

# **¡YOUTHWORKS!**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED  
JUNE 30, 2021 AND 2020**

# ¡YOUTHWORKS!

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## **Independent Auditors' Report**

To the Board of Directors of  
¡YouthWorks!  
Santa Fe, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of ¡YouthWorks! (a nonprofit organization) (the "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 years then ended, and the related notes to the financial statements.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

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

## Prior Period Financial Statements

The financial statements of the Organization as of June 30, 2020, were audited by other auditors whose report dated February 15, 2021 expressed an unmodified opinion on those statements.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the notes to the schedule of expenditures of federal awards are 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 May 30, 2023, on our consideration of the Organization'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 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 the Organization's internal control over financial reporting and compliance.

*Kubiak Melton & Associates, LLC*

Kubiak, Melton & Associates, LLC  
Auditors – Business Consultants - CPAs

May 30, 2023  
Albuquerque, New Mexico

## **FINANCIAL STATEMENTS**

**YOUTHWORKS!**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30,**

	2021	2020
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 21,527	\$ 143,299
Other Receivables	1,412	1,662
Grants Receivable	178,506	181,629
<b>Total Current Assets</b>	<b>201,445</b>	326,590
Noncurrent Assets:		
Property Plant and Equipment, Net	470,361	489,802
<b>Total Noncurrent Assets</b>	<b>470,361</b>	489,802
<b>Total Assets</b>	<b>\$ 671,806</b>	\$ 816,392
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 20,038	\$ 31,486
Accrued Liabilities	33,784	62,235
Note Payable, Current	11,905	11,326
Line of Credit	-	18,533
<b>Total Current Liabilities</b>	<b>65,727</b>	123,580
Noncurrent Liabilities:		
PPP Loan	-	190,815
Note Payable, Noncurrent	263,027	277,213
<b>Total Noncurrent Liabilities</b>	<b>263,027</b>	468,028
<b>Total Liabilities</b>	<b>328,754</b>	591,608
<b>NET ASSETS</b>		
With Donor Restrictions	13,176	-
Without Donor Restrictions	329,876	224,784
<b>Total Net Assets</b>	<b>343,052</b>	224,784
<b>Total Liabilities and Net Assets</b>	<b>\$ 671,806</b>	\$ 816,392

See Independent Auditors' Report and Notes to Financial Statements

**¡YOUTHWORKS!  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE, GAINS AND SUPPORT</b>			
Grants and Contracts	\$ 805,049	\$ 1,160,387	\$ 1,965,436
Contributions	156,440	4,753	161,193
Food Service Income	61,825	-	61,825
Patient Therapy Income	2,003	-	2,003
Other Income	15,193	-	15,193
Loan Forgiveness	190,815	-	190,815
<b>Total Revenue</b>	<u>1,231,325</u>	<u>1,165,140</u>	<u>2,396,465</u>
<b>Net Assets Released from Restrictions</b>	<u>1,151,964</u>	<u>(1,151,964)</u>	<u>-</u>
<b>Total Revenue, Gains and Support</b>	<u>2,383,289</u>	<u>13,176</u>	<u>2,396,465</u>
<b>EXPENSES</b>			
Program Services	1,827,758	-	1,827,758
Support Services			
Management & General	<u>450,439</u>	<u>-</u>	<u>450,439</u>
<b>Total Expenses</b>	<u>2,278,197</u>	<u>-</u>	<u>2,278,197</u>
<b>Net Increase (Decrease) in Net Assets</b>	105,092	13,176	118,268
Net Assets, Beginning of Year	<u>224,784</u>	<u>-</u>	<u>224,784</u>
<b>Net Assets, End of Year</b>	<u>\$ 329,876</u>	<u>\$ 13,176</u>	<u>\$ 343,052</u>

