

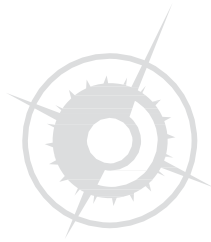
**NEW MEXICO ASSOCIATION FOR THE  
EDUCATION OF YOUNG CHILDREN**

Financial Statements  
and  
Independent Accountants' Review Report

For the Years Ended  
June 30, 2021 and 2020

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## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To the Board of Directors  
New Mexico Association for the Education of Young Children  
Albuquerque, New Mexico

We have reviewed the accompanying financial statements of New Mexico Association for the Education of Young Children (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Accountants' Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountants' Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We previously reviewed New Mexico Association for the Education of Young Children's 2020 financial statements and in our conclusion dated October 19, 2020, stated that based on our review, we were not aware of any material modifications that should be made to the 2020 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2020, for it to be consistent with the reviewed financial statements from which it has been derived.

*Schlenker & Cantwell, P.A.*

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SCHLENKER & CANTWELL, P.A.  
Certified Public Accountants

September 27, 2021  
Albuquerque, New Mexico

**NEW MEXICO ASSOCIATION FOR THE EDUCATION  
OF YOUNG CHILDREN**

Statements of Financial Position

June 30, 2021 and 2020

**ASSETS**

	<b>2021</b>	<b>2020</b>
Current assets		
Cash and cash equivalents	\$ 288,536	\$ 524,046
Contracts and grants receivable	11,000	19,769
Total current assets	299,536	543,815
Total assets	\$ 299,536	\$ 543,815

**LIABILITIES AND NET ASSETS**

Current liabilities		
Accounts payable	\$ 355	\$ 5,098
Accrued liabilities	13,645	7,412
Total current liabilities	14,000	12,510
Paycheck Protection Program (PPP) - Refundable Advance	-	36,390
Total liabilities	14,000	48,900
Net assets		
Without donor restrictions	257,831	432,411
With donor restrictions	27,705	62,504
Total net assets	285,536	494,915
Total liabilities and net assets	\$ 299,536	\$ 543,815

See independent accountants' review report and notes to the financial statements

**NEW MEXICO ASSOCIATION FOR THE EDUCATION  
OF YOUNG CHILDREN**

Statement of Activities and Changes in Net Assets

For the year ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Grants and contributions	\$ 136,045	\$ 27,705	\$ 163,750
Conferences	26,419	-	26,419
Membership dues	13,150	-	13,150
Other income	1,231	-	1,231
Net assets released from restrictions	<u>62,504</u>	<u>(62,504)</u>	<u>-</u>
Total revenue and support	239,349	(34,799)	204,550
Expenses			
Program services	340,217	-	340,217
Support services	<u>73,712</u>	<u>-</u>	<u>73,712</u>
Total expenses	<u>413,929</u>	<u>-</u>	<u>413,929</u>
Changes in net assets	(174,580)	(34,799)	(209,379)
Net assets, beginning of year	<u>432,411</u>	<u>62,504</u>	<u>494,915</u>
Net assets, end of year	<u>\$ 257,831</u>	<u>\$ 27,705</u>	<u>\$ 285,536</u>

See independent accountants' review report and notes to the financial statements

**NEW MEXICO ASSOCIATION FOR THE EDUCATION  
OF YOUNG CHILDREN**

Statement of Activities and Changes in Net Assets

For the year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Grants and contributions	\$ 189,756	\$ 108,000	\$ 297,756
Conferences	147,225	-	147,225
Membership dues	18,649	-	18,649
Other loss	(13,471)	-	(13,471)
Net assets released from restrictions	<u>133,581</u>	<u>(133,581)</u>	<u>-</u>
Total revenue and support	475,740	(25,581)	450,159
Expenses			
Program services	427,210	-	427,210
Support services	<u>87,107</u>	<u>-</u>	<u>87,107</u>
Total expenses	<u>514,317</u>	<u>-</u>	<u>514,317</u>
Changes in net assets	(38,577)	(25,581)	(64,158)
Net assets, beginning of year	<u>470,988</u>	<u>88,085</u>	<u>559,073</u>
Net assets, end of year	<u>\$ 432,411</u>	<u>\$ 62,504</u>	<u>\$ 494,915</u>

See independent accountants' review report and notes to the financial statements

**NEW MEXICO ASSOCIATION FOR THE EDUCATION  
OF YOUNG CHILDREN**

Statement of Functional Expenses

For the year ended June 30, 2021

(with comparative totals for the year ended June 30, 2020)

