

Rocky Mountain Youth Corps

FINANCIAL STATEMENTS

June 30, 2022 and 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rocky Mountain Youth Corps

Opinion

We have audited the accompanying financial statements of Rocky Mountain Youth Corps (RMYC), a nonprofit organization, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of RMYC as of June 30 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RMYC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RMYC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RMYC's ability to continue as a going concern for a reasonable period-of-time.

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of RMYC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RMYC's internal control over financial reporting and compliance.

December 8, 2022


Pulakos CPAs, PC

Rocky Mountain Youth Corps

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

Assets	2022	2021
Current assets		
Cash	\$ 1,295,103	\$ 1,084,762
Grants receivable, net	443,913	519,528
Inventories	17,015	18,200
Prepaid expenses	11,563	27,491
Total current assets	1,767,594	1,649,981
Deposits	3,000	3,000
Property and equipment, net	596,371	610,678
Total assets	<u>\$ 2,366,965</u>	<u>\$ 2,263,659</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 100,445	\$ 89,955
Accrued payroll and related taxes	95,234	97,575
Deferred revenue	159,381	149,427
Note payable	-	46,554
Compensated absences	31,854	43,766
Total current liabilities	386,914	427,277
Net assets		
Without donor restriction	1,613,833	1,483,749
With donor restriction	366,218	352,633
Total net assets	1,980,051	1,836,382
Total liabilities and net assets	<u>\$ 2,366,965</u>	<u>\$ 2,263,659</u>

Rocky Mountain Youth Corps

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2022

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

Rocky Mountain Youth Corps

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2021

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

Rocky Mountain Youth Corps

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2022 and 2021

	2022	2021
Operating activities		
Change in net assets	\$ 143,669	\$ 307,838
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	31,057	18,336
Gain on sale of assets	(9,100)	(4,450)
Changes in operating assets and liabilities		
Grants receivable	75,615	(273,008)
Inventories	1,185	4,089
Prepaid expenses	15,928	1,371
Accounts payable	10,490	14,483
Accrued payroll and related taxes	(2,341)	56,059
Deferred revenue	9,954	149,427
Refundable advance, Paycheck Protection Program	-	(181,386)
Compensated absences	(11,912)	19,782
	264,545	112,541
Net cash provided by operating activities		
Investing activities		
Purchases of property and equipment	(16,750)	(127,338)
Proceeds from sale of property and equipment	9,100	4,450
Proceeds from sale of investments	-	305,220
	(7,650)	182,332
Net cash (used) provided by investing activities		
Financing activities		
Principal borrowings on note payable	-	46,554
Principal repayments on note payable	(46,554)	-
	(46,554)	46,554
Net cash (used) provided by investing activities		
Net change in cash and cash equivalents	210,341	341,427
Cash and cash equivalents, beginning of year	1,084,762	743,335
Cash and cash equivalents, end of year	\$ 1,295,103	\$ 1,084,762
Supplemental cash flow disclosures -		
cash paid for interest	\$ 993	\$ 1,270

Rocky Mountain Youth Corps

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

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

Rocky Mountain Youth Corps

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Compensation and related employee benefits	\$ 1,497,685	\$ 390,857	\$ 49,825	\$ 1,938,367
Professional services	185,532	19,901	1,898	207,331
Transportation	163,268	-	-	163,268
Lease expense	18,962	116,642	2,611	138,215
Insurance	46,748	5,078	566	52,392
Supplies and materials	33,137	9,716	50	42,903
Dues and subscriptions	7,759	29,320	3,000	40,079
In-kind expense	34,210	793	-	35,003
Evaluation	23,813	-	-	23,813
Training and education	20,519	3,240	10	23,769
Depreciation	17,283	1,053	-	18,336
Advertising and promotion	12,859	160	157	13,176
Telephone	1,264	7,688	-	8,952
Printing and copying	441	1,660	4,259	6,360
Travel	-	6,016	20	6,036
Miscellaneous	1,469	2,553	32	4,054
Utilities	928	1,531	57	2,516
Uniforms	1,230	-	-	1,230
Maintenance and repairs	-	109	-	109
Total expenses	<u>\$ 2,067,107</u>	<u>\$ 596,317</u>	<u>\$ 62,485</u>	<u>\$ 2,725,909</u>

Rocky Mountain Youth Corps

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 – NATURE OF BUSINESS

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

RMYC operates the following programs:

Conservation and Training

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

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

Prevention Program

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

Canine-Assisted Leadership Program

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

Cash and Cash Equivalents

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

Rocky Mountain Youth Corps

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

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

Grants Receivable

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

Management considers grants and accounts receivable to be fully collectible, and accordingly, no allowance has been provided for uncollectible accounts for fiscal years 2022 and 2021, respectively.