See Independent Auditors' Report and Notes to Financial Statements

**¡YOUTHWORKS!  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE, GAINS AND SUPPORT</b>			
Grants and Contracts	\$ 1,695,398	\$ -	\$ 1,695,398
Contributions	211,696	-	211,696
Food Service Income	131,385	-	131,385
Patient Therapy Income	8,358	-	8,358
Other Income	2,814	-	2,814
<b>Total Revenue</b>	<u>2,049,651</u>	<u>-</u>	<u>2,049,651</u>
<b>Net Assets Released from Restrictions</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenue, Gains and Support</b>	<u>2,049,651</u>	<u>-</u>	<u>2,049,651</u>
<b>EXPENSES</b>			
Program Services	1,436,713	-	1,436,713
Support Services			
Management & General	657,658	-	657,658
<b>Total Expenses</b>	<u>2,094,371</u>	<u>-</u>	<u>2,094,371</u>
<b>Net Increase (Decrease) in Net Assets</b>	(44,720)	-	(44,720)
Net Assets, Beginning of Year	<u>269,504</u>	<u>-</u>	<u>269,504</u>
<b>Net Assets, End of Year</b>	<u>\$ 224,784</u>	<u>\$ -</u>	<u>\$ 224,784</u>

See Independent Auditors' Report and Notes to Financial Statements



**¡YOUTHWORKS!  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services					Support Services		2021 Total
	Culinary Arts Training and Catering	Job Training and Placement	GED and Alternative Education	Juvenile Justice Services	Counseling and Case Management	Total Program Services	Management and General	
<b>Expenses</b>								
Salaries and Wages	\$ 415,683	\$ 402,503	\$ -	\$ 18,818	\$ -	\$ 837,004	\$ 217,475	\$ 1,054,479
Payroll Taxes	30,504	18,545	-	792	-	49,841	29,556	79,397
Employee Benefits	5,653	3,692	-	-	-	9,345	2,500	11,845
<b>Total Personnel Expenses</b>	<u>451,840</u>	<u>424,740</u>	<u>-</u>	<u>19,610</u>	<u>-</u>	<u>896,190</u>	<u>249,531</u>	<u>1,145,721</u>
Cost of Contracts, Events, Sales	504,254	-	-	600	-	504,854	-	504,854
Other Program Expenses	252,719	7,356	6,212	-	40,000	306,287	2,111	308,398
Professional Fees	2,449	13,615	5,003	-	-	21,067	72,659	93,726
Occupancy	36,672	3,945	-	-	-	40,617	30,550	71,167
Insurance	459	17,856	-	-	-	18,315	34,003	52,318
Repairs and Maintenance	12,518	-	-	-	-	12,518	8,253	20,771
Depreciation	-	-	-	-	-	-	19,441	19,441
Interest	1,174	-	-	-	-	1,174	13,518	14,692
Office Expenses	7,567	3,379	-	-	-	10,946	2,598	13,544
Information Technology	989	-	-	-	-	989	11,000	11,989
Equipment	10,520	-	-	-	-	10,520	582	11,102
Dues and Subscriptions	1,640	445	-	-	-	2,085	4,096	6,181
Advertising	-	-	-	-	-	-	1,698	1,698
Miscellaneous	995	-	-	-	-	995	56	1,051
Printing and Postage	874	-	-	-	-	874	63	937
Travel and Meetings	112	-	-	180	-	292	90	382
Fees and Charges	35	-	-	-	-	35	190	225
<b>Total Expenses</b>	<u>\$ 1,284,817</u>	<u>\$ 471,336</u>	<u>\$ 11,215</u>	<u>\$ 20,390</u>	<u>\$ 40,000</u>	<u>\$ 1,827,758</u>	<u>\$ 450,439</u>	<u>\$ 2,278,197</u>

