

Clifford, Ross & Cooper, CPA's LLC
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UNITED WAY OF SOUTHWEST NEW MEXICO

FINANCIAL STATEMENTS with INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023

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UNITED WAY OF SOUTHWEST NEW MEXICO

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UNITED WAY OF SOUTHWEST NEW MEXICO

BOARD OF DIRECTORS

June 30, 2023

Elected Officials

Connie Campos, President

Yvonne Silva, Vice President

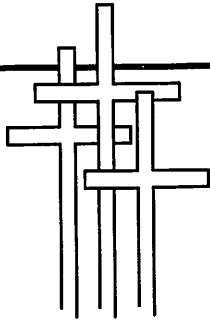
Manuel Morales, Treasurer

Members

Sharon Finarelli

Gabe Serrano

Kim Kindle



Clifford, Ross & Cooper, CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Timothy P. Clifford, CPA • Rodney I. Ross, CPA • Denise S. Cooper, CPA, CFE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Southwest New Mexico
Las Cruces, New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statement of United Way of Southwest New Mexico (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 United Way of Southwest New Mexico as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Southwest New Mexico and to meet our other ethical responsibilities, in accordance with the 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 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 United Way of Southwest New Mexico'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. 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 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 generally accepted auditing standards and *Government 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 United Way of Southwest New Mexico'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 United Way of Southwest New Mexico'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statement of community impact fund allocations – United Way Agencies, statement of special allocations – Non-United Way Agencies and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of Community Impact Fund Allocations-United Way Agencies, statement of special allocations-non-United Way Agencies and 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 March 24, 2025, on our consideration of United Way of Southwest New Mexico'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 the effectiveness of United Way of Southwest New Mexico's 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 United Way of Southwest New Mexico's internal control over financial reporting and compliance



Clifford, Ross & Cooper, CPAs, LLC

Las Cruces, New Mexico

March 24, 2025

UNITED WAY OF SOUTHWEST NEW MEXICO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$ 30,028,820	
Pledges receivable, less allowance for uncollectible pledges of \$5,782 in 2023	48,474	
Prepaid expenses	3,137	
Total current assets		\$30,080,431

Property and Equipment

Furniture and equipment	22,465	
Leasehold improvements	18,828	
	41,293	
Less accumulated depreciation	(40,956)	
Net Property and Equipment		337

Other Assets

Investments-Mutual funds	47,849	
Investment at Community Foundation	10,545	
Deposits	1,500	
Total other assets		59,894

TOTAL ASSETS \$30,140,662

LIABILITIES and NET ASSETS

Current Liabilities

Accounts payable	\$ 58,464	
Accrued expenses	6,405	
Accrued annual leave	6,854	
Allocations payable	200,000	
Deferred revenues	25,507,120	
Total current liabilities		\$25,778,844

Net Assets

Without donor restrictions	4,161,817	
With donor restrictions	200,000	
Total net assets		4,361,817

