

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
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SEPTEMBER 30, 2023**

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**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
BOARD OF DIRECTORS
SEPTEMBER 30, 2023**

Board of Directors

Mark Pickett
Michal Rudloff
Danielle Guerrero
Manny Morales, Jr.
Ray Lara
Mary White
Neomi O. Parra
Sara Myers
Dr. Magdeleno Manzanarez
Dr. Nancy Sipes
Maria Zuniga
Abeer Al-Ghawi
Jennifer Alvarado

Board Chair
1st Vice Chair
2nd Vice Chair
Secretary
Treasurer
Member
Member
Member
Member
Member
Member
Member
Member

Administrative Offices

Dawn Hommer
Kimberly Daisley
Jennifer Stewart

CEO
Finance Director
Senior Fiscal Officer



Independent Auditor's Report

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

Opinion

We have audited the accompanying consolidated financial statements of Community Action Agency of Southern New Mexico, Inc. (Agency) a nonprofit organization, which comprise the consolidated statement of financial position, as of September 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of September 30, 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency 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 the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion.

OFFICE LOCATIONS

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



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 generally accepted 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2023, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
June 20, 2024

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023**

ASSETS

Current assets

Cash and cash equivalents	\$	77,744
Cash and cash equivalents, restricted		5,052
Grants receivable		1,249,792
Other receivables		58,727
Prepaid expenses	\$	18,488
Total current assets		1,409,803

Property and equipment

Land		435,632
Furniture and fixtures		695,207
Equipment		7,995
Vehicles		210,392
Buildings and improvements		2,648,353
Right to use - vehicles		109,374
Right to use - buildings		80,333
Total property and equipment		4,187,286
Less accumulated depreciation		(1,910,313)
Less accumulated amortization		(63,236)
Property and equipment, net		2,213,737

Investment in New Mexico Community Foundation

53,635

Total assets

\$ 3,677,175

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$	1,081,342
Accrued expenses		217,981
Accrued interest		78
Current portion of long-term notes payable		3,927
Current portion of leases payable		64,030

Total current liabilities

1,367,358

Leases liabilities greater than one year

76,192

Total liabilities

1,443,550

Net assets

Without donor restrictions		2,176,217
With donor restrictions		57,408

Total net assets

2,233,625

Total liabilities and net assets

\$ 3,677,175

See Notes to Consolidated Financial Statements.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Federal funds	\$ 8,262,067	-	8,262,067
Local revenues and other	1,288,673	-	1,288,673
Rent Revenue	20,375	-	20,375
Gain/(loss) on investment	-	4,322	4,322
Net assets released from restrictions	-	-	-
Total support and revenues	9,571,115	4,322	9,575,437
Expenses			
Program services:			
Programs	8,911,284	-	8,911,284
Support services:			
Administrative	945,850	-	945,850
Fundraising	-	-	-
CPI	92,709	-	92,709
Total expenses	9,949,843	-	9,949,843
Change in net assets	(378,728)	4,322	(374,406)
Net assets at beginning of year	2,554,945	53,086	2,608,031
Net assets at end of year	\$ 2,176,217	57,408	2,233,625