See Independent Auditors' Report and Notes to Financial Statements

**¡YOUTHWORKS!  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services					Support Services		2020 Total
	Culinary Arts Training and Catering	Job Training and Placement	GED and Alternative Education	Juvenile Justice Services	Counseling and Case Management	Total Program Services	Management and General	
<b>Expenses</b>								
Salaries and Wages	\$ 165,157	\$ 445,367	\$ -	\$ 14,387	\$ -	\$ 624,911	\$ 358,502	\$ 983,413
Payroll Taxes	13,202	35,438	-	1,148	-	49,788	31,957	81,745
Employee Benefits	-	138	-	-	-	138	6,318	6,456
<b>Total Personnel Expenses</b>	<u>178,359</u>	<u>480,943</u>	<u>-</u>	<u>15,535</u>	<u>-</u>	<u>674,837</u>	<u>396,777</u>	<u>1,071,614</u>
Cost of Contracts, Events, Sales	343,501	74,854	-	85	-	418,440	10,406	428,846
Other Program Expenses	12,152	223,128	2,820	768	37,136	276,004	6,298	282,302
Professional Fees	1,492	4,732	1,560	4,332	-	12,116	66,956	79,072
Occupancy	9,759	12,616	-	-	956	23,331	22,812	46,143
Insurance	-	-	-	-	-	-	64,541	64,541
Repairs and Maintenance	5,804	5,000	-	60	-	10,864	10,592	21,456
Depreciation	-	-	-	-	-	-	18,981	18,981
Interest	-	-	-	-	-	-	19,917	19,917
Office Expenses	4,031	4,242	-	-	-	8,273	17,348	25,621
Information Technology	-	135	-	-	-	135	8,851	8,986
Equipment	6,413	461	-	150	-	7,024	10,531	17,555
Dues and Subscriptions	44	395	-	-	-	439	1,618	2,057
Advertising	168	-	-	-	-	168	1	169
Miscellaneous	619	751	10	-	-	1,380	574	1,954
Printing and Postage	25	-	-	-	-	25	528	553
Travel and Meetings	450	2,185	-	-	-	2,635	71	2,706
Fees and Charges	1,042	-	-	-	-	1,042	856	1,898
<b>Total Expenses</b>	<u>\$ 563,859</u>	<u>\$ 809,442</u>	<u>\$ 4,390</u>	<u>\$ 20,930</u>	<u>\$ 38,092</u>	<u>\$ 1,436,713</u>	<u>\$ 657,658</u>	<u>\$ 2,094,371</u>

See Independent Auditors' Report and Notes to Financial Statements

**YOUTHWORKS!**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30,**

	<b>2021</b>	<b>2020</b>
<b>Cash Flow From Operating Activities</b>		
Change in Net Assets	\$ 118,268	\$ (44,720)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	19,441	18,981
Change in Assets and Liabilities:		
Grants Receivable	3,123	(42,651)
Other Receivables	250	(1,103)
Accounts Payable	(11,448)	(4,916)
Accrued Liabilities	(28,451)	13,034
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>101,183</b>	<b>(61,375)</b>
 <b>Cash Flow From Investing Activities</b>		
Purchases of Property and Equipment	-	(2,301)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>-</b>	<b>(2,301)</b>
 <b>Cash Flow From Financing Activities</b>		
Principal Payments on Notes Payable	(204,422)	(10,488)
Net Borrowing (Repayment) on Line of Credit	(18,533)	(2,782)
Proceeds from PPP Loan	-	190,815
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>(222,955)</b>	<b>177,545</b>
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(121,772)</b>	<b>113,869</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>143,299</b>	<b>29,430</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 21,527</b>	<b>\$ 143,299</b>
 <b>Supplemental Disclosures of Cash Flows:</b>		
Cash Paid for Interest	<b>\$ 14,692</b>	<b>\$ 19,917</b>

See Independent Auditors' Report and Notes to Financial Statements

## **NOTES TO FINANCIAL STATEMENTS**

**¡YOUTHWORKS!  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020**

**NOTE 1 – ORGANIZATION**

iYouthWorks! (the Organization) is a Santa Fe, New Mexico, nonprofit corporation that addresses issues related to disadvantaged and at-risk youth and adolescents, and specializes in a full spectrum of culturally appropriate programs that assist predominantly Hispanic and Native American high-risk youth to develop job skill training. The Organization focuses its efforts in Youth Outreach, while directing programs towards the increasing high-school dropout rate and the need to educate local youth, teaching them work-force skills, and connecting them to permanent employment. The programs of the Organization are:

*Santa Fe Youth Corps* – Crews work together to restore community parks, trails, and open space, perform river and land restoration, assist nonprofit organizations with facility maintenance, and assist the public schools with landscaping, beautification, and community garden projects.