**TOTAL LIABILITIES and
NET ASSETS** \$30,140,662

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST NEW MEXICO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Support:			
Campaign results	\$ 518,340	\$ 100,000	\$ 618,340
Unrealized gain on investment	1,374	-	1,374
Total Support	<u>519,714</u>	<u>100,000</u>	<u>619,714</u>
Revenue:			
Federal grant	-	10,311,566	10,311,566
Local grant	-	224,618	224,618
Interest income	2,390	-	2,390
Dividend income	2,322	-	2,322
Rent	12,600	-	12,600
Reimbursement for theft	82,942	-	82,942
Other income	51,960	-	51,960
Total Revenues	<u>152,214</u>	<u>10,536,184</u>	<u>10,688,398</u>
Net assets released from restrictions	<u>10,536,184</u>	<u>(10,536,184)</u>	<u>-</u>
Total Support and Revenues	<u>11,208,112</u>	<u>100,000</u>	<u>11,308,112</u>
EXPENSES			
Program services:			
Fiscal agent distributions	9,232,556	-	9,232,556
Fundraising	54,804	-	54,804
General and Administrative	191,093	-	191,093
Total Expenses	<u>9,478,453</u>	<u>-</u>	<u>9,478,453</u>
Change in net assets	<u>1,729,659</u>	<u>100,000</u>	<u>1,829,659</u>
NET ASSETS, BEGINNING OF YEAR	<u>2,432,158</u>	<u>100,000</u>	<u>2,532,158</u>
NET ASSETS, END OF YEAR	<u><u>\$ 4,161,817</u></u>	<u><u>\$ 200,000</u></u>	<u><u>\$ 4,361,817</u></u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST NEW MEXICO
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
<u>Allocations</u>				
Allocations to United Way Agencies	\$ 197,236	\$ -	\$ -	\$ 197,236
Special situation allocations	19,000	-	-	19,000
Total allocations	<u>216,236</u>	<u>-</u>	<u>-</u>	<u>216,236</u>
<u>Salary and Wages:</u>				
Salaries	71,462	71,462	35,731	178,654
Payroll taxes	6,177	6,177	3,089	15,444
Employee benefits	5,219	5,219	-	10,439
Total Salary and Wages	<u>82,858</u>	<u>82,858</u>	<u>38,819</u>	<u>204,537</u>
<u>Other Operating Expenses:</u>				
Pass through grant expenses	8,792,519	-	-	8,792,519
Accounting and professional expenses	3,410	3,410	-	6,820
Advertising and promotion	2,829	2,829	-	5,657
Bad debt expense	34,356	-	-	34,356
Contract labor	13,989	13,989	6,994	34,972
Depreciation expense	1,872	1,872	936	4,680
Equipment rental/lease	2,035	2,035	-	4,070
Book - DPIL	13,399	13,399	-	26,797
Insurance	2,759	2,759	-	5,517
Janitorial	1,406	1,406	-	2,812
Office expense	8,474	8,474	-	16,948
Organization dues and subscriptions	3,831	3,831	-	7,661
Other expenses	9,455	17,508	8,054	35,017
Postage and shipping	466	466	-	932
Rent expense	18,400	18,400	-	36,800
Repairs and maintenance	6,941	6,941	-	13,883
Telephone	5,847	2,274	-	8,120
Software leases/purchases	6,839	6,839	-	13,678
Utilities expense	4,637	1,803	-	6,441
Total Other Operating Expenses	<u>8,933,462</u>	<u>108,234</u>	<u>15,984</u>	<u>9,057,680</u>
TOTAL FUNCTIONAL EXPENSES	<u><u>\$ 9,232,556</u></u>	<u><u>\$ 191,093</u></u>	<u><u>\$ 54,804</u></u>	<u><u>\$ 9,478,453</u></u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST NEW MEXICO
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

Cash Flows from Operating Activities:

Cash provided by funding sources	\$ 11,308,112	
Cash used for salaries and expenses	16,056,399	
Net cash provided (used) by Operating Activities		\$ 27,364,511

Cash Flows from Investing Activities:

(Increase) Decrease in investments	(3,582)	
Net cash provided (used) by Investing Activities		(3,582)

Net Increase (Decrease) in Cash for Year 27,360,929

Cash and Cash Equivalents, beginning of year 2,667,891

Cash and Cash Equivalents, end of year \$ 30,028,820

Reconciliation of changes in Net Assets to net cash provided (used) by Operating Activities:

Changes in net assets		\$ 1,829,659
Depreciation expense	\$ 4,680	
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Pledges receivable	(19,900)	
Increase (decrease) in:		
Accounts payable	(61,131)	
Payroll taxes payable	1,960	
Accrued annual leave	2,123	
Deferred revenue	25,507,120	
Allocations payable	100,000	
Net cash provided (used) by Operating Activities		<u><u>25,534,852</u></u>
		<u><u>\$ 27,364,511</u></u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

United Way of Southwest New Mexico (United Way) is a New Mexico nonprofit corporation chartered in 1957. Its purpose is to raise funds for distribution to various 501(c)(3) health and welfare organizations within the community. The United Way of Southwest New Mexico raises and distributes funds primarily in Dona Ana County. It also receives and distributes a small amount of funds in Luna County and Sierra County. The United Way receives its funding primarily from public support in the local communities.