	<u>Program Services</u>	<u>Support Services</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
Salaries and wages	\$ 252,510	\$ 48,456	\$ 300,966	\$ 319,275
COVID Relief	23,780	-	23,780	3,325
Membership and other	21,175	-	21,175	31,594
Education and training	16,833	-	16,833	5,380
Payroll taxes	13,003	2,329	15,332	14,366
Communications	3,378	5,646	9,024	7,756
Professional fees	-	8,772	8,772	10,502
Insurance	1,933	5,954	7,887	7,571
Supplies	3,797	1,627	5,424	5,587
Advertising	2,002	354	2,356	2,219
Printing	1,127	56	1,183	8,069
Rent	570	190	760	18,719
Postage	109	328	437	781
Employee benefits	-	-	-	14,501
Travel and meals	-	-	-	64,672
	<u>\$ 340,217</u>	<u>\$ 73,712</u>	<u>\$ 413,929</u>	<u>\$ 514,317</u>
Total expenses	<u>\$ 340,217</u>	<u>\$ 73,712</u>	<u>\$ 413,929</u>	<u>\$ 514,317</u>

See independent accountants' review report and notes to the financial statements



**NEW MEXICO ASSOCIATION FOR THE EDUCATION  
OF YOUNG CHILDREN**

Statements of Cash Flows

For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash from operating activities		
Changes in net assets	\$ (209,379)	\$ (64,158)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Loss on disposal of assets	-	15,571
Decrease in operating assets:		
Contracts and grants receivable	8,769	4,030
Increase (decrease) in operating liabilities:		
Accounts payable	(4,743)	(1,159)
Accrued liabilities	6,233	(1,283)
Paycheck Protection Program (PPP) - Refundable Advance	<u>(36,390)</u>	<u>36,390</u>
Net cash used by operating activities	<u>(235,510)</u>	<u>(10,609)</u>
Net decrease in cash	(235,510)	(10,609)
Cash and cash equivalents, beginning of year	<u>524,046</u>	<u>534,655</u>
Cash and cash equivalents, end of year	<u>\$ 288,536</u>	<u>\$ 524,046</u>
	-	-

See independent accountants' review report and notes to the financial statements

**NEW MEXICO ASSOCIATION FOR THE EDUCATION OF  
YOUNG CHILDREN**

Notes to the Financial Statements  
June 30, 2021 and 2020

**NOTE 1 - NATURE OF ORGANIZATION**

New Mexico Association for the Education of Young Children (NMAEYC)'s mission is to promote quality care and education for the well-being of young children in New Mexico through professional development and advocacy. NMAEYC is affiliated and accredited by the National Association for the Education of Young Children (NAEYC). Members of NMAEYC consist of professionals specializing in early childhood education. NMAEYC is a membership organization run by a volunteer board.

NMAEYC's main sources of support and revenue are contracts, grants, contributions, and annual conference registration fees. NMAEYC relies on continued support from these sources for its financial success and contribution to the community. NMAEYC is able to moderate costs in relation to external support received and is not committed to fund programs without having prior funding sources in place.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**Basis of Accounting**

The financial statements of NMAEYC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Revenue from Contracts with Customers**

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

**NEW MEXICO ASSOCIATION FOR THE EDUCATION OF  
YOUNG CHILDREN**

Notes to the Financial Statements

June 30, 2021 and 2020

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue from Contracts with Customers (continued)

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

Contribution Revenue

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

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

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

Use of 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. This will affect the reported amounts of assets and liabilities, 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. Accordingly, actual results could differ from those estimates.

Financial Instruments

The carrying amounts of cash, receivables, payables, and accrued liabilities approximate fair value due to the short maturity periods of these instruments.

**NEW MEXICO ASSOCIATION FOR THE EDUCATION OF  
YOUNG CHILDREN**

Notes to the Financial Statements

June 30, 2021 and 2020

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Concentrations of Credit Risk

NMAEYC maintains its cash balances in one financial institution in Albuquerque, New Mexico. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Balances in the accounts at fiscal year end and at times during the year exceeded the federally insured limits. NMAEYC has not experienced any loss in such accounts and does not anticipate significant credit risk from these excess deposits.

Functional Allocation of Expenses

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

Cash and Cash Equivalents

NMAEYC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contracts and Grants Receivable

Contracts and grants receivable are stated net of an allowance for doubtful accounts. Management estimates the adequacy of the allowance for uncollectible receivables based on historical collections, specific impaired receivables, and other situations that may affect the collection of the receivables.

Receivables are charged off in the period in which the management determines the receivable is uncollectible. No allowance was recorded as of June 30, 2021 and 2020, as management estimates all receivables to be fully collectible.

Property and Equipment

Property and equipment are stated at cost. Property and equipment that are received by donation are recorded at the estimated fair value on the date of donation. Purchased or donated property and equipment in excess of \$500 is capitalized and depreciated. Depreciation is calculated on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which range from three to ten years.