*Workforce Innovation Program* – An apprenticeship program developed by the Organization in partnership with local businesses and the City of Santa Fe Development Division. This program reinforces business success of program participants through talented and fully screened workforce placements.

*Santa Fe YouthBuild* – A green building program featuring collaboration between Santa Fe Habitat for Humanity and the Organization to place participants in paid employment training and intensive educational coursework. Participants construct a Habitat for Humanity house utilizing sustainable building practices, while earning certification track credits and GED attainment.

*Culinary Arts Training and Catering Program* – A youth-operated, culinary arts training program featuring a highly experienced Executive Chef and Sous Chef that trains youth in culinary arts and hospitality skills. This program prepares approximately 1,500 homemade, hot meals daily, which are delivered to after school programs, a preschool, and a private elementary school. The program is operated also as an entrepreneurial venture to earn income through private catering contracts.

*Alternative Education School of Success* – Providing GED preparation, tutoring, and community leadership through service and life skills for youth ages fourteen to twenty-five seeking alternative educational pathways, as well as college and trade certification preparation.

*Juvenile Justice Community-Based Intervention, Prevention, and Counseling* – The Organization has contracts with the State of New Mexico's Children, Youth, and Families Department, as well as the City of Santa Fe, to deliver positive community-engagement services to youth who have been engaged in the juvenile justice system. These community-engagement services include prevention, peer mediation, restorative justice, counseling, and other support services.

*Juvenile Justice Community-Based Intervention, Prevention, and Counseling (continued)* – The Organization also provides counseling to youth in the schools who are high-need cases, as well as no-fee counseling for youth and young adults engaged in the Organization's programs and training.

**!YOUTHWORKS!**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021, AND 2020**

**NOTE 1 - ORGANIZATION (CONTINUED)**

*iYouthWorks! Food Truck* – The Organization offers culinary arts training and food services, which acts as a social enterprise in which young people work part-time, providing food and drinks from the Organization's Culinary Arts Training and Catering Program food truck.

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

Significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting. Accordingly, certain revenues are recognized when earned rather than when received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

**Basis of Presentation**

The Organization'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 Organization 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 Organization is required to present a statement of cash flows and statement of functional expenses.

**Reclassifications**

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation. These reclassifications have no impact on the Organization's changes in net 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 that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Major estimates of the Organization include depreciable lives and estimated residual value of property and equipment.

**¡YOUTHWORKS!  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020**

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

Concentrations of Credit Risk

The Organization maintains its cash balances in various financial institutions located in New Mexico. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Organization's cash balances have exceeded federally insured limits. As of June 30, 2021, and 2020, there were no uninsured balances. The Organization has not experienced any losses on such accounts, and management does not consider there to be significant risk from uninsured balances.

Financial Instruments

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

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 the Organization to recognize revenue to depict the 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. 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.

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

New Accounting Pronouncement

The Organization adopted FASB Accounting Standards Update (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.

**!YOUTHWORKS!  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020**

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

New Accounting Pronouncement (continued)

- 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.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly-liquid investments with original maturity dates of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Grants Receivable

Grants receivable consists of support received under contracts due from granting agencies. Management reviews the collectability of its receivables and records a reserve for its estimate of uncollectible accounts.

Historical bad debts and current facts and circumstances are the primary bases for this estimate. When an account is deemed uncollectible, it is charged off against the allowance. No allowance for doubtful accounts was determined necessary by management as of June 30, 2021, and 2020, as management believes all receivables are fully collectible.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Purchased or donated property in excess of \$1,000 is capitalized. 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. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which range from five to forty years.

Income Taxes

The Organization is tax-exempt under section 501(c)(3) of the Internal Revenue Code. The Organization 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. The Organization is not currently under audit nor has the Organization been contacted by this jurisdiction. Management believes that the activities of the Organization are within their tax-exempt purpose, and that there are no uncertain tax positions.



**YOUTHWORKS!**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021, AND 2020**

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

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.

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. The Organization 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 the Organization. No amounts have been recorded in the financial statements as they do not meet the criteria for recognition.

