, 2021**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>CFDA</u>	<u>Federal Pass-Through Grantor Number</u>	<u>Number</u>	<u>Expenditures</u>
<b>U.S. Corporation for National and Community Service</b>				
Passed through from the New Mexico Department of Workforce Solutions (NMDWS):				
AmeriCorps Formula (2019-20)	94.006		20-631-7004-00041	\$ 115,308
AmeriCorps Formula (2020-21)	94.006		21-631-7004-00028	<u>331,005</u>
Total U.S. Corporation for National and Community Service				446,313
<b>U.S. Department of Agriculture</b>				
Community Forestry Restoration Program		10.679	16-DG-11030200-016	39,029
<b>U.S. Department of Education</b>				
NM Division of Vocational Rehabilitation (DVR)				
– Canine Assisted 84.126A		20-644-1000-0002		19,969
NM Division of Vocational Rehabilitation (DVR)				
– Canine Assisted 84.126A		21-644-1000-0015		<u>212,146</u>
Total U.S. Department of Education				232,115
<b>U.S. Department of the Interior</b>				
<b>U.S. Fish and Wildlife Service</b>				
Conservation Program	15.676		F15AC00382 (Mod 6,8 and 9)	49,722
Conservation Program	15.676		F20AC11714-00	132,737
Conservation Program	15.676		F21AC00762-00	12,359
Taos Pueblo Native Cutthroat Cons. Program	15.639		F19AP00177	<u>10,234</u>
Total for U.S. Fish and Wildlife Service				205,052
<b>Bureau of Reclamation</b>				
Conservation Program	15.546		R20AC00115	77,974
<b>Bureau of Land Management</b>				
NM Youth Crews Albuquerque	15.243		L20AC00385	7,536
<b>National Park Service</b>				
Bandelier Conservation/Preservation 2020-2021	15.931		P20AC00615 (P20AC00137)	57,523
Bandelier Conservation/Preservation 2021-2022	15.931		P21AC11399-00	26,359
American Sign Language Support 2020-2021	15.931		P20AC00579	15,545
Valles Caldera Restoration	15.931		P20AC00814 (P20AC00137)	38,697
Pecos National Historical Park Restoration	15.931		P20AC00600 (P20AC00137)	1,112
Capulin Volcano Conservation Corps 2019-2020	15.931		P19AC00915 (P15AC00022)	2,326
Petroglyph Fence Maintenance 2020-2021	15.931		P20AC00693 (P15AC00022)	<u>16,988</u>
Total National Park Service				<u>158,550</u>
Total U.S. Department of the Interior				<u>449,112</u>
Total federal expenditures				<u>\$ 1,166,569</u>

# Rocky Mountain Youth Corps

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

### NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of RMYC under programs of the federal government for the year ended June 30, 2020. 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)*. Because the Schedule presents only a selected portion of the operations of RMYC, it is not intended to and does not present the financial position, changes in net assets and changes in net assets, cash flows or functional expenses of RMYC.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

### NOTE 3 – INDIRECT COST RATE

RMYC has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' 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***

Board of Directors  
Rocky Mountain Youth Corps

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 Rocky Mountain Youth Corps (RMYC), a 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, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 10, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered RMYC'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 RMYC's internal control. Accordingly, we do not express an opinion on the effectiveness of the RMYC'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 RMYC'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether RMYC'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*.

## RMYC's Response to Findings

RMYC's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. RMYC's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## 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 RMYC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RMYC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 10, 2022

  
Pulakos CPAs, PC

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE***

Board of Directors  
Rocky Mountain Youth Corps

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

We have audited Rocky Mountain Youth Corps' (RMYC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of RMYC's major federal programs for the year ended June 30, 2021. RMYC's major federal programs are identified in the summary of auditors' 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of RMYC'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* (CFR) 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about RMYC'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 RMYC's compliance.

***Opinion on Each Major Federal Program***

In our opinion, RMYC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of RMYC 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 RMYC'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 RMYC'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 have not been 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.

January 10, 2022

  
Pulakos CPAs, PC

# Rocky Mountain Youth Corps

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

### SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  No

Noncompliance material to financial statements noted?

Yes  No

#### Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  No

Type of auditors' report issued on compliance  
for major programs:

Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with *Uniform Guidance*,  
*Section 200.516*

Yes  No

Identification of major programs:

CFDA Numbers(s)  
Cluster

Name of Federal Program or

94.006

U.S. Corporation for National and  
Community Service: AmeriCorps  
Program

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

# Rocky Mountain Youth Corps

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

### SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

#### **2021-001: Revenue Recognition – Contributions (Material Weakness)**

**Criteria and Condition:** Under accounting principles generally accepted in the United States of America (GAAP), revenue for unconditional contributions with donor restrictions should be recorded when the promise to give has been received.

**Context:** Audit procedures identified one instance where contribution revenue was deferred rather than recognized for an unconditional contribution with donor restriction.

**Cause:** Unexpended contribution revenue with a donor restriction was deferred rather than recognized as revenue.

**Effect:** Revenue was not recorded in the correct accounting period for an unconditional contribution with a donor restriction.

**Questioned Costs:** This finding does not result in questioned costs.

**Recommendation:** All transactions should be evaluated based on the available facts and circumstances for recording in the proper fiscal period.

**Views of Responsible Officials and Planned Corrective Actions:** The responsible officials plan on having meetings when contributions for programming services are proposed in order to ascertain clarification as to the purpose of these contributions to determine restrictions and parameters on how the contributions are to be spent.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

### SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

NONE



**Finding 2021-001: Revenue Recognition – Contributions (Material Weakness)**

***Planned Corrective Action:*** The responsible officials plan on having meetings when contributions for programming services are proposed in order to ascertain clarification as to the purpose of these contributions to determine restrictions and parameters on how the contributions are to be spent.

***Anticipated Completion Date:*** January 31, 2022.

***Responsible Contact Person:*** Rosanna Aragon, Finance Director