Significant Accounting Policies

The Organization's accounting policies conform to generally accepted accounting principles as applicable to nonprofit organizations. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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. Actual results could differ from those estimates. The following paragraphs describe the basis of presentation and summarize the more significant accounting policies.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the United Way considers cash and certificates of deposit due in less than 90 days as cash and cash equivalents. The Organization has several accounts with US Bank, WestStar and Washington Federal insured up to a maximum of \$250,000 each at year ended June 30, 2023. US Bank account exceeds the insured amount by \$1,282,439, WestStar exceeds the insured amount by \$523,317 and Washington Federal by \$65,607. The Organization is comfortable with risk.

Income Taxes

United Way is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, it has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2023. The Organization's federal income tax return for the tax years 2020, 2021 and 2022 remain subject to examination by the Internal Revenue Service.

Investments

Investments are reported at market value, which results in unrealized gains and losses being recognized as market values change.

UNITED WAY OF SOUTHWEST NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

Net Assets: Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

With Donor Restrictions: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes.

Net assets with donor restrictions also include net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Without Donor Restrictions: Net assets not subject to donor-imposed stipulations. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires restricted net assets are reclassified to net assets without donor restrictions

Support and Revenue Recognition

Annual campaign contributions are generally available for donor use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give that are expected to be collected within one year are reflected as current promises to give and are recorded at their realizable value as pledges receivable. Unconditional pledges to give that are due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Grants and other contributions of cash and other assets are reported with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the donor restricted net assets are reclassified to without donor restricted net assets and reported on the statement of activities as net assets released from restrictions. If the restrictions or use are satisfied in the year of receipt, the revenues are reported as without donor restrictions.

UNITED WAY OF SOUTHWEST NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment with a cost of \$1,000 or more are capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. Depreciation is provided on the straight-line basis over the estimated useful life of the asset as follows:

	<u>Estimated Useful Life</u>
Improvements	15 years
Furniture/Equipment	3-5 years
Vehicles	4 years

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases without donor restricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as donor restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Distributions to Agencies

Campaign funds are distributed to the United Way agencies, as well as to designated non-United Way agencies. Distributions to United Way agencies are based on pledges collected and on budgeted amounts allowing for operating expenses and uncollectable pledges. Distributions to non-United Way agencies are based on designated pledges to the respective agencies. Distributions of amounts raised in the 2022-2023 campaign year began January 1, 2023.

Functional Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on an analysis of employees' time spent on each function.

Pledges Receivable

Pledges receivable are stated at the amount United Way expects to collect from outstanding pledges. United Way provides for probable uncollectable amounts through a charge to revenues and a credit to a valuation allowance based on its assessment of the current status of individual pledge accounts.

UNITED WAY OF SOUTHWEST NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges Receivable (continued)

Balances that are still outstanding after United Way has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

Advertising and Promotion

Advertising costs are expensed as incurred. Advertising expense was \$5,657 for the year ended June 30, 2023.

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 value of such amounts.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

Employees are entitled to paid time off, depending on job classification, length of service and other factors. Accrued annual leave totaled \$6,854 at June 30, 2023.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents at June 30, 2023 consisted of the following:

Cash deposits	\$30,028,520
Cash savings	<u>300</u>
Total	<u>\$30,028,820</u>

Investments at June 30, 2023 consisted of the following:

Edwards Jones-Mutual Funds	<u>\$ 47,849</u>
Community Foundation Endowment	<u>\$ 10,545</u>