See Notes to Consolidated Financial Statements.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Community Block Grant	Child Care Food Program	Housing Program	Outreach Programs	Total Program Services	General and Administrative	Fundraising	CPI	Total
Salaries	162,575	427,032	-	1,682,757	2,272,364	544,107	-	-	2,816,471
Employee Benefits	23,044	72,726	-	208,310	304,080	63,152	-	-	367,232
Payroll Taxes	13,910	35,283	-	142,599	191,792	36,465	-	-	228,257
	199,529	535,041	-	2,033,665	2,768,235	643,724	-	-	3,411,959
Care & Support	117,326	5,013,181	-	27,638	5,158,145	22,815	-	-	5,180,960
Education/Rec Supplies	15,945	1,266	-	250,682	267,893	-	-	-	267,893
Contractual Services	26,234	3,831	-	114,429	144,494	16,321	-	-	160,815
Maintenance Expenses	15,450	4,510	8,182	16,602	44,744	96,801	-	-	141,545
Depreciation & Amortization Expense	-	-	-	-	-	77,453	-	61,308	138,761
Travel	9,375	11,887	-	74,896	96,158	5,302	-	31,311	132,771
Inventory Exempt	36,093	3,940	698	21,988	62,719	2,365	-	-	65,084
Rent of Building	9,978	12,878	-	29,182	52,038	13,016	-	-	65,054
Telephone	17,966	10,282	-	22,435	50,683	5,876	-	-	56,559
Insurance	7,299	5,034	1,335	16,931	30,599	21,816	-	-	52,415
Subscriptions and Fees	24,165	153	7	11,277	35,602	8,303	-	-	43,905
Rent of Equipment	3,099	6,179	-	13,213	22,491	12,768	-	-	35,259
Office/Maint Supplies	2,464	5,793	-	12,956	21,213	5,652	-	-	26,865
Utilities	11,404	6,618	-	8,075	26,097	-	-	-	26,097
Field Supplies	1,231	-	-	21,625	22,856	610	-	-	23,466
Training Expenses	1,573	2,707	-	14,970	19,250	2,198	-	-	21,448
Advertising	-	-	-	19,154	19,154	256	-	-	19,410
Vehicle Expenses	3,479	7,454	4	3,841	14,778	3,260	-	-	18,038
Food	826	1,304	-	14,223	16,353	1,518	-	-	17,871
Misc/Bank Charges	49	-	9,897	63	10,009	-	-	-	10,009
Printing	300	619	-	8,107	9,026	632	-	-	9,658
Vehicle Lease/Deposits	-	-	-	8,133	8,133	-	-	-	8,133
Donations	-	-	-	3,245	3,245	605	-	-	3,850
Property Taxes	-	-	3,732	31	3,763	81	-	-	3,844
Postage	266	1,617	-	101	1,984	450	-	-	2,434
Interest Expense/Bldgs	-	-	-	-	-	2,352	-	90	2,442
Miscellaneous	-	175	114	1,161	1,450	592	-	-	2,042
CEO Expense Account	-	-	-	35	35	756	-	-	791
Board Expenses	126	-	-	11	137	306	-	-	443
Lobbying Activities	-	-	-	-	-	22	-	-	22
Contribution to CAASNM	-	-	-	-	-	-	-	-	-
Total Expense	\$ 504,177	5,634,469	23,969	2,748,669	8,911,284	945,850	-	92,709	9,949,843

See Notes to Consolidated Financial Statements.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Cash Flows from Operating Activities	
Cash provided by fund sources	\$ 8,975,593
Cash used for salaries and expenses	<u>(8,999,999)</u>
Net cash used by operating activities	<u>(24,406)</u>
Cash Flows from Financing Activities	
Purchases of capital assets	(189,707)
Payments on borrowings	<u>125,687</u>
Net cash used by financing activities	<u>(64,020)</u>
Net decrease in cash for year	(88,426)
Cash, beginning of year	<u>171,222</u>
Cash, end of year	<u><u>\$ 82,796</u></u>

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

Changes in net assets	\$ (374,406)
Adjustments to reconcile changes in net assets to net cash used by operating activities:	
Depreciation and amortization	138,761
Increase in investments	(4,322)
(Increase) decrease in:	
Grants receivable	(583,814)
Other receivable	(11,070)
Prepaid Expenses	(638)
Increase (decrease) in:	
Accounts payable	705,141
Accrued expenses	<u>105,942</u>
Net cash provided by operating activities	<u><u>\$ (24,406)</u></u>

See Notes to Consolidated Financial Statements.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The Agency operates the following programs:

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

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

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

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

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

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

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidated of Related Not-for-Profit Entities. FASB 958-810-25 (FASB 958) states that in the case of control of a related but separate not-for-profit entity through a majority voting interest in the board of the other not-for-profit entity by means other than ownership or sole corporate membership and an economic interest in other such organizations, consolidation is required, unless control does not rest with the holder of the majority voting interest, in which case consolidation is prohibited. A not-for-profit entity has a majority voting interest in the board of another entity if it has the direct or indirect ability to appoint individuals that together constitute a majority of the votes of the fully constituted board (that is, including any vacant board positions). For the year ended September 30, 2021, the Agency was required to consolidate Community Properties, Inc. (CPI) into its financials based on the criteria noted above.

