



Clifford, Ross & Cooper, CPA's LLC
Serving Las Cruces and El Paso since 1976

UNITED WAY OF SOUTHWEST NEW MEXICO

FINANCIAL STATEMENTS with INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2025

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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, 2025

Elected Officials

Connie Campos, President

Gabe Serrano, Vice President

Manuel Morales, Treasurer

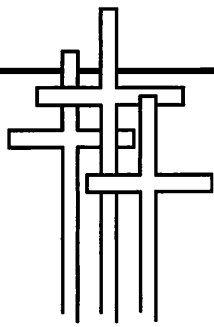
Members

Rachel Martin

Matthew Smith

Kim Kindle

Chris Lopez



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

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 statements of United Way of Southwest New Mexico (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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, 2025, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 opinions.

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 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*, as well as the schedule of community impact fund allocations (United Way agencies) and the schedule of special allocations (non-United Way agencies) are 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 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 25, 2026, 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.

A handwritten signature in black ink that reads "Clifford Ross & Cooper, CPAs LLC". The signature is written in a cursive, flowing style.

Clifford, Ross & Cooper, CPAs, LLC
Las Cruces, New Mexico
March 25, 2026

UNITED WAY OF SOUTHWEST NEW MEXICO

STATEMENT OF FINANCIAL POSTION

June 30, 2025

ASSETS

Current Assets

Cash	\$ 2,257,260	
Pledges receivable, less allowance for uncollectible pledges of \$5,782 in 2025	71,964	
Prepaid expenses	4,006	
Total current assets		\$ 2,333,230

Property and Equipment

Furniture and equipment	22,464	
Leasehold improvements	18,828	
	41,292	
Accumulated depreciation	(41,292)	
Net Property and Equipment		-

Other Assets

Investment - Edward Jones	61,462	
Investment - Community Foundation	12,836	
Right of Use Asset	73,759	
Deposits	6,500	
Total other assets		154,557

TOTAL ASSETS		\$ 2,487,787
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LIABILITIES and NET ASSETS

Current Liabilities

Accounts payable	\$ 1,916	
Lease payable, current portion	26,290	
Due to Emergency Food and Shelter National Board Program	1,026,650	
Accrued payroll liabilities	8,915	
Accrued annual leave	7,255	
Allocations payable	200,000	
Total current liabilities		\$ 1,271,026

Lease payable, net of current obligations	47,469
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Net Assets

Without donor restrictions	929,959	
With donor restrictions	239,333	
Total net assets		1,169,292

TOTAL LIABILITIES and NET ASSETS		\$ 2,487,787
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See independent auditor's report and notes to financial statements.

UNITED WAY OF SOUTHWEST NEW MEXICO

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Support:			
Campaign results	\$ 365,636	\$ 226,497	\$ 592,133
Total Support	<u>365,636</u>	<u>226,497</u>	<u>592,133</u>
Revenue:			
Federal grant		6,796,594	6,796,594
Local grant	2,350		2,350
Interest income	3,226	-	3,226
Dividend income	2,079	-	2,079
Unrealized gain on investment	4,596	1,138	5,734
Rent	12,900	-	12,900
Other income	197,851	-	197,851
Total Revenues	<u>223,002</u>	<u>6,797,732</u>	<u>7,020,734</u>
Net assets released from restrictions	<u>6,796,594</u>	<u>(6,796,594)</u>	<u>-</u>
Total Support and Revenues	<u>7,385,232</u>	<u>227,635</u>	<u>7,612,867</u>
EXPENSES			
Program services:			
Fiscal agent distributions	7,327,324	-	7,327,324
Fundraising	64,461	-	64,461
General and Administrative	245,635	-	245,635
Total Expenses	<u>7,637,420</u>	<u>-</u>	<u>7,637,420</u>
Change in net assets	(252,188)	227,635	(24,553)
NET ASSETS, BEGINNING OF YEAR	<u>1,182,147</u>	<u>11,698</u>	<u>1,193,845</u>
NET ASSETS, END OF YEAR	<u>\$ 929,959</u>	<u>\$ 239,333</u>	<u>\$ 1,169,292</u>

See independent auditors report and notes to financial statements.