**¡YOUTHWORKS!  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020**

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

Functional Expense Allocation

Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Common costs are allocated among the classifications benefited based upon estimated usage.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was \$1,698 and \$169 for the years ended June 30, 2021, and 2020, respectively.

COVID-19 (Coronavirus) Pandemic

In March 2020, the World Health Partnership declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. In response to the COVID-19 Pandemic, there have been variations of federal, state, and local mandates that impacted the Partnership's operations. These mandates resulted in an overall decline in economic activity and a rise in economic uncertainties.

However, the related financial impact and duration cannot be reasonably estimated at this time. The safety and health of our employees as well as the general public that we serve is of great importance to the Organization. We remain committed to the purpose of the Organization and ensuring that adequate internal controls over financial transactions and reporting were maintained while complying with federal state, and local mandates.

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30,:

	<u>2021</u>	<u>2020</u>
<b>Non-depreciable property and equipment:</b>		
Land	\$ 124,520	\$ 124,520
Total Non-depreciable property and equipment	<u>\$ 124,520</u>	<u>\$ 124,520</u>
 <b>Depreciable property and equipment:</b>		
Buildings	\$ 443,862	\$ 443,862
Furniture and Equipment	<u>44,950</u>	<u>44,950</u>
Total Depreciable Property and Equipment	<u>488,812</u>	<u>488,812</u>
Less: Accumulated Depreciation	<u>(142,971)</u>	<u>(123,530)</u>
<b>Total Property and Equipment, Net</b>	<u><u>\$ 470,361</u></u>	<u><u>\$ 489,802</u></u>

Depreciation expense was \$19,441 and \$18,981 for the years ended June 30, 2021, and 2020, respectively.

**YOUTHWORKS!**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021, AND 2020**

**NOTE 4 - LINE OF CREDIT**

The Organization has an unsecured line of credit agreement with a local financial institution. The total line of credit available as of June 30, 2021, was \$75,000, with a 6.50% interest rate. Repayment terms call for one payment of all outstanding principal plus accrued unpaid interest in November 2021. The outstanding balance on this line of credit as of June 30, 2021, and 2020 was \$0 and \$18,533, respectively.

**NOTE 5 - LONG-TERM DEBT**

The Organization entered into a promissory note with Enterprise Bank and Trust in June 2011 in the amount of \$379,000. Repayment terms call for monthly payments of \$2,129 plus interest, currently 5.00%, maturing in February 2037. The note is secured by a mortgage on the Organization's property. The balance on this note was \$274,932 and \$288,539 as of June 30, 2021, and 2020, respectively.

In April 2020, the Organization received loan proceeds in the amount of \$190,815 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. During the fiscal year, The Organization received full forgiveness of the \$190,815 loan balance and was recognized as revenue in the statement of activities for the year ended June 30, 2021.

Changes in long-term debt are as follows as of June 30,:

<b>Description</b>	<b>Balance at July 1, 2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2021</b>	<b>Due Within One Year</b>
Enterprise Bank & Trust	\$ 288,539	\$ -	\$ 13,607	\$ 274,932	\$ 11,905
PPP Loan	190,815	-	190,815	-	-
<b>Total Long-term Debt</b>	<b>\$ 479,354</b>	<b>\$ -</b>	<b>\$ 204,422</b>	<b>\$ 274,932</b>	<b>\$ 11,905</b>

  

<b>Description</b>	<b>Balance at July 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2020</b>	<b>Due Within One Year</b>
Enterprise Bank & Trust	\$ 299,027	\$ -	\$ 10,488	\$ 288,539	\$ 11,326
PPP Loan	-	190,815	-	190,815	-
<b>Total Long-term Debt</b>	<b>\$ 299,027</b>	<b>\$ 190,815</b>	<b>\$ 10,488</b>	<b>\$ 479,354</b>	<b>\$ 11,326</b>

**!YOUTHWORKS!  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

Future maturities of long-term debt are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment</b>
2022	\$ 11,905	\$ 13,645	\$ 25,550
2023	12,514	13,036	25,550
2024	13,155	12,396	25,550
2025	13,828	11,723	25,550
2026	14,535	11,015	25,550
Thereafter	<u>208,995</u>	<u>62,691</u>	<u>271,686</u>
<b>Total</b>	<b><u>\$ 274,932</u></b>	<b><u>\$ 124,506</u></b>	<b><u>\$ 399,437</u></b>

For the years ended December 31, 2021, and 2020, interest expense was \$14,692 and \$19,917, respectively.

**NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from restrictions consist of the following for the years ended June 30,:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Purpose Restrictions	<u>\$ 1,151,964</u>	<u>\$ -</u>
<b>Total net assets released from donor restrictions</b>	<b><u>\$ 1,151,964</u></b>	<b><u>\$ -</u></b>

**¡YOUTHWORKS!  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020**

**NOTE 7 – COMMITMENTS**

Leases

The Organization currently has leases for real estate, kitchen facilities and equipment, and a copier, which are considered to be operating leases, with varying terms through November 2024. Rental expenses related to the operating leases totaled \$71,167 and \$46,028 for the years ended June 30, 2021, and 2020, respectively, and are included in "occupancy" in the statements of functional expenses.

The future minimum lease payments are as follows for the years ended June 30:

<b>Year Ended June 30,</b>	<b>Amount</b>
2022	\$ 20,168
2023	4,968
2024	4,538
2025	796
2026	-
Thereafter	-
<b>Total</b>	<b><u>\$ 30,470</u></b>

**NOTE 8 – CONCENTRATION**

The Organization receives a substantial amount of support from grants. During 2021 and 2020, three agencies provided 55% of total revenue and support and three agencies provided 74% of total revenue and support, respectively. There was a receivable balance of \$175,676 and \$152,319 from these agencies as of June 30, 2021, and 2020, respectively.

**NOTE 9 - LIQUIDITY AND AVAILABILITY**

As part of the Organization's liquidity management, it ensures its financial assets are available as its general expenditures, liabilities and other obligations come due. As of June 30, 2021, and 2020, the Organization had a working capital of approximately \$135,718 and \$203,010, respectively, and average days cash on hand of 3 and 25 days, respectively.

The Organization 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 commitments and obligations that support mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

**YOUTHWORKS!**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021, AND 2020**

**NOTE 9 - LIQUIDITY AND AVAILABILITY (CONTINUED)**

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

<b><u>Financial Assets at Year-end</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Cash and Cash Equivalents	\$ 21,527	\$ 143,299
Grants Receivable	178,506	181,629
Other Receivables	1,412	1,662
Less: Net Assets With Donor Restrictions	<u>(13,176)</u>	<u>-</u>
<b>Total Financial Assets Available for</b>		
<b>    General Expenditures Within One Year</b>	<b><u>\$ 188,269</u></b>	<b><u>\$ 326,590</u></b>

**NOTE 10 - SUBSEQUENT EVENTS**

Management has evaluated all activity through May 30, 2023, the date the financial statements were available to be issued. See *Note 2* – Summary of Significant Accounting Policies for the COVID-19 (Coronavirus) Pandemic disclosure. There are no other matters identified for recognition in the financial statements at June 30, 2021.