Controlled Affiliate. The controlled affiliate, CPI, is a single asset nonprofit corporation that serves as a holding company for the Agency. The determination of why the CPI should be consolidated is disclosed above. CAASNMM paid rent each month to CPI in the amount of \$8,000 for land and building. The amount of the rent is reevaluated each year. CPI pays taxes and any repairs and maintenance required on the building. Any funds remaining in CPI at the end of the year are reverted back to the CAASNMM. During 2023, CPI returned \$87,000 to the CAASNMM.

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

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

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

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

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

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

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

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Cash and Cash Equivalents. Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. At times, these balances exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000 per institution. As of September 30, 2023, the Agency's balances did not exceed the amounts covered by insurance provided by the FDIC. The Agency has not experienced any losses and maintains deposits with reputable institutions. As such, the Agency believes it is not exposed to any significant credit risk to cash.

Investments. The Agency has adopted FASB ASC 958, *Not-for-Profit Entities*. Under this Standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change of net assets. Investment income and gains restricted by a donor are reported as increases in net assets with donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

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

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

Type	Life
Furniture and fixtures	5-10 years
Equipment	5-10 years
Vehicles	5 years
Buildings and improvements	40 years

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

COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Advertising. The Agency expenses advertising costs as amounts are incurred. For the period ended September 30, 2023, the Agency recorded \$19,410 in advertising expense.

Income Taxes. The Agency is a not-for-profit organization that is exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code of 1986 and, therefore, has made no provision for federal income taxes in the accompanying consolidated financial statements. There was no unrelated business income for the fiscal year ending September 30, 2023.

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

Sales Tax. State of New Mexico imposes a gross receipts tax of 4.875% on some of the Agency's sales to exempt and nonexempt customers. These taxes are reported monthly to the State of New Mexico.

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

Subsequent Events. Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Agency recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about the conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Agency's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that exist at the date of the statement of financial position but arose after the statement of financial position date and before the consolidated financial statements are available to be issued. The Agency has evaluated subsequent events through June 20, 2024, which is the date the consolidated financial statements were available to be issued and, as a result of evaluation, there were no subsequent events that require disclosure.

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

- A resources provider (including a private foundation, a government agency, or other) is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider.
- Execution of a resource provider's mission or the positive sentiment from acting as a donor would not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In February 2016, FASB issued Accounting Standard Update (ASU) 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability amount organizations by requiring the recognition of right-to-use (ROU) assets and leases liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Agency properly implemented the standard in the current fiscal year and made all required disclosures.

NOTE 2. CASH, RESTRICTED CASH, AND CASH EQUIVALENTS

At September 30, 2023 cash and cash equivalents were as follows:

PNC Bank – unrestricted cash	\$	4,760
US Bank – unrestricted cash		37,663
US Bank – restricted cash		5,052
Citizen Bank – unrestricted cash		35,321
Total cash and cash equivalents	\$	<u>82,796</u>

NOTE 3. RECEIVABLES

Receivables at September 30, 2023, consist of the following:

Grants		
Other	\$	23,128
Region IX MIECHV		78,464
Vaccine Equity/Behavioral Health		30,000
Housing Stability		30,231
Better Together		22,320
City of Las Cruces		15,934
Child Care Food Reimbursement		1,049,715
Total	\$	<u>1,249,792</u>

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

NOTE 4. INVESTMENTS

As of September 30, 2023, investments consisted of an endowment at the Community Foundation of Southern New Mexico (Foundation) which is valued at the fair market value of the investment. Distributions from these funds can only be made in accordance with the Foundation's distribution policy and the funds are the property of the New Mexico Community Foundation. The Agency will receive matching contributions along with interest income allocated to the Endowment. Current fair market value, as reported on the Statement of Financial Position, was \$53,635 as of September 30, 2023.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5. PREPAID EXPENSE

Prepaid expense at September 30, 2023 consisted of the following:

Prepaid insurance \$ 18,488

NOTE 6. PROPERTY AND EQUIPMENT

A summary of changes in property and equipment and accumulated depreciation as of September 30, 2023, follows:

	Balance September 30, 2022	Additions	Deletions	Balance September 30, 2023
Land	\$ 14,342	-	-	14,342
Land – CPI	421,290	-	-	421,290
Furniture and fixtures	695,207	-	-	695,207
Equipment	7,995	-	-	7,995
Vehicles	210,392	-	-	210,392
Buildings and improvements	233,616	-	-	233,616
Buildings and improvements - CPI	2,414,737	-	-	2,414,737
Leases right to use – vehicles	-	109,374	-	109,374
Leases right to use – buildings	-	80,333	-	80,333
Total property and equipment	<u>3,997,579</u>	<u>189,707</u>	<u>-</u>	<u>4,187,286</u>
Less: accumulated depreciation	(1,834,788)	(75,525)	-	(1,910,313)
Less: accumulated amortization	-	(63,236)	-	(63,236)
Net property and equipment	<u>\$ 2,162,791</u>	<u>50,946</u>	<u>-</u>	<u>2,213,737</u>

Depreciation expense for the year ended September 30, 2023 was \$75,586. Amortization expense for the year ended September 30, 2023 was \$63,236.

NOTE 7. ACCRUED ANNUAL LEAVE AND ACCRUED EXPENSES

Accrued annual leave totaled \$105,398, accrued wages payable totaled \$81,277, and payroll tax withholdings payable totaled \$31,306 as of September 30, 2023.

NOTE 8. LONG-TERM DEBT AND LEASES

Long term debt as of September 30, 2023 was as follows:

	<u>2023</u>
Note payable, US Bank, secured by Cactus Gardens, payable at \$445.46 per month at 5%, matures 06/30/2024	\$ <u>3,927</u>
Less: Current portion of long-term debt	<u>(3,927)</u>
Total non-current	<u>-</u>
Leases payable, Hyundai Financing, seven vehicles ranging from \$342 to \$696 per month at 0%, matures at 10/1/2025	83,392
Leases payable, building lease, payable at \$2,422 per month until 9/12/24 and \$2,483 per month until 9/12/2025 at 3.4%, matures at 9/12/2025	<u>56,830</u>
Less: Current portion of leases payable	<u>(64,030)</u>
Total non-current	<u>\$ 76,192</u>

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 8. LONG-TERM DEBT AND LEASES (CONTINUED)

Estimated maturities on the long-term notes payable are as follows at September 30, 2023:

Year	Amount
2024	\$ 3,927
2025	-
2026	-
2027	-
2028	-
Total:	\$ 3,927

Estimated maturities on the leases payable are as follows at September 30, 2023:

Year	Amount
2024	\$ 64,030
2025	76,192
2026	-
2027	-
2028	-
Total:	\$ 140,222

NOTE 9. CHILD CARE FOOD PROGRAM VENDOR PAYMENTS

The Agency records the child vendor payments through the Child Care Food Program as support and revenue or an expense in the Statement of Activities. These payments pass through the Agency, which acts as an administrative agent for the State. The total child vendor payments for the fiscal year ended September 30, 2023, were \$4,507,307.

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor-imposed restrictions include an endowment that the interest can be used for general operations of the Agency. At September 30, 2023, the balance was \$53,635. Net Assets with donor-imposed restrictions also include residual restricted cash generated from the Agency acting as fiscal agent in which the Agency takes responsibility for operations of the Coats for Kids. At September 30, 2023, the balance was \$3,773.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 11. AVAILABILITY AND LIQUIDITY

The following reflects the Agency's financial assets as of September 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available could include amounts set aside for long-term investing in quasi-endowments that could be drawn upon if the governing board approves that action.

		2023
Financial assets at year-end:		
Cash and equivalents	\$	82,769
Receivables		1,308,519
Investments		53,635
Total:		1,444,923
Less amounts not available to be used within one year:		
Net assets with donor restrictions		57,408
Financial assets available to meet general expenditures over the next twelve months	\$	1,387,515

As of September 30, 2023, \$57,408 of the financial assets are subject to donor or other contractual restrictions.

NOTE 12. RETIREMENT PLAN

A qualified deferred compensation plan 403(b) has been established for employees through Mutual of America Life Insurance Company. Employees participating in the plan are fully vested at initial contribution. During the year ended September 30, 2023, the Agency contributed a total of \$58,678.