UNITED WAY OF SOUTHWEST NEW MEXICO

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2025

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
<u>Allocations:</u>				
Allocations to United Way Agencies	\$ 100,000	\$ -	\$ -	\$ 100,000
Special situation allocations	26,497	-	-	26,497
Total allocations	<u>126,497</u>	<u>-</u>	<u>-</u>	<u>126,497</u>
<u>Salary and Wages:</u>				
Salaries	92,770	92,770	46,384	231,924
Payroll taxes	12,093	12,093	6,047	30,233
Employee benefits	7,667	7,666	-	15,333
Total Salary and Wages	<u>112,530</u>	<u>112,529</u>	<u>52,431</u>	<u>277,490</u>
<u>Other Operating Expenses:</u>				
Pass through grant expenses	6,952,792	-	-	6,952,792
Accounting and professional expenses	12,168	12,168	-	24,336
Advertising and promotion	2,153	2,154	-	4,307
Bad debt expense	1,645	-	-	1,645
Contract labor	12,974	12,974	6,486	32,434
Depreciation expense	45	45	22	112
Equipment rental/lease	3,221	3,218	-	6,439
Book - DPIL	19,344	19,343	-	38,687
Insurance	3,430	3,431	-	6,861
Janitorial	1,699	1,699	-	3,398
Office expense	8,064	8,063	-	16,127
Organization dues and subscriptions	4,041	4,041	-	8,082
Other expenses	20,582	26,105	5,522	52,209
Postage and shipping	266	266	-	532
Rent expense	22,794	22,794	-	45,588
Repairs and maintenance	2,345	2,346	-	4,691
Telephone	4,648	1,807	-	6,455
Software leases/purchases	10,468	10,468	-	20,936
Utilities expense	5,618	2,184	-	7,802
Total Other Operating Expenses	<u>7,088,297</u>	<u>133,106</u>	<u>12,030</u>	<u>7,233,433</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 7,327,324</u>	<u>\$ 245,635</u>	<u>\$ 64,461</u>	<u>\$ 7,637,420</u>

See independent auditor's report and notes to financial statements.

UNITED WAY OF SOUTHWEST NEW MEXICO

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2025

Cash Flows from Operating Activities:

Cash provided by funding sources	\$ 7,612,867	
Cash used for salaries and expenses	<u>(15,079,667)</u>	
Net cash provided (used) by operating activities		\$ (7,466,800)

Cash Flows from Investing Activities:

(Increase) Decrease in investments	<u>(15,194)</u>	
Net cash provided (used) by investing activities		<u>(15,194)</u>

Net Increase (Decrease) in Cash for Year (7,481,994)

Cash, beginning of year 9,739,254

Cash, end of year \$ 2,257,260

Reconciliation of changes in Net Assets to net cash provided (used)

by Operating Activities:

Changes in net assets		\$ (24,553)
Depreciation expense	\$ 112	
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Pledges receivable	(51,807)	
Increase (decrease) in:		
Accounts payable	(603,995)	
Accrued annual leave	1,793	
Deferred revenue	(6,773,350)	
Allocations payable	<u>(15,000)</u>	
Net cash provided (used) by Operating Activities		<u><u>(7,442,247)</u></u> <u><u>\$ (7,466,800)</u></u>

See independent auditor's report and notes to financial statements.

UNITED WAY OF SOUTHWEST NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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 primarily 501(c)(3) health and welfare organizations within the community. United Way 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. 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

For purposes of the Statement of Cash Flows, United Way considers cash and certificates of deposit due in less than 90 days as cash and cash equivalents. The Organization has no cash equivalents. The Organization has several accounts with US Bank, WestStar and Washington Federal insured up to a maximum of \$250,000 each at June 30, 2025. US Bank account exceeds the insured amount by \$784,642, WestStar exceeds the insured amount by \$452,328 and Washington Federal by \$71,565. 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, 2025. The Organization's federal income tax return for the tax years 2022, 2023 and 2024 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, 2025

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, 2025

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. Property and equipment are depreciated using the straight-line method. Depreciation is provided on the straight-line basis over the estimated useful life of the asset as follows:

	<u>Estimated Useful Life</u>
Leasehold Improvements	15 years
Furniture/Equipment	5 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. Amounts raised in the 2024-2025 campaign are included in the Statement of Activities as campaign results with donor restrictions and are as follows:

United Way agencies	\$200,000
Non-United Way agencies	<u>26,497</u>
Total	<u>\$226,497</u>

Distributions of amounts raised in the 2024-2025 campaign year for United Way agencies began July 1, 2025.

