

Rocky Mountain Youth Corps

FINANCIAL STATEMENTS

June 30, 2023 and 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rocky Mountain Youth Corps

Opinion

We have audited the accompanying financial statements of Rocky Mountain Youth Corps (RMYC), a nonprofit organization, which comprise the statements of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of RMYC as of June 30 2023 and 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RMYC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RMYC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RMYC's ability to continue as a going concern for a reasonable period-of-time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings and certain internal control related matters that we identified during the audits.

Supplementary Information

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 audits 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 schedule of expenditures of federal awards 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 December 14, 2023, 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 solely 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.

December 14, 2023


Pulakos CPAs, PC

Rocky Mountain Youth Corps

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets		
Cash	\$ 1,359,046	\$ 1,295,103
Grants receivable, net	956,208	443,913
Inventories	22,066	17,015
	<hr/>	<hr/>
Total current assets	2,337,320	1,756,031
Deposits	17,198	14,563
Right-of-use asset, net	246,430	-
Property and equipment, net	586,564	596,371
	<hr/>	<hr/>
Total assets	<u>\$ 3,187,512</u>	<u>\$ 2,366,965</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 147,535	\$ 100,445
Accrued payroll and related taxes	163,339	95,234
Deferred revenue	348,170	159,381
Lease liability, current	47,984	-
Compensated absences	34,019	31,854
	<hr/>	<hr/>
Total current liabilities	741,047	386,914
Non-current liability -		
lease liability, non-current	200,847	-
	<hr/>	<hr/>
Total liabilities	941,894	386,914
Net assets		
Without donor restriction	1,844,890	1,613,833
With donor restriction	400,728	366,218
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Total net assets	2,245,618	1,980,051
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Total liabilities and net assets	<u>\$ 3,187,512</u>	<u>\$ 2,366,965</u>

Rocky Mountain Youth Corps

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2023

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Revenues and gains and losses			
Federal and State grants and agreements	\$ 2,013,831	\$ -	\$ 2,013,831
Other grants and agreements	340,834	171,781	512,615
Fee for service	1,039,890	-	1,039,890
Contributions	53,068	-	53,068
Leadership, training fees and special events	19,825	-	19,825
Interest income	8,029	-	8,029
Miscellaneous income	1,364	-	1,364
Gain on sale of assets	8,485	-	8,485
Release from restriction	<u>137,271</u>	<u>(137,271)</u>	<u>-</u>
 Total revenues and gains and losses	 3,622,597	 34,510	 3,657,107
Other support			
In-kind contributions	<u>27,370</u>	<u>-</u>	<u>27,370</u>
 Total revenues, gains and losses and other support	 3,649,967	 34,510	 3,684,477
Expenses			
Program expenses	2,677,348	-	2,677,348
General and administrative	574,815	-	574,815
Fundraising	<u>166,747</u>	<u>-</u>	<u>166,747</u>
 Total expenses	<u>3,418,910</u>	<u>-</u>	<u>3,418,910</u>
 Change in net assets	 231,057	 34,510	 265,567
Net assets, beginning of year	<u>1,613,833</u>	<u>366,218</u>	<u>1,980,051</u>
Net assets, end of year	<u><u>\$ 1,844,890</u></u>	<u><u>\$ 400,728</u></u>	<u><u>\$ 2,245,618</u></u>

Rocky Mountain Youth Corps

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Revenues and gains and losses			
Federal and State grants and agreements	\$ 1,498,565	\$ -	\$ 1,498,565
Other grants and agreements	503,238	100,000	603,238
Fee for service	1,019,878	-	1,019,878
Contributions	55,260	-	55,260
Leadership, training fees and special events	33,171	-	33,171
Interest income	67	-	67
Miscellaneous income	1,200	-	1,200
Gain on sale of assets	9,100	-	9,100
Release from restriction	86,415	(86,415)	-
	<hr/>	<hr/>	<hr/>
Total revenues and gains and losses	3,206,894	13,585	3,220,479
Other support			
In-kind contributions	40,874	-	40,874
	<hr/>	<hr/>	<hr/>
Total revenues, gains and losses and other support	3,247,768	13,585	3,261,353
Expenses			
Program expenses	2,495,446	-	2,495,446
General and administrative	517,485	-	517,485
Fundraising	104,753	-	104,753
	<hr/>	<hr/>	<hr/>
Total expenses	3,117,684	-	3,117,684
	<hr/>	<hr/>	<hr/>
Change in net assets	130,084	13,585	143,669
Net assets, beginning of year	1,483,749	352,633	1,836,382
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 1,613,833	\$ 366,218	\$ 1,980,051
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Rocky Mountain Youth Corps