Net Assets

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

**NEW MEXICO ASSOCIATION FOR THE EDUCATION OF  
YOUNG CHILDREN**

Notes to the Financial Statements

June 30, 2021 and 2020

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Net Assets (continued)

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Support

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. 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 received. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Donated Materials and Services

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

Donated services are recognized as contributions in accordance with FASB ASC 958-605 *Revenue Recognition*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, performed by people with those skills, which would otherwise be purchased by NMAEYC. There were no donated materials or services during the years ended June 30, 2021 and 2020.

Advertising

Advertising costs are expensed as incurred. Total advertising expense was \$2,356 and \$2,219 for the years ended June 30, 2021 and 2020, respectively.

**NEW MEXICO ASSOCIATION FOR THE EDUCATION OF  
YOUNG CHILDREN**

Notes to the Financial Statements  
June 30, 2021 and 2020

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Income Taxes

NMAEYC is exempt from income tax under Section 501(c)(3) of the U. S. Internal Revenue Code (IRC). In addition, NMAEYC qualifies for charitable contribution deductions under IRC section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under IRC Section 509(a)(2). NMAEYC is also exempt from New Mexico state income tax under 1978 New Mexico Statutes Chapter 7, Section 2-4(B).

NMAEYC has adopted accounting principles generally accepted in the United States of America as they relate to uncertain tax positions for the year ended June 30, 2021 and has evaluated its tax positions taken for all open tax years. Management believes that the activities of NMAEYC are within their tax-exempt purpose, and that there are no uncertain tax positions.

**NOTE 3 - PAYCHECK PROTECTION PROGRAM (PPP) – REFUNDABLE ADVANCE**

In May 2020, NMAEYC received loan proceeds in the amount of \$36,390 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The loan was forgiven in full during 2021. As such, the loan proceeds were reclassified and recognized as a contribution in the statement of activities and changes in net assets.

**NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were restricted for the following purposes as of June 30:

	<u>2021</u>	<u>2020</u>
Professional development	\$ 14,800	\$ -
Advocacy	12,905	62,504
Total net assets with donor restrictions	<u>\$ 27,705</u>	<u>\$ 62,504</u>

**NEW MEXICO ASSOCIATION FOR THE EDUCATION OF  
YOUNG CHILDREN**

Notes to the Financial Statements  
June 30, 2021 and 2020

**NOTE 5 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions due to satisfaction of purpose restrictions as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Advocacy	\$ 62,504	\$ 133,581
Total net assets released from donor restrictions	<u>\$ 62,504</u>	<u>\$ 133,581</u>

**NOTE 6 - CONCENTRATION OF SUPPORT**

NMAEYC received contributions from three grantors in 2021 and one grantor in 2020 that represented 47% and 33% of total support in 2021 and 2020, respectively. There was a receivable balance of \$11,000 and zero as of June 30, 2021 and 2020, respectively.

**NOTE 7 - LEASES**

NMAEYC leased a storage unit on a month-to-month basis in 2021. NMAEYC leased office space and office equipment under an operating lease that expired in December 2019.

The monthly lease payments ranged from approximately \$97 to \$783 during the term of the leases. Rent expense related to these leases totaled \$760 and \$5,951 for the years ended June 30, 2021 and 2020, respectively, and is included in "Rent" in the statement of functional expenses.

**NOTE 8 - LIQUIDITY AND AVAILABILITY**

NMAEYC receives significant revenue from grants and contributions without donor restrictions, and such support represented approximately 72% and 42% of annual program funding in 2021 and 2020, respectively.

As part of NMAEYC's liquidity management, it ensures its financial assets are available as its general expenditures, liabilities and other obligations become due. As of June 30, 2021 and 2020, NMAEYC had a working capital of approximately \$285,536 and \$531,305 and average days cash on hand of 251 days and 367 days, respectively.

**NEW MEXICO ASSOCIATION FOR THE EDUCATION OF  
YOUNG CHILDREN**

Notes to the Financial Statements

June 30, 2021 and 2020

**NOTE 8 - LIQUIDITY AND AVAILABILITY (continued)**

NMAEYC manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that grant commitments and obligations that support mission fulfillment will continue to be met, ensuring the sustainability of NMAEYC.

Financial assets available for general expenditures within one year as of June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Financial assets as of year end:		
Cash and cash equivalents	\$ 288,536	\$ 524,046
Contracts and grants receivable	11,000	19,769
	<u>          </u>	<u>          </u>
Total financial assets available for general expenditures within one year	<u>\$ 299,536</u>	<u>\$ 543,815</u>

**NOTE 9 - SUBSEQUENT EVENTS**

NMAEYC has evaluated all events occurring subsequent to June 30, 2021 and through September 27, 2021, which is the date that the financial statements were issued, or available to be issued, to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2021. Management has determined there were no material subsequent events that would require adjustment or disclosure.