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.

UNITED WAY OF SOUTHWEST NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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 \$4,307 for the year ended June 30, 2025.

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 in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

New Mexico employees accrue 1 hour sick leave per every 30 hours worked. Accumulated sick leave is not paid out upon termination, therefore no liability is created for sick leave. Employees are entitled to paid time off, depending on job classification, length of service and other factors. Accrued annual leave totaled \$7,255 at June 30, 2025.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash at June 30, 2025 consisted of the following:

Cash deposits	\$1,222,618
Cash savings	<u>1,034,642</u>
Total	<u>\$2,257,260</u>

Investments at June 30, 2025 consisted of the following:

Edwards Jones-Mutual Funds	<u>\$ 61,462</u>
Community Foundation Endowment	<u>\$ 12,836</u>

UNITED WAY OF SOUTHWEST NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2025 and was comprised of the following:

Interest	<u>\$ 3,226</u>
Dividend income	<u>\$ 2,079</u>
 <u>Community Foundation:</u>	
Investment fees	\$(209)
Grants received	350
Grants given	(350)
Unrealized gain	<u>5,943</u>
Total Unrealized gain on investment	<u>\$ 5,734</u>

NOTE 3. PLEDGES AND ACCOUNTS RECEIVABLE

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

Gross pledges	\$ 77,746
Less allowance for uncollectable pledges	<u>(5,782)</u>
	<u>\$ 71,964</u>

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2024 were as follows:

	<u>Cost</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 22,464	5 years
Leasehold improvements	<u>18,828</u>	15 years
	41,292	
Accumulated depreciation	<u>(41,292)</u>	
	<u>\$ -0-</u>	

Total depreciation expense for the year ended June 30, 2025 was \$112.

NOTE 5. ALLOCATIONS PAYABLE

Allocations payable as of June 30, 2025, totaling \$200,000, represent United Way of Southwest New Mexico's promise to give to its partner agencies. Allocations to partner agencies will be distributed in two installments which commenced July 2025.

UNITED WAY OF SOUTHWEST NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 6. DUE EMERGENCY FOOD AND SHELTER NATIONAL BOARD PROGRAM

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.

Due E.F.S.P. consists of funds received for the Emergency Food and Shelter Program that were not distributed during the allowable grant cycle. The Organization returned \$1,026,650 of the federal funds received in FY2024 to United Way Worldwide/EFSP on September 19, 2025.

NOTE 7. OPERATING LEASES AND RIGHT OF USE ASSETS

United Way rents a space in Silver City at a cost of \$1,700 a month for a cost of \$20,400 annually. This lease is on a month-to-month basis.

The Organization entered into a lease for a new office building for the Las Cruces location on February 1, 2025 for a cost of \$30,000 annually. The lease is for 36 months starting on February 1, 2025 terminating on January 31, 2028. Lease payments are \$2,500 per month, including a \$2,500 deposit.

Right of Use Asset

Balance Sheet Summary – The following summarizes line items in the balance sheet, which include amounts for the operating lease of the Las Cruces office as of June 30, 2025.

Operating lease right of use asset	\$ 82,178
Less accumulated amortization	<u>8,419</u>
Right of use asset, net	\$ 73,759
Operating lease liability	\$ 73,759
Less current portion	<u>26,290</u>
Lease payable, net of current portion	<u>\$ 47,469</u>

Maturity of the operating lease is as follows:

Year Ending June 30,	
2026	\$ 26,290
2027	\$ 27,911
2028	\$ 19,558

UNITED WAY OF SOUTHWEST NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 8. 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 2025 was \$6,329 with \$0 payable to United Way of America as of June 30, 2025 and is included under Organization dues and subscriptions on the Statement of Functional Expenses.