Inventory

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

Property and Equipment

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

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

Revenue Recognition

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

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

Rocky Mountain Youth Corps

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition – Continued

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

Donated Goods and Services

Donated goods and services are recorded at their estimated fair values as of the date of contribution and capitalized if in excess of the \$500 threshold policy. Contributions of services are recognized in the financial statements if the services received enhance or create nonfinancial assets, require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions were \$40,874 and \$35,003 in 2022 and 2021, respectively. In-kind contributions consisted of donated space at various schools, donated wages for crew services, donated time for presentations and workshops, donated equipment, donated items for the annual dinner and donated rent for the Albuquerque office.

Net Assets

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

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of RMYC or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs were \$9,719 and \$13,176 in 2022 and 2021, respectively.

Rocky Mountain Youth Corps

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Functional Classification of Expenses

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

Financial Instruments

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

Income Taxes

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those estimates and assumptions affect the reported revenues and expenses. Actual results could differ from these estimates.

Reclassifications

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

Subsequent Events

RMYC has evaluated all events occurring subsequent to June 30, 2022 through December 8, 2022, which is the date that the financial statements were issued and believes that all events occurring during this period that require either recognition or disclosure in the accompanying financial statements have been properly disclosed and recognized as applicable.

Rocky Mountain Youth Corps

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects RMYC's financial assets as June 30, 2022 and 2021 available for general expenditure within one year of the balance sheet date:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,295,103	\$ 1,084,762
Grants receivable, net	<u>443,913</u>	<u>519,528</u>
Total financial assets	1,739,016	1,604,290
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(366,218)</u>	<u>(352,633)</u>
Financial assets available to meet cash needs for general expenditure	<u>\$ 1,372,798</u>	<u>\$ 1,251,657</u>

RMYC manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to cover current operational needs. RMYC's goal is generally to maintain a level of financial assets sufficient to cover one year of operating expenses which is approximately \$626,000 as of June 30, 2022 and 2021.

NOTE 4 – PROPERTY AND EQUIPMENT

As of June 30, 2022 and 2021, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Vehicles, tools, and equipment	\$ 434,299	\$ 461,613
Ropes course	57,454	57,454
Furniture and fixtures	<u>17,418</u>	<u>17,418</u>
	509,171	536,485
Less accumulated depreciation	<u>(403,079)</u>	<u>(407,515)</u>
	106,092	128,970
Construction in progress	227,646	219,075
Land	<u>262,633</u>	<u>262,633</u>
Total property and equipment, net	<u>\$ 596,371</u>	<u>\$ 610,678</u>

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

Rocky Mountain Youth Corps

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 5 – LINE-OF-CREDIT

RMYC has a revolving line-of-credit for up to \$250,000 secured by real estate, with interest at 5.95% and a maturity date of May 31, 2023. The outstanding balance was zero at June 30, 2022 and 2021, respectively.

NOTE 6 – NOTE PAYABLE

A summary of notes at June 30, 2022 and 2021 is as follows:

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

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

	<u>2022</u>	<u>2021</u>
With donor restriction – program restrictions	<u>\$ 366,218</u>	<u>\$ 352,633</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose by the donors for the years ended June 30, 2022 and 2021, respectively.

NOTE 8 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

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

Rocky Mountain Youth Corps

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 8 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN – CONTINUED

RMYC filed for forgiveness of the loan under the applicable provisions subsequent to year end in 2021. RMYC received formal notification of forgiveness in April 2022. Loan proceeds and accrued interest of \$46,554 was not forgiven and was recorded as a short-term note payable. Terms and conditions for the unforgiven outstanding debt are described in Note 6. The loan was fully repaid in 2022.

RMYC has elected to account for this transaction as a conditional contribution, pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, *Financial Statements for Not-For-Profit Organizations – Revenue Recognition*. Accordingly, RMYC asserts that loan funds expended on amounts eligible for forgiveness pursuant to the CARES Act and the PPP constitute the condition placed on the funds to be met and therefore, a contribution should be recorded. Accordingly, RMYC has recorded contribution revenue of zero and \$136,688 in 2022 and 2021, respectively, which is included in contributions in the accompanying statements of activities and changes in net assets.

NOTE 9 – BENEFIT PLANS

RMYC provides retirement benefits to its employees through a Simple IRA contribution plan covering all full-time employees over the age of 18 and with 60 days of eligible experience. RMYC matches employee contributions of 1% to a maximum of 3% of gross wages. Employees are 100% vested in the value of their Simple IRA plan at all times. RMYC contributed \$14,359 and \$13,192 to this plan in 2022 and 2021, respectively.

NOTE 10 – LEASES

RMYC’s current operating facility lease agreement calls for monthly payments of \$3,500 and expires October 31, 2023. RMYC is also party to office copier leases, an alarm system lease and payroll service lease, which expire at various points from February 2020 through May 2023 and call for monthly payments ranging from \$58 to \$1,306 each. RMYC is also party to a payroll service lease on month-to-month terms with bi-weekly payments of \$319. Total rent expense under these leases was \$57,714 and \$61,171 in 2022 and 2021, respectively.

