



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

COMMUNITY AGAINST VIOLENCE

INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS

For The Year Ended June 30, 2021,  
With Comparative Totals For 2020

Community Against Violence  
Independent Auditor's Report and Financial Statements  
For The Year Ended June 30, 2021, With Comparative Totals For 2020

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Community Against Violence  
OFFICIAL ROSTER  
As of June 30, 2021

**Board of Directors**

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<b>Name</b>	<b>Title</b>
Molly McMullin	Chair
Liana Bayles	Vice-Chair
Adriana Blake	Secretary
Leticia Pacheco	Treasurer
Harold Lefthand	Director
Francisco Espinoza	Director
James Hatfield	Past-Chair

**Principal Employees**

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<b>Name</b>	<b>Title</b>
Malinda Williams	Executive Director
Anita Medina	Finance Director

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Community Against Violence  
Taos, NM

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Community Against Violence (CAV), 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.

### **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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 CAV 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.

### **Report on Summarized Comparative Information**

We have previously audited the Organization's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate 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 basic 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 was fairly stated, in all material respects, in relation to the basic 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 October xx, 2021, on our consideration of CAV'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 CAV's internal control over financial reporting and compliance.

*Hinkle & Landers, P.C.*

Hinkle + Landers, P.C.  
Albuquerque, NM  
October xx, 2021

**COMMUNITY AGAINST VIOLENCE**  
**STATEMENT OF FINANCIAL POSITION**  
As of June 30, 2021, With Comparative Totals For 2020

	Notes	2021	2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	\$ 577,230	553,075
Grants receivable		405,930	341,549
Other receivables		-	103
Inventory		81,695	73,075
Prepaid expenses		5,772	5,082
Investments (undesignated)	4	560,168	558,945
Investments (designated for future capital expenditures)	4	840,371	1,041,893
Total current assets		2,471,166	2,573,722
<b>Non-Current Assets</b>			
Property and equipment, net of depreciation	6	2,084,951	1,661,147
Beneficial interest in assets held by community foundation	12	28,455	21,563
Total non-current assets		2,113,406	1,682,710
 Total Assets		 \$ 4,584,572	 4,256,432
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable		\$ 11,702	5,082
Accrued payroll and related taxes and leave		69,056	62,047
Notes payable-current portion	7	12,506	12,403
PPP loan	7	-	48,400
Total current liabilities		93,264	127,932
 Notes payable-non-current portion	7	611,981	624,532
Total Liabilities		705,245	752,464
<b>Net Assets</b>			
<b>Without donor restrictions</b>			
Undesignated		1,464,817	1,324,778
Investment in property and equipment		1,460,464	1,024,212
Designated for future capital expenditures		840,371	1,041,893
<b>With donor restrictions</b>			
Perpetual restrictions	12	12,305	10,085
Purpose/time restrictions	9	101,370	103,000
Total Net Assets		3,879,327	3,503,968
Total Liabilities and Net Assets		\$ 4,584,572	4,256,432

See Independent Auditor's Report

The accompanying notes are an integral part of these financial statements

**COMMUNITY AGAINST VIOLENCE**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended June 30, 2021, With Comparative Totals For 2020

	2021			2020	
	Without Donor Restrictions	With Donor Restrictions		Total	Total
		Purpose/Time Restricted	Perpetually Restricted		
Support and Revenue					
Thrift store sales	\$ 323,941	-	-	323,941	403,696
PPP loan and cares act revenue	129,037	-	-	129,037	-
Donations and fundraising activities	232,517	-	-	232,517	227,094
Federal grants	1,035,009	-	-	1,035,009	973,933
Other grants and contracts	1,547,808	76,050	-	1,623,858	1,754,852
Interest and investment income	55,127	-	2,587	57,714	53,695
Exchange of services for use of facility	143,616	-	-	143,616	143,616
In-kind contributions	4,366	-	-	4,366	12,141
Other revenue	1,164	-	-	1,164	950
Gain (loss) on disposal of assets	-	-	-	-	675
Change in year-end inventory	8,620	-	-	8,620	15,949
Total support	<u>3,157,264</u>	<u>76,050</u>	<u>2,587</u>	<u>3,235,901</u>	<u>3,182,905</u>
Net assets released from restrictions	78,047	(77,680)	(367)	-	-
Total revenue and support	<u>3,559,252</u>	<u>(1,630)</u>	<u>2,220</u>	<u>3,559,842</u>	<u>3,586,601</u>
Expenses					
Program services	2,537,232	-	-	2,537,232	2,532,298
General and administrative	592,657	-	-	592,657	528,226
Fundraising	54,594	-	-	54,594	88,421
Total expenses	<u>3,184,483</u>	<u>-</u>	<u>-</u>	<u>3,184,483</u>	<u>3,148,945</u>
Change in net assets	374,769	(1,630)	2,220	375,359	437,656
Net assets, beginning of year	<u>3,390,883</u>	<u>103,000</u>	<u>10,085</u>	<u>3,503,968</u>	<u>3,066,312</u>
Net assets, end of year	<u>\$ 3,765,652</u>	<u>101,370</u>	<u>12,305</u>	<u>3,879,327</u>	<u>3,503,968</u>