NOTE 13. IN-KIND CONTRIBUTIONS

A total of 1300 volunteer hours were identified during the year; however, the value is not recorded in the Statement of Activities. The Board of Directors contributed 52.5 hours of their time in performance of board duties, including strategic planning and other capacity building endeavors. The value is not recorded in the Statement of Activities.

NOTE 14. FAIR VALUE MEASUREMENT

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

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

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

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 14. FAIR VALUE MEASUREMENT (CONTINUED)

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

At September 30, 2023, the valuations of the Agency’s investments according to the fair value hierarchy are all Level 1.

NOTE 15. SUBLEASE OF FACILITY

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

NOTE 16. CONTINGENCIES

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

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

NOTE 17. ECONOMIC DEPENDENCY

The Agency receives a significant portion of its revenue in the form of grants from governmental entities. The Agency expects these grants to continue into the foreseeable future. If, however, a significant portion of these funds are not continued, the Agency’s ability to continue all programs would be diminished. As of September 30, 2023, the Agency’s federal and local grants accounted for approximately 90% of its total revenue.

SUPPLEMENTARY INFORMATION

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor or Pass Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Number	Award Amount	Expenditures
Department of Agriculture				
<i>Passed through the State of New Mexico</i>				
<i>Children, Youth and Families Department:</i>				
Child Care Food Program				
Operational	10.558	Agreement #11	4,992,075	\$ 4,992,075 **
Administrative	10.558	Agreement #11	884,940	680,556 **
Total Department of Agriculture				<u>5,672,631</u>
Department of Health and Human Services				
<i>Passed through the State of New Mexico</i>				
<i>Mexico Human Services Department:</i>				
477 Cluster				
Community Services Block Grant				
07/01/22-06/30/23	93.569	PSC-17-630-9000- 0005 A2	710,553	497,920
07/01/23-06/30/24	93.569	PSC-17-630-9000- 0005 A2	968,754	166,407
<i>Passed through the State of New Mexico</i>				
<i>Mexico Human Services Department:</i>				
Community Services Block Grant GBI Project	93.569		108,000	76,075
Total 477 Cluster				<u>740,402</u>
<i>Passed through the State of New Mexico</i>				
<i>New Mexico Department of Health:</i>				
Healthy Eating Active Living Grant				
12/07/22-06/30/23	93.737	PSA	60,000	52,132
<i>Passed through the State of New Mexico</i>				
<i>New Mexico Department of Health:</i>				
MIECHV Home Visiting Thriving Children				
07/01/22-06/30/23	93.870		720,000	538,242
07/01/23-06/30/24	93.870		192,000	158,018
<i>Passed through the State of New Mexico</i>				
<i>New Mexico Department of Health:</i>				
NMDOH Vaccine Equity				
07/01/22-06/30/23	93.268	Service Agreement w/UNMHSC	300,000	285,959
07/01/23-06/30/24	93.268		300,000	77,334
<i>Passed through the State of New Mexico</i>				
<i>New Mexico Department of Health:</i>				
Better Together Vaccine Equity				
07/01/22-06/30/23	93.268		100,000	93,584
07/01/23-06/30/24	93.268		100,000	28,389
<i>Passed through the State of New Mexico</i>				
<i>New Mexico Department of Health:</i>				
NMDOH Project Echo Evidence Based				
Diabetes Program	93.988	Service Agreement w/UNM Salud	165,000	29,449
Total Department of Health and Human Services				<u>2,003,509</u>
Reconciliation of federal expenditure to Statement of Activity				
Federal awards expended per SEFA				\$ 7,676,140
Total expenditures funded by other sources				2,241,463
Total expenditures reported in Statement of Activities				<u>\$ 9,917,603</u>

**Denotes major programs

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Note 1 - Basis of Presentation