NOTE 9. SPECIAL ALLOCATIONS

During the campaign, some allocations are designated for special allocations for certain agencies. The amount distributed as special allocations for the year ended June 30, 2025 was \$26,497 and is included under Special allocations 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.

NOTE 11. FAIR VALUE MEASUREMENT

United Way of Southwest New Mexico's financial instruments consist primarily of cash, 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.

UNITED WAY OF SOUTHWEST NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11. FAIR VALUE MEASUREMENT (continued)

At June 30, 2025, 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 investments) as of June 30, 2025 reduced by amounts not available for general expenditures within one year.

Total financial assets	\$2,257,260
Less those unavailable for general expenditures within one year due to:	
Purpose restrictions	<u>(1,271,026)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 986,234</u>

NOTE 13. PRONCEMENTS

ASU No. 2016-02 requires entities that lease assets recognize them on their statement of financial position as the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Based on the Organization's evaluation process and review of its leases, the Organization implemented ASU No. 2016.02.

The ASU 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 are effective for fiscal years beginning after June 15, 2021. The Organization noted no contributed nonfinancial assets during its review that need to be recorded.

UNITED WAY OF SOUTHWEST NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 14. RETIREMENT PLAN

The Organization has a 403B retirement plan for its full-time employees. Employees are allowed to withhold up to \$23,500 a year from their paychecks if under 50 years of age and \$31,000 if over 50 years of age. The Organization matches up to 3% of gross wages. The Organization matched \$3,840 during the fiscal year ended June 30, 2025 and is included in employee benefits on the Statement of Functional Expenses.

NOTE 15. RISK MANAGEMENT

The Organization covers its risk of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters, through various insurance policy coverages. The coverages include general and professional liability, property, flood, business auto, and workman's compensation. The Organization transfers these risks of loss to the insurance carrier except for deductible amounts. Insurance expense for the year ended June 30, 2025 was \$6,861.

NOTE 16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date these financial statements were available to be issued, March 25, 2026 .

SUPPLEMENTARY INFORMATION

UNITED WAY OF SOUTHWEST NEW MEXICO

STATEMENT OF COMMUNITY IMPACT FUND ALLOCATIONS

For the Year Ended June 30, 2025

	<u>Allocations</u>
Big Brothers Big Sisters Mountain Region	\$ 15,000
Boys and Girls Club of Las Cruces	10,000
Adelante Development Center	10,000
Casa de Peregrinos	10,000
Community Partnership for Children	9,000
CHI	9,000
Dona Ana Arts Council	5,000
El Refugio, Inc.	9,000
Girls Scouts of Desert West	5,000
Gila Valley Library	9,000
La Casa, Inc.	10,000
Las Cruces Symphony	5,000
Lotus Center of Silver City	6,000
Literacy Link - LEAMOS	8,000
Mesilla Valley Community of Hope	10,000
National Dance Institute of New Mexico	8,000
New Mexico Legal Aid	20,000
Roadrunner Food Bank	10,000
Silver City Gospel Mission	9,000
Southern NM Diabetes Outreach	5,000
The Commons Center for Food Security	9,000
The Future Forge	9,000
	<u>\$ 200,000</u>

See independent auditor's report and notes to financial statements.

UNITED WAY OF SOUTHWEST NEW MEXICO

STATEMENT OF SPECIAL ALLOCATIONS - NON-UNITED WAY AGENCIES

For the Year Ended June 30, 2025

	<u>Special Allocations</u>
Community Foundation of SNM	\$ 14,997
Gila County Community Foundation	10,000
Las Cruces Hispanic Chamber of Commerce	1,500
	<u>\$ 26,497</u>

See independent auditor's report and notes to financial statements.

UNITED WAY OF SOUTHWEST NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

<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 Program	97.024		\$ 23,244	\$ 23,244
Emergency Management Performance Grants American Rescue Plan Act of 2021 Humanitarian Relief	97.042		\$ 7,800,000	\$ 6,773,350
Total Federal Awards Expended				<u>\$ 6,796,594</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, 2025. 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.