UNITED WAY OF SOUTHWEST NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Investment income (loss) related to these investments are included in interest income on the statement of activities and unrealized/realized gain (loss) at June 30, 2023 and was comprised of the following:

Interest income	<u>\$ 2,390</u>
Dividend income	<u>\$ 2,322</u>
Investment fees	\$(168)
Grants received	291
Grants given	(291)
Unrealized gain	<u>1,542</u>
Unrealized loss on investment	<u>\$ 1,374</u>

NOTE 3. PLEDGES AND ACCOUNTS RECEIVABLE

Included in pledges receivable are the following unconditional promises to give:

Without donor restriction	<u>\$ 54,256</u>
Gross pledges	54,256
Less allowance for uncollectable pledges	<u>(5,782)</u>
	<u>\$ 48,474</u>

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2023 were as follows:

	<u>Cost</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 18,828	5 years
Furniture	<u>22,465</u>	5 years
	41,293	
Less accumulated depreciation	<u>(40,956)</u>	
	<u>\$ 337</u>	

Total depreciation expense for the year ended June 30, 2023 was \$4,680.

NOTE 5. ALLOCATIONS PAYABLE

Allocations payable as of June 30, 2023, totaling \$200,000, represent United Way of Southwest New Mexico, Inc.'s promise to give to its partner agencies. Allocations to partner agencies will be distributed in two installments which commenced July 2023.

UNITED WAY OF SOUTHWEST NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 6. ACCRUED LIABILITIES

Accrued liabilities consist of the following at June 30, 2023:

Accrued annual leave	<u>\$ 6,854</u>
Accrued expenses	<u>\$ 6,405</u>

NOTE 7. SPECIAL ALLOCATIONS

During the campaign, some allocations are designated for special allocations for certain agencies. These contributions are recorded as liabilities until they are distributed to the designated agencies, and not reflected in revenues and expenses. Special Allocations payable to United Way partner agencies as of June 30, 2023 totaled \$19,581, as shown on page 18.

NOTE 8. OPERATING LEASES

United Way renewed its lease agreement on August 1, 2014 for a cost of \$18,000 annually. The term of the lease was for one year. At the end of the lease, United Way had the option to extend the lease for an additional term, which is negotiable. United Way is currently on a month-to-month basis on this lease. United Way also rents a space in Silver City at a cost of \$1,500 a month for a cost of \$18,000 annually. The current lease is on a month to month basis.

Lease expense for the year ended June 30, 2023 was \$18,000 for the Las Cruces office and \$16,200 for the Silver City office.

NOTE 9. RELATED-PARTY TRANSACTIONS

An annual membership fee is paid to United Way of America based on a percentage of campaign contributions collected for the current campaign year. The fee for 2023 was \$3,770 with \$0 payable to United Way of America as of June 30, 2023, and is included under Organization dues and subscriptions on the statement of functional expenses.

NOTE 10. SALES TAX PAYABLE

The State of New Mexico imposes a gross receipts tax on all sales to nonexempt customers. The Organization is exempt from gross receipts tax on its non-profit revenues.

UNITED WAY OF SOUTHWEST NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 11. FAIR VALUE MEASUREMENT

United Way of Southwest New Mexico's financial instruments consist primarily of cash and cash equivalents, investments, accounts receivable and accounts payable. The carrying amount of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair value due to the short-term nature of such instruments. The Organization uses the following hierarchical disclosure framework:

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

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

Level 3—Measurement based on the Organization's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the Organization 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 June 30, 2023, the Organization's investments consist of cash, cash equivalents, and money markets. The valuations of the Organization's investments according to the fair value hierarchy are all Level 1.

NOTE 12. LIQUIDITY AND RESERVES

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects the Organization's financial assets (cash and cash equivalent and investments) as of June 30, 2023 reduced by amounts not available for general expenditures within one year.

