



*New Mexico Association for
the Education of Young Children*

Financial Statements and
Independent Accountants' Review Report

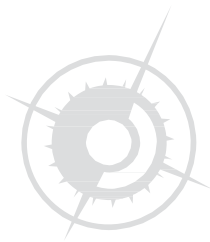
For the Year Ended December 31, 2022 and 2021

Schlenker &
Cantwell, P.A.

8830 Horizon Blvd NE
Albuquerque, NM 87113

TABLE OF CONTENTS

Independent Accountants' Review Report	3-4
Statements of Financial Position.....	5
Statements of Activities and Changes in Net Assets	6-7
Statement of Functional Expenses	8
Statements of Cash Flows.....	9
Notes to the Financial Statements.....	10-17



SCHLENKER & CANTWELL, P.A.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

Opinion

We have reviewed the accompanying financial statements of New Mexico Association for the Education of Young Children, (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022, and 2021, the related statements of activities and cash flows for the years 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.

We are required to be independent of New Mexico Association for the Education of Young Children, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Schlenker & Cantwell, P.A.

SCHLENKER & CANTWELL, P.A.
Certified Public Accountants

October 14, 2022
Albuquerque, New Mexico

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

Statements of Financial Position

June 30, 2022 and 2021

ASSETS

	2022	2021
Current assets		
Cash and cash equivalents	\$ 202,201	\$ 288,536
Contracts and grants receivable	151,206	11,000
Total current assets	353,407	299,536
Total assets	\$ 353,407	\$ 299,536

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 8,457	\$ 355
Accrued liabilities	9,086	13,645
Total current liabilities	17,543	14,000
Total liabilities	17,543	14,000
Net assets		
Without donor restrictions	175,788	257,831
With donor restrictions	160,076	27,705
Total net assets	335,864	285,536
Total liabilities and net assets	\$ 353,407	\$ 299,536

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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Grants and contributions	\$ 222,097	\$ 167,000	\$ 389,097
Conferences	90,036	-	90,036
Membership dues	16,897	-	16,897
Other income	1,258	-	1,258
Net assets released from restrictions	<u>34,629</u>	<u>(34,629)</u>	<u>-</u>
Total revenue and support	364,917	132,371	497,288
Expenses			
Program services	363,258	-	363,258
Support services	<u>83,702</u>	<u>-</u>	<u>83,702</u>
Total expenses	<u>446,960</u>	<u>-</u>	<u>446,960</u>
Changes in net assets	(82,043)	132,371	50,328
Net assets, beginning of year	<u>257,831</u>	<u>27,705</u>	<u>285,536</u>
Net assets, end of year	<u>\$ 175,788</u>	<u>\$ 160,076</u>	<u>\$ 335,864</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, 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 loss	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 Functional Expenses

For the year ended June 30, 2022

(with comparative totals for the year ended June 30, 2021)

	<u>Program Services</u>	<u>Support Services</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
Salaries and wages	\$ 186,543	\$ 35,797	\$ 222,340	\$ 215,679
Contract Services	70,506	13,530	84,036	85,287
Membership and other	22,957	-	22,957	21,175
Travel and meals	19,492	-	19,492	-
Rent	13,498	4,500	17,998	760
Payroll taxes	13,750	2,463	16,213	15,332
Supplies	10,221	4,380	14,601	5,424
Advertising	10,537	1,860	12,397	2,356
Professional fees	614	8,883	9,497	8,772
Communications	3,460	5,785	9,245	9,024
Education and training	8,844	-	8,844	16,833
Insurance	2,080	6,405	8,485	7,887
Printing	735	36	771	1,183
Postage	21	63	84	437
COVID Relief	-	-	-	23,780
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 363,258</u>	<u>\$ 83,702</u>	<u>\$ 446,960</u>	<u>\$ 413,929</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, 2022 and 2021

	2022	2021
Cash from operating activities		
Changes in net assets	\$ 50,328	\$ (209,379)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
(Increase) decrease in operating assets:		
Contracts and grants receivable	(140,206)	8,769
Increase (decrease) in operating liabilities:		
Accounts payable	8,102	(4,743)
Accrued liabilities	(4,559)	6,233
Paycheck Protection Program (PPP) - Refundable Advance	-	(36,390)
Net cash used by operating activities	(86,335)	(235,510)
Net decrease in cash	(86,335)	(235,510)
Cash and cash equivalents, beginning of year	288,536	524,046
Cash and cash equivalents, end of year	\$ 202,201	\$ 288,536

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, 2022 and 2021

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 with 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 a 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 Recognition

NMAEYC's financial statements are presented in accordance with FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. Under, ASC 2014-09 the Organization is required to recognize revenue to transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

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

Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition for NMAEYC is as follows:

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as Deferred Revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Contributions received and contributions made

NMAEYC 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.

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

Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions received and contributions made (continued)

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

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.

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.

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

Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022, and 2021, 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:

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.

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

Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022, and 2021.

Advertising

Advertising costs are expensed as incurred. Total advertising expense was \$12,397 and \$2,356 for the years ended June 30, 2022, and 2021, respectively.

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, 2022, 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.

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

Notes to the Financial Statements
June 30, 2022 and 2021

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>2022</u>	<u>2021</u>
Time restricted	\$ 150,000	\$ -
Professional development	10,076	14,800
Advocacy	<u>-</u>	<u>12,905</u>
Total net assets with donor restrictions	<u>\$ 160,076</u>	<u>\$ 27,705</u>

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

Notes to the Financial Statements
June 30, 2022 and 2021

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>2022</u>	<u>2021</u>
Professional development	\$ 21,724	\$ -
Advocacy	<u>12,905</u>	<u>62,504</u>
Total net assets released from donor restrictions	<u>\$ 34,629</u>	<u>\$ 62,504</u>

NOTE 6 - CONCENTRATION OF SUPPORT

NMAEYC received contributions from one grantor in 2022 and three grantors in 2021 that represented 60% and 47% of total support in 2022 and 2021, respectively. There was a receivable balance of \$150,000 and \$11,000 as of June 30, 2022, and 2021, respectively.

NOTE 7 - LIQUIDITY AND AVAILABILITY

NMAEYC receives significant revenue from grants and contributions without donor restrictions, and such support represented approximately 45% and 72% of annual program funding in 2022 and 2021, 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, 2022, and 2021, NMAEYC had working capital of approximately \$335,864 and \$285,536 and average days cash on hand of 163 days and 251 days, respectively.

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.

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

Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 7 - LIQUIDITY AND AVAILABILITY (continued)

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

	<u>2022</u>	<u>2021</u>
Financial assets as of year end:		
Cash and cash equivalents	\$ 202,201	\$ 288,536
Contracts and grants receivable	<u>151,206</u>	<u>11,000</u>
Total financial assets available for general expenditures within one year	<u>\$ 353,407</u>	<u>\$ 299,536</u>

NOTE 8 - SUBSEQUENT EVENTS

NMAEYC has evaluated all events occurring subsequent to June 30, 2022, through October 14, 2022, 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.