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

Note 2 - Subrecipients

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

Note 3 - Non-Cash Assistance and Loan Guarantees

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

Note 4 - Indirect Cost Rate

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

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

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023**

	<u>CAASNМ</u>	<u>CPI</u>	<u>Elimination</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 40,081	37,663	-	77,744
Cash and cash equivalents, restricted	5,052	-	-	5,052
Grants receivable	1,249,792	-	-	1,249,792
Other receivables	50,727	8,000	-	58,727
Prepaid expenses	18,488	-	-	18,488
Total current assets	<u>1,364,140</u>	<u>45,663</u>	<u>-</u>	<u>1,409,803</u>
Property and equipment				
Land	14,342	421,290	-	435,632
Furniture and fixtures	695,207	-	-	695,207
Equipment	7,995	-	-	7,995
Vehicles	210,392	-	-	210,392
Buildings and improvements	233,616	2,414,737	-	2,648,353
Right to use - vehicles	109,374	-	-	109,374
Right to use - buildings	80,333	-	-	80,333
	<u>1,351,259</u>	<u>2,836,027</u>	<u>-</u>	<u>4,187,286</u>
Less accumulated depreciation	(1,016,973)	(893,340)	-	(1,910,313)
Less accumulated amortization	(63,236)	-	-	(63,236)
Property and equipment, net	<u>271,050</u>	<u>1,942,687</u>	<u>-</u>	<u>2,213,737</u>
Investment in New Mexico Community Foundation	53,635	-	-	53,635
Total assets	<u>\$ 1,688,825</u>	<u>1,988,350</u>	<u>-</u>	<u>3,677,175</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 1,081,342	-	-	1,081,342
Accrued expenses	217,981	-	-	217,981
Accrued interest payable	78	-	-	78
Current portion of long-term notes payable	3,927	-	-	3,927
Current portion of leases payable	64,030	-	-	64,030
Total current liabilities	<u>1,367,358</u>	<u>-</u>	<u>-</u>	<u>1,367,358</u>
Leases liabilities greater than one year	76,192	-	-	76,192
Total liabilities	<u>1,443,550</u>	<u>-</u>	<u>-</u>	<u>1,443,550</u>
Net assets				
Without donor restrictions				
Undesignated	187,867	1,988,350	-	2,176,217
Total without donor restrictions	187,867	1,988,350	-	2,176,217
With donor restrictions	57,408	-	-	57,408
Total net assets	<u>245,275</u>	<u>1,988,350</u>	<u>-</u>	<u>2,233,625</u>
Total liabilities and net assets	<u>\$ 1,688,825</u>	<u>1,988,350</u>	<u>-</u>	<u>3,677,175</u>

See Notes to Financial Statements.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	CAASNM					
	Without donor restrictions	With donor restrictions	Total	CPI	Elimination	Total
Revenues and Other Support						
Federal funds	\$ 8,262,067	-	8,262,067	-	-	8,262,067
Local revenues and other	1,349,579	-	1,349,579	26,094	(87,000)	1,288,673
Rent revenue	20,375	-	20,375	110,000	(110,000)	20,375
Gain/(loss) on investment	-	4,322	4,322	-	-	4,322
Net assets released from restrictions	-	-	-	-	-	-
Total support and revenues	<u>9,632,021</u>	<u>4,322</u>	<u>9,636,343</u>	<u>136,094</u>	<u>(197,000)</u>	<u>9,575,437</u>
Expenses						
Program services:						
Programs	8,999,275	-	8,999,275	-	(87,991)	8,911,284
Support services:						
General and administrative	967,859	-	967,859	-	(22,009)	945,850
CPI	-	-	-	179,709	(87,000)	92,709
Total expenses	<u>9,967,134</u>	<u>-</u>	<u>9,967,134</u>	<u>179,709</u>	<u>(197,000)</u>	<u>9,949,843</u>
Change in net assets	<u>(335,113)</u>	<u>4,322</u>	<u>(330,791)</u>	<u>(43,615)</u>	<u>-</u>	<u>(374,406)</u>
Net assets at beginning of year	522,980	53,086	576,066	2,031,965	-	2,608,031
Net assets at end of year	<u>\$ 187,867</u>	<u>57,408</u>	<u>245,275</u>	<u>1,988,350</u>	<u>-</u>	<u>2,233,625</u>

See Notes to Financial Statements.