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating activities		
Change in net assets	\$ 265,567	\$ 143,669
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	35,348	31,057
Gain on sale of assets	(8,485)	(9,100)
Changes in operating assets and liabilities		
Grants receivable	(512,295)	75,615
Inventories	(5,051)	1,185
Deposits	(2,635)	-
Prepaid expenses	-	15,928
Accounts payable	47,090	10,490
Accrued payroll and related taxes	68,105	(2,341)
Deferred revenue	188,789	9,954
Lease liability	2,401	-
Compensated absences	2,165	(11,912)
	<u>80,999</u>	<u>264,545</u>
Net cash provided by operating activities		
Investing activities		
Purchases of property and equipment	(25,541)	(16,750)
Proceeds from sale of property and equipment	8,485	9,100
	<u>(17,056)</u>	<u>(7,650)</u>
Net cash used by investing activities		
Financing activities -		
principal repayments on note payable	-	(46,554)
	<u>-</u>	<u>(46,554)</u>
Net change in cash and cash equivalents	63,943	210,341
Cash and cash equivalents, beginning of year	1,295,103	1,084,762
	<u>1,295,103</u>	<u>1,084,762</u>
Cash and cash equivalents, end of year	\$ 1,359,046	\$ 1,295,103
	<u>\$ 1,359,046</u>	<u>\$ 1,295,103</u>
Supplemental cash flow disclosures -		
cash paid for interest	\$ -	\$ 993
	<u>\$ -</u>	<u>\$ 993</u>

Rocky Mountain Youth Corps

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Compensation and related				
employee benefits	\$ 1,930,914	\$ 377,085	\$ 143,015	\$ 2,451,014
Professional services	187,260	13,430	-	200,690
Lease expense	95,465	72,608	11,266	179,339
Transportation	160,179	3,096	1,068	164,343
Dues and subscriptions	13,346	64,937	2,996	81,279
Supplies and materials	59,987	2,664	171	62,822
Insurance	39,756	16,133	3,858	59,747
Maintenance and repairs	39,828	900	-	40,728
Depreciation	34,742	343	263	35,348
In-kind expense	27,070	-	300	27,370
Training and education	20,632	6,342	160	27,134
Evaluation	23,697	-	-	23,697
Telephone	6,079	6,915	90	13,084
Travel	10,003	1,341	282	11,626
Advertising and promotion	10,383	31	-	10,414
Utilities	7,048	1,922	1,005	9,975
Miscellaneous	6,348	2,369	26	8,743
Printing and copying	1,715	3,412	2,197	7,324
Uniforms	2,896	1,287	50	4,233
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 2,677,348</u>	<u>\$ 574,815</u>	<u>\$ 166,747</u>	<u>\$ 3,418,910</u>

Rocky Mountain Youth Corps

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Compensation and related				
employee benefits	\$ 1,730,672	\$ 324,006	\$ 85,764	\$ 2,140,442
Professional services	336,981	12,531	800	350,312
Transportation	142,316	2,755	368	145,439
Insurance	56,673	22,007	7,513	86,193
Lease expense	21,983	58,957	1,222	82,162
Dues and subscriptions	3,362	67,026	3,500	73,888
Supplies and materials	45,441	7,361	1,856	54,658
In-kind expense	40,624	250	-	40,874
Depreciation	30,913	144	-	31,057
Evaluation	28,669	12	-	28,681
Training and education	25,779	2,233	-	28,012
Printing and copying	779	7,333	3,540	11,652
Telephone	4,278	6,161	-	10,439
Advertising and promotion	9,454	230	35	9,719
Uniforms	7,223	1,268	-	8,491
Miscellaneous	3,445	1,549	-	4,994
Travel	3,668	1,155	54	4,877
Utilities	1,666	1,733	101	3,500
Maintenance and repairs	1,520	774	-	2,294
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 2,495,446</u>	<u>\$ 517,485</u>	<u>\$ 104,753</u>	<u>\$ 3,117,684</u>

Rocky Mountain Youth Corps

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

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 crew members 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 offers 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 the service dogs 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. This program ended in December 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 2023 and 2022, 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, 2023 and 2022

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.

The beginning and ending balances of contract assets and liabilities were as follows:

	<u>2023</u>	<u>2022</u>
Contract Balances:		
Grants receivable, net, beginning of year	\$ 443,913	\$ 519,528
Grants receivable, net, end of year	956,208	443,913
Deferred revenue, net, beginning of year	159,381	149,427
Deferred revenue, net, end of year	348,170	159,381

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 \$27,370 and \$40,874 in 2023 and 2022, 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.

Rocky Mountain Youth Corps
NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Assets – Continued

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 \$10,414 and \$9,719 in 2023 and 2022, respectively.

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.

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.

Rocky Mountain Youth Corps
NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Events

RMYC has evaluated all events occurring subsequent to June 30, 2023 through December 14, 2023, 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.