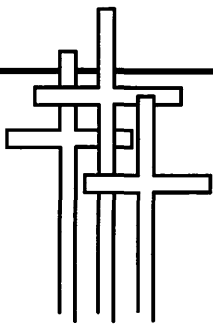
Note B - Summary of Significant Accounting Policies

- (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	\$ 23,244
Fiscal Agent revenues	6,773,350
Federal Fund from page 6	<u>\$ 6,796,594</u>

- (4) Payments made to pass-through agencies totaled \$6,952,792 during the fiscal year ended June 30, 2025 as shown in the Statement of Functional Expenses as pass-through grant expenses.

ADDITIONAL INDEPENDENT AUDITOR'S 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, 2025, 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 25, 2026.

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.

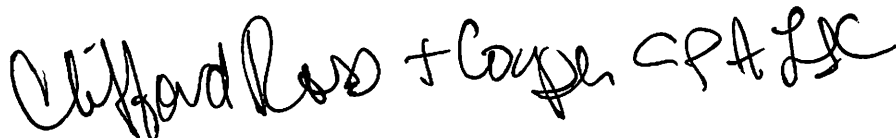
Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

Report on Compliance and Other Matters

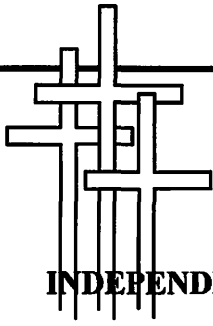
As part of obtaining reasonable assurance about whether United Way of Southwest New Mexico's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 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 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.

A handwritten signature in black ink that reads "Clifford Ross & Cooper CPAs, LLC". The signature is written in a cursive, flowing style.

Clifford, Ross & Cooper, CPAs, LLC
Las Cruces, New Mexico
March 25, 2026



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, 2025. 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, 2025.

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 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 2025-001 (2022-001). Our opinion on each major federal program is not modified with respect to these matters.

United Way of Southwest New Mexico's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. United Way of Southwest New Mexico's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

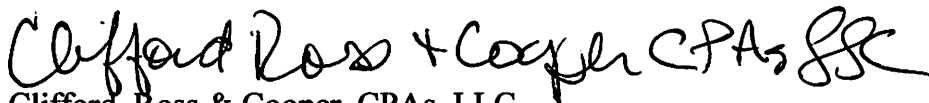
Report on Internal Control over Compliance

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, but 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 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.

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.



Clifford, Ross & Cooper, CPAs, LLC

Las Cruces, New Mexico

March 25, 2026

UNITED WAY OF SOUTHWEST NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025

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: _____ Yes X 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 _____ 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
JUNE 30, 2025

SECTION II- FINDINGS- FINANCIAL STATEMENTS

None

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

Item FA 2025-001 (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 February 28, 2025 and has not been submitted yet.

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.

UNITED WAY OF SOUTHWEST NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

SECTION III- FINDINGS- FINANCIAL STATEMENTS (CONTINUED)

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 –

Our organization developed a Monitoring Policy to have better oversight of our sub-recipients for future operations. The Chief Executive Officer will implement in future years for similar grants.

UNITED WAY OF SOUTHWEST NEW MEXICO
SUMMARY OF PRIOR-YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

Section II – closed in current year

Section II – closed in current year

Section III – 2024-001 (2022-001) repeated in current year



March 27, 2026

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

Item FA 2024-001 (2022-001) - Material Weakness - Controls over Sub-Recipients

Response: Our organization has developed a Monitoring Policy along with a corresponding Report/Checklist to enhance oversight of grant subrecipients. This policy has been reviewed and approved by the Board of Directors for implementation into the organization's policies. These tools will be utilized when the organization serves as a pass-through entity moving forward.

Sincerely,

A handwritten signature in blue ink, appearing to read "Amanda Morales", is written over a horizontal line.

Amanda Morales
Chief Executive Officer
United Way of Southwest New Mexico