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Program Services					Support Services				Total
	Community Services Block Grant	Child Care Program	Housing Program	Other Outreach Programs	Total Program Services	General and Administrative	Fundraising	CPI	Eliminations	
Salaries	162,575	427,032	-	1,682,757	2,272,364	544,107	-	-	-	2,816,471
Employee Benefits	23,044	72,726	-	208,310	304,080	63,152	-	-	-	367,232
Payroll Taxes	13,910	35,283	-	142,599	191,792	36,465	-	-	-	228,257
	199,529	535,041	-	2,033,665	2,768,235	643,724	-	-	-	3,411,959
Care & Support	117,326	5,013,181	-	27,638	5,158,145	22,815	-	-	-	5,180,960
Education/Rec Supplies	15,945	1,266	-	250,682	267,893	-	-	-	-	267,893
Contractual Services	26,234	3,831	-	114,429	144,494	16,321	-	-	-	160,815
Maintenance Expenses	15,450	4,510	8,182	16,602	44,744	96,801	-	-	-	141,545
Depreciation & Amortization Expense	-	-	-	-	-	77,453	-	61,308	-	138,761
Travel	9,375	11,887	-	74,896	96,158	5,302	-	31,311	-	132,771
Inventory Exempt	36,093	3,940	698	21,988	62,719	2,365	-	-	-	65,084
Rent of Building	26,850	34,653	-	78,526	140,029	35,025	-	(110,000)	-	65,054
Telephone	17,966	10,282	-	22,435	50,683	5,876	-	-	-	56,559
Insurance	7,299	5,034	1,335	16,931	30,599	21,816	-	-	-	52,415
Subscriptions and Fees	24,165	153	7	11,277	35,602	8,303	-	-	-	43,905
Rent of Equipment	3,099	6,179	-	13,213	22,491	12,768	-	-	-	35,259
Office/Maint Supplies	2,464	5,793	-	12,956	21,213	5,652	-	-	-	26,865
Utilities	11,404	6,618	-	8,075	26,097	-	-	-	-	26,097
Field Supplies	1,231	-	-	21,625	22,856	610	-	-	-	23,466
Training Expenses	1,573	2,707	-	14,970	19,250	2,198	-	-	-	21,448
Advertising	-	-	-	19,154	19,154	256	-	-	-	19,410
Vehicle Expenses	3,479	7,454	4	3,841	14,778	3,260	-	-	-	18,038
Food	826	1,304	-	14,223	16,353	1,518	-	-	-	17,871
Misc/Bank Charges	49	-	9,897	63	10,009	-	-	-	-	10,009
Printing	300	619	-	8,107	9,026	632	-	-	-	9,658
Vehicle Lease/Deposits	-	-	-	8,133	8,133	-	-	-	-	8,133
Donations	-	-	-	3,245	3,245	605	-	-	-	3,850
Property Taxes	-	-	3,732	31	3,763	81	-	-	-	3,844
Postage	266	1,617	-	101	1,984	450	-	-	-	2,434
Interest Expense/Bldgs	-	-	-	-	-	2,352	-	90	-	2,442
Miscellaneous	-	175	114	1,161	1,450	592	-	-	-	2,042
CEO Expense Account	-	-	-	35	35	756	-	-	-	791
Board Expenses	126	-	-	11	137	306	-	-	-	443
Lobbying Activities	-	-	-	-	-	22	-	-	-	22
Contribution to CAASNIM	-	-	-	-	-	-	-	87,000	(87,000)	-
Total Expense	\$ 521,049	5,656,244	23,969	2,798,013	8,999,275	967,859	-	179,709	(197,000)	9,949,843

See Notes to Financial Statements.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Community Action Agency of Southern New Mexico, Inc. (Agency), which comprise the consolidated statement of financial position, as of September 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon June 20, 2024.

Internal Control Over Financial Reporting

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

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

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

OFFICE LOCATIONS

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



Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
June 20, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Action Agency of Southern New Mexico's (Agency) compliance with the types of compliance requirements¹ identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Agency's major federal programs for the year ended September 30, 2023. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 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 (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency 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 the Agency'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 the Agency's federal programs.

OFFICE LOCATIONS

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

Auditor's 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 the Agency'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 GAAS, 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 for 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 the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, 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 the Agency'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 the Agency'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 the Agency'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.

Report on 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
June 20, 2024

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2023**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Federal Awards

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

**COMMUNITY ACTION AGENCY OF SOUTHERN NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2023**

SECTION II - FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

None

SECTION IV - SUMMARY OF PRIOR YEAR FINDINGS

None