Future minimum fiscal year lease payments are as follows:

2023	\$	45,886
2024		14,000

Rocky Mountain Youth Corps

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grants

RMYC receives a significant portion of its revenue from grants and from contracts with federal government agencies, leaving RMYC subject to possible fluctuations resulting from changes in federal governmental funding priorities. RMYC received approximately 50% and 61% in 2022 and 2021, respectively, of its gross revenues from such grants and contracts. Related receivables were approximately 41% and 69% of total receivables as of June 30, 2022 and 2021, respectively.

Certain funds received are subject to review and audit by grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for amounts disallowed under terms and conditions of the grant agreements. As of June 30, 2022 and 2021, no amounts were due to grantor agencies as a result of these examinations.

COVID-19 Pandemic

At a national and international level, government restrictions on travel and the behavioral changes by the public due to COVID-19 outbreaks across the globe are negatively impacting various industries and the world markets. While the disruption is expected to be temporary, there is considerable uncertainty around the duration and ultimate financial impact of these actions.

NOTE 12 – FUTURE ACCOUNTING PRONOUNCEMENTS

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Rocky Mountain Youth Corps

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Federal Pass-Through Grantor Number</u>	<u>Expenditures</u>
U.S. Corporation for National and Community Service			
Passed through from the New Mexico Department of Workforce Solutions (NMDWS):			
AmeriCorps Formula (2020-21)	94.006	21-631-7004-00028	\$ 269,014
AmeriCorps Formula (2021-22)	94.006	22-631-7004-00031	<u>326,442</u>
Total U.S. Corporation for National and Community Service			595,456
U.S. Department of Education			
NM Division of Vocational Rehabilitation (DVR)			
– Canine Assisted	84.126A	21-644-1000-0015	240,963
NM Division of Vocational Rehabilitation (DVR)			
– Canine Assisted	84.126A	22-644-1000-00020	<u>294,508</u>
Total U.S. Department of Education			535,471
U.S. Department of Health and Human Services			
Prevention and Treatment of Substance Abuse	93.959	BD30: SAPT Block Grant	120,000
U.S. Department of the Interior			
U.S. Fish and Wildlife Service			
Conservation Program	15.676	F20AC12237-00	50,616
Conservation Program	15.676	F21AC00762-00	54,693
Conservation Program	15.676	F22AC01120-00	<u>30,015</u>
Total for U.S. Fish and Wildlife Service			135,324
Bureau of Reclamation			
Conservation Program	15.546	R20AC00115	139,289
Bureau of Land Management			
NM Youth Crews Albuquerque	15.243	L20AC00385	42,464
NM Trail Enhancements Rio Grande			
Del Norte National Monument	15.243	L20AC00342-01	<u>4,582</u>
Total for Bureau of Land Management			47,046
National Park Service			
Bandelier Conservation/Preservation 2020-2021	15.931	P20AC00615 (P20AC00137)	45,661
Bandelier Conservation/Preservation 2021-2022	15.931	P21AC11399-00	59,951
American Sign Language Support 2020-2021	15.931	P20AC00579	32,322
Capulin Waterline Project	15.931	P21AC11012-00 (P20AC00107)	8,926
Pecos National Historical Park Restoration	15.931	P20AC00600 (P20AC00137)	13,184
American Sign Language Support 2022-2023	15.931	P22AC00250-00 (P20AC00137)	35,439
Petroglyph Fence Maintenance 2020-2021	15.931	P20AC00693 (P15AC00137)	<u>49,027</u>
Total National Park Service			<u>244,510</u>
Total U.S. Department of the Interior			<u>566,169</u>
Total federal expenditures			<u>\$ 1,817,096</u>

Rocky Mountain Youth Corps

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of RMYC under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of RMYC, it is not intended to and does not present the financial position, activities and changes in net assets and changes in net assets, cash flows or functional expenses of RMYC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

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

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

Board of Directors
Rocky Mountain Youth Corps

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of Rocky Mountain Youth Corps (RMYC), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended and the related notes to the financial statements and have issued our report thereon dated December 8, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether RMYC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 RMYC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RMYC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 8, 2022


Pulakos CPAs, PC

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

Board of Directors
Rocky Mountain Youth Corps

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rocky Mountain Youth Corps (RMYC) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of RMYC's major federal programs for the year ended June 30, 2022. RMYC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, RMYC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on RMYC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 RMYC's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding RMYC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of RMYC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of RMYC's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

December 8, 2022


Pulakos CPAs, PC

Rocky Mountain Youth Corps

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X No

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

Unmodified

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

_____ Yes X No

Identification of major programs:

CFDA Numbers(s) Cluster

Name of Federal Program or

94.006

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

84.126A

NM Division of Vocational
Rehabilitation (DVR) – Canine
Assisted

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

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Rocky Mountain Youth Corps

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

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

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

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

Current Status: Finding was not repeated in 2022.