## **SUPPLEMENTARY INFORMATION**

**¡YOUTHWORKS!  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass Through Grantor/ Program or Clusters Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Awards Expended
<b><u>U.S. Department of Labor</u></b>			
<i>Employment and Training Administration</i>			
YouthBuild	17.274 *		\$ 479,086
<b>Total U.S. Department of Labor</b>			<u>479,086</u>
<b><u>U.S. Department of Agriculture</u></b>			
<i>Passed through the New Mexico Early Childhood Education and Care Department (ECECD)</i>			
Child Nutrition Cluster			
Summer Food Service Program for Children- Summer Meals			
Emergency Meals Program	10.559	STATE OF NM ECECD	<u>373,671</u>
<b>Subtotal Child Nutrition Cluster</b>			<u>373,671</u>
<b>Total U.S. Department of Agriculture</b>			<u>373,671</u>
<b><u>U.S. Department of Treasury</u></b>			
<i>Passed through the City of Santa Fe</i>			
<i>COVID-19- Coronavirus Relief Fund- City of Santa Fe Cares</i>			
Act Flex Funds	21.019	FEDERAL TAX ID #912165455	105,000
<i>Passed through the County of Santa Fe</i>			
<i>COVID-19- Coronavirus Relief Fund- County of Santa Fe</i>			
Cares Act Flex Funds	21.019	FEDERAL TAX ID 856000073	157,500
<i>Passed through the New Mexico Department of Cultural Affairs</i>			
<i>COVID-19- Coronavirus Relief Fund- NM Arts Cares Act-</i>			
Youthworks Screenprinting Project	21.019	NM DEPT OF CULTURAL AFFAIRS	<u>10,000</u>
<b>Subtotal ALN 21.019</b>			<u>272,500</u>
<b>Total U.S. Department of Treasury</b>			<u>272,500</u>
<b><u>National Endowment for the Arts</u></b>			
COVID-19- Promotion of the Arts Grants to Organizations and Individuals	45.024		<u>7,000</u>
<b>Total National Endowment for the Arts</b>			<u>7,000</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 1,132,257</u></u>

\* Denotes Major Program



**!YOUTHWORKS!**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2021. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**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 principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Passthrough entity identifying numbers are presented where required and available.

**NOTE 3 – RECONCILIATION OF EXPENDITURES**

The following is a reconciliation of expenditures reported on the schedule to the expenses reported in the statement of activities:

Expenditures of Federal Awards	\$ 1,132,257
Other Expenditures	<u>1,145,940</u>
<b>Total Expenditures</b>	<b><u>\$ 2,278,197</u></b>

**NOTE 4 – INDIRECT COST RATE**

The Organization has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance where allowed for by the individual grant awards.

**NOTE 5 – OTHER DISCLOSURES**

The Organization did not receive any non-cash assistance, there was no insurance in effect during the year, and no federal loan guarantees are outstanding at year-end.

## **COMPLIANCE SECTION**



**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**

To the Board of Directors of  
¡YouthWorks!  
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the ¡YouthWorks! (a nonprofit organization) (the "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, and have issued our report thereon dated May 30, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **The Organization's Response to Findings**

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kubiak Melton & Associates, LLC*

Kubiak Melton & Associates, LLC  
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico  
May 30, 2023



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

To the Board of Directors of  
¡YouthWorks!  
Santa Fe, New Mexico

### **Report on Compliance for Each Major Federal Program**

We have audited the ¡YouthWorks! (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Organization 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, 2021.

## **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002, that we considered to be a significant deficiency.

The Organization's response to the internal control over compliance findings identified in our audit is described in the in the accompanying schedule of findings and questioned costs. The Organization's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion in the response.

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

*Kubiak Melton & Associates, LLC*

Kubiak Melton & Associates, LLC  
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico  
May 30, 2023

**¡YOUTHWORKS!  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued ..... Unmodified

Internal control over financial reporting:

Material weaknesses identified? ..... Yes

Significant deficiencies identified? ..... No

Noncompliance material to financial statements noted? ..... No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified? ..... No

Significant deficiencies reported not considered to be material weaknesses? ..... Yes

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

Any audit findings disclosed that are required to be reported in accordance  
with section 200.516 of OMB Uniform Guidance – Subpart F? ..... Yes

Identification of major programs:

<b>Assistance Listing Number</b>	<b>Name of Federal Program or Cluster</b>
17.274	YouthBuild

Dollar threshold used to distinguish  
between type A and type B programs: ..... \$750,000

Auditee qualified as low-risk auditee under 200.520 of OMB  
Uniform Guidance – Subpart F? ..... No

**YOUTHWORKS!**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Section II. Financial Statement Findings**

**2021-001 - Financial Close and Reporting (Material Weakness)**

**Condition:** The Organization did not have adequate period-end closing procedures. The following adjustments were needed to correct several misstatements:

1. Grants receivables were overstated by \$381,954. An adjustment in that amount was posted to decrease receivables improperly recognized.
2. No payroll accrual was posted by the Organization. An adjustment of \$19,278 was posted to recognize a payroll liability at year-end.
3. Accounts payable were understated by \$11,475. An adjustment in that amount was posted to recognize the expenses and related liability as of June 30, 2021.
4. Depreciation expense for the year was not recorded. An adjustment of \$19,441 was posted to record depreciation.