Total financial assets	\$30,028,820
Less those unavailable for general expenditures within one year due to:	
Purpose restrictions	<u>(25,778,844)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,249,976</u>

UNITED WAY OF SOUTHWEST NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 13. NEW PRONCEMENTS

During 2016, the FASB issued ASU No. 2016-02, Leases. the FASB, the Organization is be required to adopt this ASU in fiscal years ending after June 15, 2021. This ASU is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. The Organization's has evaluated its leases and leases meet the requirement for ASU 2016-02.

In September 2020, the FASB issued amended guidance for contributed nonfinancial assets. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The amendments in the guidance is effective for fiscal years beginning after June 15, 2021. The Organization's evaluation process did not find any nonfinancial assets.

Note 14. RETIREMENT PLAN

The Organization has a 403B retirement plan for its full time employees. Employees are allowed to withhold up to \$20,500 a year from their paychecks if under 50 years of age and \$27,000 if over 50 years of age. The Organization matches up to 3% of gross wages. The Organization matched \$3,694 during the fiscal year ended June 30, 2023, and is included in employee benefits on the statement of functional expenses.

Note 15. FEDERAL GRANT AND FISCAL AGENT

The Organization is a fiscal agent for the Emergency Food and Shelter National Board Program for the American Rescue Plan Act of 2021 Humanitarian Relief. 2023 was the first year the Organization participated in the grant. The Organization returned \$142,727 of unspent funds to the United Way Worldwide for the ESFP-ARPA grant in December 2022.

Note 16. THEFT

The Organization discovered a phishing theft of its funds in April 2023. The funds were taken out of their bank account via ACH and subsequent checks were presented to the bank. Since it was a phishing scam, the bank would not make restitution. The Organization filed a claim with their insurance for the fraudulent transactions and was issued a check for all but \$82,942.

NOTE 17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date these financial statements were available to be issued, March 24, 2025.

SUPPLEMENTARY INFORMATION

**UNITED WAY OF SOUTHWEST NEW MEXICO
STATEMENT OF COMMUNITY IMPACT FUND ALLOCATIONS -
UNITED WAY AGENCIES
For the Year Ended June 30, 2023**

	Allocations
Aldo Leopold Charter	\$ 9,000
American Red Cross of New Mexico	3,000
Big Brothers Big Sisters Mountain Region	19,000
Boys and Girls Club of Las Cruces	10,000
Carrie Tingley Hospital Foundation	5,000
Casa de Peregrinos	10,000
Community Action Agency of SNM	3,000
El Refugio, Inc.	9,000
Imagination Library of Grant County	5,000
La Casa, Inc.	10,000
Lotus Center of Silver City	5,000
Mesilla Valley Casa, Inc.	10,000
Mesilla Valley Community of Hope	10,000
National Center for Frontier Communities	9,000
National Dance Institute of New Mexico	9,000
New Mexico Legal Aid	9,000
NM Lions Crane Reading Foundation	7,500
Play Sharity Foundation	5,000
Roadrunner Food Bank	10,000
Silver Regional SASS	9,000
Southwest New Mexico Act	4,500
Southwest NM Arts, Culturel & Tourism	4,500
Supporting People in Need	9,000
The Commons Center for Food Security	9,000
Turning Point of Las Cruces	3,000
	\$ 196,500

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST NEW MEXICO
STATEMENT OF SPECIAL ALLOCATIONS - NON-UNITED WAY AGENCIES
For the Year Ended June 30, 2023

	<u>Special Allocations</u>
Community Foundation of SNM	\$ 9,581
Grant County Community Foundation	<u>10,000</u>
	<u>\$ 19,581</u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass Through No.</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
<u>Emergency Food and Shelter National Board Program</u>				
Emergency Food and Shelter Programs	97.024		\$ 5,300	\$ 5,300
Emergency Management Performance Grants American Rescue Plan Act of 2021 Humanitarian Relief	97.042		36,175,440	10,306,266
Total Federal Awards Expended				<u>\$ 10,311,566</u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of United Way of Southwest New Mexico under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Schedule presents only a selected portion of the operations of United Way of Southwest New Mexico, it is not intended to and does not present the financial position, changes in net assets, or cash flows of United Way of Southwest New Mexico.