See Independent Auditor's Report  
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**COMMUNITY AGAINST VIOLENCE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended June 30, 2021, With Comparative Totals For 2020

	2021						2020 Total
	Program Services		Total Program Services	Supporting Activities		Total	
	General Program	Thrift Store		General and Administrative	Fundraising		
Compensation and related expenses							
Salary and wages	\$ 1,141,133	205,262	1,346,395	395,094	35,790	1,777,279	1,725,723
Payroll taxes	88,570	16,040	104,610	30,153	2,406	137,169	133,621
Employee benefits	164,000	48,513	212,513	68,882	3,891	285,286	315,695
Total compensation and related expenses	1,393,703	269,815	1,663,518	494,129	42,087	2,199,734	2,175,039
Other expenses							
Client expense	269,513	-	269,513	-	-	269,513	220,013
Insurance	26,114	18,950	45,064	36,646	150	81,860	76,100
Equipment	41,713	4,512	46,225	7,564	-	53,789	27,748
Advertising	40,329	1,851	42,180	-	5,487	47,667	40,868
Utilities	19,649	21,906	41,555	2,021	-	43,576	40,019
Staff training	40,906	-	40,906	99	225	41,230	19,049
Interest expense	-	36,889	36,889	-	-	36,889	30,049
Subcontractors	12,312	500	12,812	20,699	905	34,416	87,473
Supplies	23,354	4,927	28,281	968	1,332	30,581	33,135
Dues and subscriptions	15,426	22	15,448	8,098	1,026	24,572	16,715
Repairs and maintenance	12,088	6,372	18,460	4,582	-	23,042	28,406
Telephone	14,600	3,550	18,150	4,436	-	22,586	18,233
Shelter	21,895	-	21,895	-	-	21,895	20,541
Professional services	-	5,700	5,700	11,021	-	16,721	14,563
Other	2,931	4,682	7,613	119	2,507	10,239	12,417
Postage	526	-	526	1,410	843	2,779	2,804
Travel	2,287	417	2,704	-	-	2,704	46,253
Rent	2,404	115	2,519	-	-	2,519	345
Property taxes	-	-	-	865	-	865	15,760
Fundraising	-	-	-	-	32	32	5,477
Total other expenses before depreciation and in-kind expenses	546,047	110,393	656,440	98,528	12,507	767,475	755,968
Depreciation	37,123	16,843	53,966	-	-	53,966	49,160
Gift certificates issued to clients	19,692	-	19,692	-	-	19,692	25,162
Use of facility in exchange for services	143,616	-	143,616	-	-	143,616	143,616
Total in-kind expenses	163,308	-	163,308	-	-	163,308	168,778
Total expenses	\$ 2,140,181	397,051	2,537,232	592,657	54,594	3,184,483	3,148,945

See Independent Auditor's Report  
The accompanying notes are an integral part of these financial statements

**COMMUNITY AGAINST VIOLENCE**  
**STATEMENT OF CASH FLOWS**  
For The Year Ended June 30, 2021, With Comparative Totals For 2020