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition* to Topic 842; ASU 2018-10, *Codification Improvements* to Topic 842, *Leases*; ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases* (Topic 842): *Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statements of financial position.

RMYC elected to adopt these ASUs effective July 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on RMYC's statements of financial position but did not have a material impact on the income statement. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects RMYC's financial assets as June 30, 2023 and 2022 available for general expenditure within one year of the statements of financial position date:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,359,046	\$ 1,295,103
Grants receivable, net	<u>956,208</u>	<u>443,913</u>
Total financial assets	2,315,254	1,739,016
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(400,728)</u>	<u>(366,218)</u>
Financial assets available to meet cash needs for general expenditure	<u>\$ 1,914,526</u>	<u>\$ 1,372,798</u>

Rocky Mountain Youth Corps

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – CONTINUED

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 as of June 30, 2023 and 2022, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

As of June 30, 2023 and 2022, property and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Vehicles, tools, and equipment	\$ 347,833	\$ 434,299
Ropes course	57,454	57,454
Furniture and fixtures	<u>17,418</u>	<u>17,418</u>
	422,705	509,171
Less accumulated depreciation	<u>(328,869)</u>	<u>(403,079)</u>
	93,836	106,092
Construction in progress	230,095	227,646
Land	<u>262,633</u>	<u>262,633</u>
Total property and equipment, net	<u>\$ 586,564</u>	<u>\$ 596,371</u>

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

NOTE 5 – LINE-OF-CREDIT

RMYC has a revolving line-of-credit for up to \$250,000 secured by real estate, with interest at 8.25% and a maturity date of May 31, 2025. The outstanding balance was zero at June 30, 2023 and 2022, respectively.

Rocky Mountain Youth Corps
NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

	<u>2023</u>	<u>2022</u>
With donor restriction – program restrictions	\$ <u>400,728</u>	\$ <u>366,218</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose by the donors for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 – 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 was scheduled to mature on April 20, 2022, carried 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.

RMYC filed for forgiveness of the loan under the applicable provisions in 2022. RMYC received formal notification of forgiveness in April 2022. Loan proceeds and accrued interest of \$46,554 was not forgiven and was recorded as a short-term note payable. The loan was fully repaid in 2022.

NOTE 8 – 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 \$13,243 and \$14,359 to this plan in 2023 and 2022, respectively.

Rocky Mountain Youth Corps
NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 9 – LEASING ACTIVITIES

RMYC has an operating lease for a building. This lease has a remaining lease term of 5 years.

The maturities of lease liabilities of operating leases are as follows for fiscal years ending June 30:

2024	\$	55,890
2025		57,566
2026		59,290
2027		61,062
2028		<u>36,232</u>
Total lease payments		270,040
Less: interest		<u>(21,209)</u>
Present value of lease liability	\$	<u>248,831</u>

RMYC also leases another building and operating equipment under short term leases. RMYC does not record lease liabilities or ROU assets for leases with an initial term of 12 months or less or those that are clearly inconsequential to the financial statements. Total lease expense for the years ending June 30, 2023 and 2022 was \$134,315 and \$47,876, respectively. Operating lease expense is recognized on a straight-line basis.

As of June 30, 2023, the weighted average remaining lease term was 4.59 years, and the weighted average discount rate was 3.48%. Total cash paid for leases was \$124,263 and \$47,876 in 2023 and 2022, respectively.

NOTE 10 – 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 57% and 50% in 2023 and 2022, respectively, of its gross revenues from such grants and contracts. Related receivables were approximately 33% and 41% of total receivables as of June 30, 2023 and 2022, 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, 2023 and 2022, no amounts were due to grantor agencies as a result of these examinations.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Rocky Mountain Youth Corps