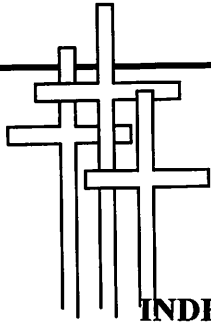
Note B - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) United Way of Southwest New Mexico has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance
- (3) Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Emergency Food & Shelter Program	\$ 5,300
Administration	44,490
Fiscal Agent revenues	<u>10,261,776</u>
Federal Fund from page 5	<u>\$ 10,311,566</u>

- (4) Payments made to pass-through agencies totaled \$8,792,519 during the fiscal year ended June 30, 2024 as shown in the Statement of Functional Expenses as pass-through grant expenses.

ADDITIONAL INDEPENDENT AUDITORS REPORTS



Clifford, Ross & Cooper, CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Timothy P. Clifford, CPA • Rodney I. Ross, CPA • Denise S. Cooper, CPA, CFE

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*

Board of Directors and Management
United Way of Southwest 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 financial statements of United Way of Southwest New Mexico (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related 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 dated March 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Southwest New Mexico's internal control over financial reporting (internal control) as a basis for designing 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 United Way of Southwest New Mexico's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Southwest New Mexico'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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-01 (2022-01) and 2023-02 (2022-02) that we consider to be significant deficiencies.

Report on Compliance and Other Matters

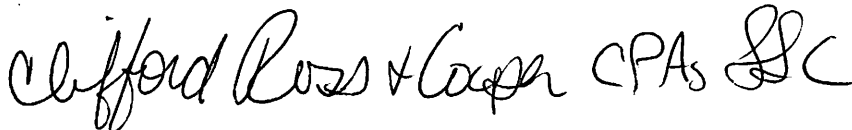
As part of obtaining reasonable assurance about whether United Way of Southwest New Mexico's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as items 2023-01 and 2023-02.

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on United Way of Southwest New Mexico's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. United Way of Southwest New Mexico'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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Clifford, Ross & Cooper, CPAs, LLC
Las Cruces, New Mexico
March 24, 2025



Clifford, Ross & Cooper, CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Timothy P. Clifford, CPA • Rodney I. Ross, CPA • Denise S. Cooper, CPA, CFE

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

Board of Directors and Management
United Way of Southwest New Mexico
Las Cruces, New Mexico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of Southwest New Mexico's 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 United Way of Southwest New Mexico's major federal programs for the year ended June 30, 2023. United Way of Southwest New Mexico'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, United Way of Southwest New Mexico 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Way of Southwest New Mexico 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 United Way of Southwest New Mexico'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 United Way of Southwest New Mexico's federal programs.

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 United Way of Southwest New Mexico'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 generally accepted auditing standards, *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 United Way of Southwest New Mexico's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 United Way of Southwest New Mexico'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 United Way of Southwest New Mexico'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 United Way of Southwest New Mexico'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 other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001(2022-001) and 2023-002 (2022-002). Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on United Way of Southwest New Mexico's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. United Way of Southwest New Mexico'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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

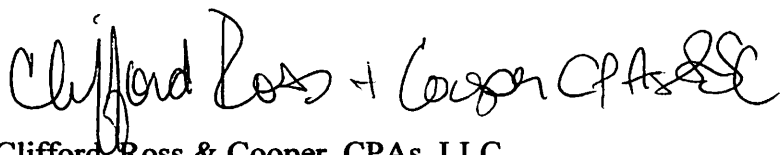
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 (2022-001) and 2023-002 (2022-002) to be material weaknesses.

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 United Way of Southwest New Mexico's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. United Way of Southwest New Mexico'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.