**Criteria:** Per the 2013 COSO Framework, management is responsible for establishing and maintaining internal controls to ensure accurate and complete financial reporting, which includes controls over the Department's accounting system

**Cause:** The Organization was strained during the COVID-19 pandemic to procure accounting assistance. Few firms were accepting additional work. The firm that the Organization finally contracted later split into separate accounting firms leaving the Organization in a precarious situation to close out its books with proper assistance.

**Effect:** The June 30, 2021 year-end books were not properly reconciled and closed out. Several audit entries were needed to properly reflect balances at year-end.

**Auditors' Recommendation:** We recommend that the Organization develop and implement policies and procedures and ensure its financial close process is documented and that the accounting and finance staff be adequately trained to fully implement the designed financial close procedures.

**Management's Response:** YouthWorks has taken steps to locate and retain a highly reputable CPA to ensure procedures are accurate and complete financial reporting, tracking and controls.

YouthWorks with the CPA Advisors have changed accounting procedures to track grants consistently by recording receivables as they are received and are working consistently with the YouthWorks bookkeeping staff are well trained and capable to ensure proper financial procedures implementation and financial close procedures.

YouthWorks relies on CPA advisors to make the proper adjustments that the CPA advisors will make in preparation for the audit.



**YOUTHWORKS!**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Section III. Federal Award Findings and Questioned Costs**

**2021-002 - Internal Controls over 2 CFR 200 Uniform Guidance Single Audit Reporting (Significant Deficiency)**

***Federal program information:***

<b>Program Title:</b>	All
<b>Award Number:</b>	All
<b>CFDA Number:</b>	All

**Condition:** The audit for the year ended June 30, 2021 was not completed and submitted to the Federal Audit Clearinghouse (FAC) by the required deadline - March 31, 2022.

**Questioned Costs:** None

**Criteria:** Section 200.512 CFR Subpart F (Uniform Guidance) states “The audit must be completed and the data collection form ... and reporting package ... must be submitted within the earlier of 30 calendar days after receipt of the auditor’s report(s), or nine months after the end of the audit period.”

**Cause:** Adequate controls and procedures were not in place to ensure federal grants were identified and tracked in order to identify the need for a single audit or that timely preparation of financial statements, and filing of the audit report(s) was made to the FAC.

**Effect:** The Organization was not in compliance with Section 200.512 CFR Subpart F of the Uniform Guidance and risks possible sanctions from funding agencies.

**Auditors’ Recommendation:** We recommend the Organization implement and enforce internal control procedures to ensure compliance with 2 CFR 200 and that timely audits are performed and submitted as required under the Uniform Guidance.

**Management’s Response:** Due to COVID a number of sources of funds were received that were not clearly identified as federal funds passed through to YouthWorks and other agencies from local government sources to assist the community with social service needs.

YouthWorks, with the CPA Advisors, have established a system of tracking all federal sources to ensure internal control and compliance.

YouthWorks is tracking federal expenses with the help of CPA Advisors and financial management staff by closely monitoring the spending of federal funding sources.

**!YOUTHWORKS!  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Audit Finding</b>	<b>Corrective Action Plan</b>	<b>Responsible Party</b>	<b>Estimated Completion Date</b>
2021-002 - Internal Controls over 2 CFR 200 Uniform Guidance Single Audit Reporting (Significant Deficiency)	<p>Due to COVID a number of sources of funds were received that were not clearly identified as federal funds passed through to YouthWorks and other agencies from local government sources to assist the community with social service needs.</p> <p>YouthWorks, with the CPA Advisors, have established a system of tracking all federal sources to ensure internal control and compliance.</p> <p>YouthWorks is tracking federal expenses with the help of CPA Advisors and financial management staff by closely monitoring the spending of federal funding sources.</p>	Melynn Schuyler, Executive Director	June 30, 2023