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Federal Pass-Through Grantor Number	Expenditures
U.S. Corporation for National and Community Service			
Passed through from the New Mexico Department of Workforce Solutions (NMDWS):			
AmeriCorps Formula (2022)	94.006	22-631-7004-00031	\$ 259,195
AmeriCorps Formula (2023)	94.006	23-631-7004-00064	<u>731,633</u>
Subtotal passed through NMDWS			990,828
Public Health Americorps Program – Prevention	94.006	22NDDNM004	39,463
Disaster Deployment	94.006	4652DR-NM-CNCS-01	<u>17,189</u>
Total U.S. Corporation for National and Community Service			1,047,480
U.S. Department of Education			
NM Division of Vocational Rehabilitation (DVR) – Canine Assisted	84.126A	22-644-1000-00020	608,878
U.S. Department of Health and Human Services			
Prevention and Treatment of Substance Abuse	93.959	BD30: SAPT Block Grant	106,600
U.S. Department of the Interior			
U.S. Fish and Wildlife Service			
Conservation Program	15.676	F21AC00762-00	12,244
Conservation Program	15.676	F22AC01120-00	<u>78,665</u>
Total for U.S. Fish and Wildlife Service			90,909
Bureau of Reclamation			
Conservation Program	15.546	R20AC00115	122,296
Bureau of Land Management			
NM Trail Enhancements Rio Grande Del Norte National Monument	15.243	L20AC00342-01	41,120
NM Wilderness, Recreation and Field Office Crews	15.243	L22AC00624-00	15,328
NM Wilderness and Ecological/Botanical Interns	15.243	L22AC00628-00	<u>6,856</u>
Total for Bureau of Land Management			63,304
National Park Service			
Bandelier Conservation/Preservation 2020-2021	15.931	P20AC00615 (P20AC00137)	9,698
Bandelier Conservation/Preservation 2021-2022	15.931	P21AC11399-00	26,228
American Sign Language Support 2020-2021	15.931	P20AC00579	17,133
Engaging and Mentoring youth in Trails & Preservation Work (BCC & BPC)	15.931	P23AC00768-00	54,682
Establishment of the 2022 Pecos NHP Conservation Corps	15.931	P22AC001371-00 (P22AC01371)	24,416
American Sign Language Support 2022-2023	15.931	P22AC00250-00 (P20AC00137)	114,561
Petroglyph Fence Maintenance 2020-2021	15.931	P20AC00693 (P15AC00137)	<u>26,472</u>
Total National Park Service			<u>273,190</u>
Total U.S. Department of the Interior			<u>549,699</u>
Total federal expenditures			<u>\$ 2,312,657</u>

See Independent Auditors' Report.

Rocky Mountain Youth Corps

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

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, 2023. 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, activities and changes in net assets and 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 of America, the financial statements of Rocky Mountain Youth Corps (RMYC), a nonprofit organization, which comprise the statement of financial position as of June 30, 2023, 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 December 14, 2023.

Report on 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Report on 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2023-002.

RMYC's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on RMYC's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. RMYC's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

December 14, 2023


Pulakos CPAs, PC

**INDEPENDENT AUDITOR'S 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

Opinion on Each Major Federal Program

We have audited Rocky Mountain Youth Corps (RMYC) compliance with the types of compliance requirements identified as subject to audit 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, 2023. RMYC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of RMYC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of RMYC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to RMYC's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on RMYC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about RMYC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding RMYC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of RMYC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 RMYC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on RMYC's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. RMYC's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on RMYC's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. RMYC's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

December 14, 2023


Pulakos CPAs, PC

Rocky Mountain Youth Corps

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 X Yes No

Significant deficiency(ies) identified?

 X Yes No

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 X 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

 X 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?

 X Yes No

Rocky Mountain Youth Corps

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

Material Weakness

2023-001: Revenue Recognition – Contributions

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 and one instance where a multi-year contribution only recognized the first year of the gift for an unconditional contribution with donor restriction.

Cause: Contribution revenue was improperly deferred, or not recognized, rather than recognized as revenue.

Effect: Revenue was not recorded in the correct accounting period for unconditional contributions 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.

Rocky Mountain Youth Corps

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS – CONTINUED

Significant Deficiency

**2023-002: AmeriCorps Program – Assistance Listing No. 94.006;
Grant No. 23-631-7004-00064; Grant Period: Year ended June 30, 2023;
Pass-through entity name: New Mexico Department of Workforce Solutions**

Criteria and Condition: In accordance with the contracted agreement, federal financial reports are required to be submitted semi-annually, no later than 25 days after the reporting period ends. The program has not complied with this requirement.

Context: Audit procedures identified the report for the period ended March 31, 2023 was due by April 30, 2023. The report was filed on May 16, 2023.

Cause: Program employees did not request an extension to file in order to accumulate all applicable contract costs for the reporting period and the report was filed late.

Effect: The program did not comply with applicable compliance requirements.

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

Recommendation: Procedures should be developed to ensure filing of applicable federal reports within the compliance period.

Views of Responsible Officials and Planned Corrective Actions: The responsible officials plan on utilizing a calendar tracking tool for reporting deadlines to ensure reports are being submitted on time within the guidelines of the agreements.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. Corporation for National and Community Service

**2023-002: AmeriCorps Program – Assistance Listing No. 94.006;
Grant No. 23-631-7004-00064; Grant Period: Year ended June 30, 2023;
Pass-through entity name: New Mexico Department of Workforce Solutions**

Significant Deficiency: See Finding 2023-002 above

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

NONE



Finding 2023-001: Revenue Recognition - Contributions

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: December 31, 2023

Responsible Contact Person: Rosanna Aragon

Finding 2023-002: Financial Reporting

Planned Corrective Action: The responsible officials plan on utilizing a calendar tracking tool for reporting deadlines to ensure reports are being submitted on time within the guidelines of the agreements.

Anticipated Completion Date: December 31, 2023

Responsible Contact Person: Rosanna Aragon