Clifford, Ross & Cooper, CPAs, LLC
Las Cruces, New Mexico
March 24, 2025

UNIED WAY OF SOUTHWEST NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2023

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses(es) identified: X Yes No
- Significant deficiency identified that are not considered to be material weaknesses Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified: X Yes No
- Significant Deficiency(ies) identified that are not considered to be material weakness(es)? Yes X None reported

Type of auditor's report issued on compliance with major programs: Unmodified

Findings and Questioned Costs for Federal Awards as defined in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards (Uniform Guidance) X Yes X No

Identification of Major Program

a) Emergency Management Performance Grants CFDA #
97.042

- Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- The auditee did qualify as a low-risk auditee as defined in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requires, Cost Principles and Audit Requirements of Federal Awards. Yes X No

UNITED WAY OF SOUTHWEST NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2023

SECTION II- FINDINGS- FINANCIAL STATEMENTS

Item 2023-01 (2022-01) - Material Weakness - Segregation of Duties

Statement of Condition - The Organization is a small local non-profit organization located in southern New Mexico. There are two positions that control all the financial processes for the Organization. Due to a limited financial staff, there is inadequate segregation of duties.

Criteria - Segregation of duties is a key internal control intended to minimize the occurrence of errors or fraud by ensuring that no employee has the ability to both perpetrate and conceal errors or fraud in the normal course of their duties. Generally, the primary incompatible duties that need to be segregated are:

- Authorization or approval
- Custody of assets
- Recording transactions
- Reconciliation/Control Activity

Some examples of incompatible duties are:

- Authorizing a transaction, receiving and maintaining custody of the asset that resulted from the transaction
- Receiving funds (checks or cash) and approving write-off of receivables
- Reconciling bank statements/accounts and booking entries to the general ledger
- Depositing cash and reconciling bank statements
- Approving time cards and having custody of pay checks

If internal control is to be effective, there needs to be an adequate division of responsibilities among those who perform accounting procedures or control activities and those who handle assets. Ideally, separate employees will perform each of the four major duties. In general, the flow of transaction processing and related activities should be designed so that the work of one individual is either independent of, or serves to check on, the work of another. Such arrangements reduce the risk of undetected error and limit opportunities to misappropriate assets or conceal intentional misstatements in the financial statements.

Cause - Small organization that does not have adequate staff to ensure adequate segregation of duties.

Effect - Without proper segregation of duties there is little or no oversight and review to identify errors. In addition, the risk that fraud or theft could occur is greater because it only requires two people to collude in order to hide a transaction. Without a separation in key processes, fraud and error risks are far less manageable.

UNITED WAY OF SOUTHWEST NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

SECTION II- FINDINGS- FINANCIAL STATEMENTS (continued)

Item 2023-01 (2022-01) - Material Weakness - Segregation of Duties (continued)

Recommendation - We recommend that when duties cannot be sufficiently segregated due to the small size of the financial staff, it is important that mitigating controls, such as a detailed supervisory review of the activities, be put in place to reduce risks. Until the funding becomes available to hire additional staff, we recommend the board remain active and provide financial oversight.

Views of Responsible Officials and Planned Corrective Actions –

Response: The Board of Directors will receive updated financial statements at every board meeting. The Board Treasurer and Chief Executive Officer will meet prior to each board meeting to review financial statements. We are looking to implement additional internal controls.

Item 2023-02 (2022-02) Material Weakness - Controls over Cash Disbursements

Statement of Condition - During our test work on cash disbursements, we noted there is a lack of documented management approval for payment on the face of the vendor invoice.

Criteria - Sound accounting practices state that purchases for goods and services, other than personnel, must be accompanied by supporting invoices and documentation, regardless of the method of payment. In addition, payments for goods and services must be approved by management prior to release of final payments.

Cause - Poor execution in the processing of vendor payments.

Effect - Without adequate supporting documentation for purchases, inconsistent use of purchase and payment methods, and lack of management approval, there is a high risk for unsupported or improper use of assets.

Recommendation - We recommend the Organization establish procedures and adequate controls for the payment of goods and services. This would include, where applicable, purchase requisitions, purchase orders, and vendor invoices. The independent management approval process should include verification of amounts paid and proper account classification.

Views of Responsible Officials and Planned Corrective Actions –

Response: Our organization has since hired additional staff to mitigate errors for lack of documentation and/or management approval. We also created new policy and procedures as well as specific staff duties to help outline duties and processes regarding controls over cash disbursements.

UNITED WAY OF SOUTHWEST NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

**SECTION III - FEDERAL AWARDS AND QUESTIONED COSTS -
EMERGENCY FOOD AND SHELTER PROGRAM NATIONAL
BOARD PROGRAM NO. 97.024**

Item FA 2023-001(2022-001) - Material Weakness - Controls over Sub-Recipients

Federal Program Information:

Federal agency:	Department of Health and Human Services
Title:	Emergency Food and Shelter National Board Program
CFDA Number:	97.042
Questioned Costs:	Unknown

Statement of Condition - The Organization is new to the Single Audit requirements. They did not realize when giving funds to sub-recipients, the Organization is required to monitor the funding is being used for its intended purpose. Some sub-recipients received payments in advance and there was no follow-up reporting on how the funding was spent. The Organization is also required to submit reports to the National Board on a timely basis. The final report was due to the National Board on November 11, 2022 but was submitted November 17, 2022.

Criteria – The Emergency Food and Shelter National Board Program Funding and Application Guidance on page 8 explains with Fiscal Agent/Fiscal Conduit – Supplemental Funding procedures required by the EFSP. Sound accounting practices demand proper controls of the funds released to sub-recipients.

Questioned Costs - Unknown.

Cause – The Organization is new to receiving large amounts of federal funding and did not understand the federal and single audit requirements.

Effect – The Organization cannot be totally sure that the funding was used for its intended purpose.

Recommendation - We recommend the Organization continue its efforts to put in place follow-up procedures to ensure that proper monitoring of sub-recipients takes place and reporting procedures are in place for timely reporting.

Views of Responsible Officials and Planned Corrective Actions –

Response: Our organization has developed a Monitoring Policy to have better oversight of our sub-recipients.

UNITED WAY OF SOUTHWEST NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

**SECTION III - FEDERAL AWARDS AND QUESTIONED COSTS -
EMERGENCY FOOD AND SHELTER PROGRAM NATIONAL BOARD PROGRAM NO.
97.024**

**Item FA 2023-002 (2022-002) – Material Weakness – Submission of the Reporting Package to the
Federal Government**

Federal Agency: Department of Health and Human Services CFDA No. 97.024 and 97.042

Statement of Condition - The requirement for submitting the single audit reporting package for the year ended June 30, 2023, was no later than March 31, 2024. The audit report was completed after March 31, 2023. As a result, the reporting package was not submitted to the federal government on a timely basis.

Criteria - The federal Office of Management and Budget (OMB) Uniform Guidance 2 CFR 200.512(a) requires the audit package, and the data collection form shall be submitted thirty (30) days after receipt of the auditor's report, or nine months after the end of the fiscal year.

Questioned Costs - Unknown.

Cause - Management lacked a clear understanding in respect to the Single Audit requirements.

Effect - Non-compliance with federal requirements, such as the submission of the single audit report and the data collection form, could jeopardize future Organization funding from the federal government.

Recommendation - We recommend the Organization devise a corrective action plan to meet their requirement of submitting the audit report to the Federal Audit Clearinghouse no later than nine months after the end of the fiscal year, per the requirements of the Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions –

Response: Our organization intends on collaborating with our auditor to engage in a two year audit beginning immediately to ensure that we meet the March 31st deadline requirement to the Federal Government.

UNITED WAY OF SOUTHWEST NEW MEXICO
SUMMARY OF PRIOR-YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section II – 2022-01, repeated in current year

Section II – 2022-02, repeated in current year

Section III – FA 2022-001 repeated in current year

Section III – FA 2022-002 repeated in current year