	2021	2020
<b>Cash Flows From Operating Activities</b>		
Cash received from:		
Donations and fundraising activities	\$ 232,517	223,140
PPP loan and care act revenue	80,637	-
Grants and contracts	2,594,589	2,781,116
Thrift store sales	304,249	378,534
Other revenue	1,164	951
Interest and investment income	<u>(21,037)</u>	<u>13,265</u>
Total cash received	3,192,119	3,397,006
Cash paid to:		
Vendors and suppliers	(2,917,381)	(2,943,011)
Interest expense	<u>(36,889)</u>	<u>(30,049)</u>
Cash used for operating activities	<u>(2,954,270)</u>	<u>(2,973,060)</u>
Net cash provided (used) by operating activities	<u>237,849</u>	<u>423,946</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments and transfers	(6,892)	(105,328)
Proceeds from sale of investments	279,050	9,163
Purchase of property and equipment	<u>(473,404)</u>	<u>(900,386)</u>
Cash used for investing activities	<u>(201,246)</u>	<u>(996,551)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from long-term debt	-	696,400
Payments of long-term debt	<u>(12,448)</u>	<u>(11,065)</u>
Cash provided by (used for) financing activities	<u>(12,448)</u>	<u>685,335</u>
Net change in Cash, restricted cash and cash equivalents	24,155	112,730
Cash and cash equivalents at beginning of year	553,075	440,345
Cash and cash equivalents at end of year	<u>\$ 577,230</u>	<u>553,075</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 375,359	437,656
Loss on disposition of fixed assets	-	(674)
Adjustment of capitalized donated architecture services	(4,366)	(12,141)
Adjustment of donated inventory	(8,620)	(15,949)
Depreciation	53,966	49,160
Unrealized gains and losses	(78,751)	(40,430)
<b><i>(Increases) decreases in operating assets:</i></b>		
(Increase) decrease in receivables	(64,278)	52,331
(Increase) decrease in prepaid expense	(690)	13,804
<b><i>Increase (decrease) in operating liabilities:</i></b>		
Increase (decrease) in PPP loan	(48,400)	-
Increase (decrease) in accounts payable	6,620	(206)
Increase (decrease) in deferred revenue	-	(3,954)
Increase (decrease) in accrued expenses	7,009	(55,651)
Cash provided by operating activities	<u>\$ 237,849</u>	<u>423,946</u>
<b>Supplementary Information</b>		
Gift certificates issued to clients	\$ 19,692	25,162
Use of facility in exchange for services	143,616	143,616
Donated architecture services	<u>4,366</u>	<u>12,141</u>
	<u>\$ 167,674</u>	<u>180,919</u>

See Independent Auditor's Report  
The accompanying notes are an integral part of these financial statements

COMMUNITY AGAINST VIOLENCE  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2021, With Comparative Totals For 2020

**NOTE 1—ORGANIZATION**

Community Against Violence, Inc. (CAV) is a not-for-profit organization incorporated in New Mexico in September 1980. CAV provides refuge and support services for victims and their children who are in a state of crisis as a result of sexual, domestic, physical or emotional abuse; develops and maintains other services to meet related needs of victims; and prevents sexual and domestic violence. CAV is located in Taos, New Mexico.

CAV offers confidential services free of charge to victims/survivors (female, male, transgender) of domestic and sexual violence, child or elder abuse, stalking, and human trafficking. CAV also provides CHANGES, a re-education program (nominal materials fee) for people who have used violence, power, and control in their relationships. Non-English languages and video relay interpretation services are also available for services.

- **24-Hour HelpLine 575-758-9888, & Textline 575-770-2706:** 24-hour crisis intervention services providing emotional support, advocacy, and information for survivors of domestic and sexual violence.
- **Shelter:** Emergency shelter for adults and their children, as well as shelter space and assistance to arrange care if needed for pets. Access to all CAV services whether in or out of shelter and housing programs.
- **Transitional Housing:** On-site and scattered off-site short- or long-term transitional housing program.
- **Civil Legal Attorney and Legal Advocacy Services:** Legal advice, brief legal services, assistance obtaining orders of protection, advocacy, case management, and support with criminal cases involving domestic and sexual violence and child abuse situations.
- **Medical Advocacy:** Accompaniment and advocacy for survivors at the hospital, emergency room, SANE Unit or doctor's office, and to access any available resources for medical, prescriptions, dental repairs, etc.
- **Counseling & Support Groups:** Individual and group counseling and support groups for adult and child survivors. For children, "Dog Group" using therapy dogs trained by Assistance Dogs of the West.
- **Children's Programs:** Short term childcare, resources, and referrals for parents, "Circle of Security" parenting support group, information on the effects of trauma on children, and structured healthy activities.

COMMUNITY AGAINST VIOLENCE  
NOTES TO FINANCIAL STATEMENTS

For The Year Ended June 30, 2021, With Comparative Totals For 2020

- **Prevention, Outreach & Education:** Prevention, outreach, and education programs, providing age-appropriate presentations for schools and community groups on Abuse and Respect, Dating Violence, Conflict Resolution, Sexual Harassment, Child Abuse, and Healthy Relationship Skills, using an anti-oppression framework.
- **Northern New Mexico Children’s Advocacy Center (NNMCAC, “CAC”):** Forensic interviewing and specialized advocacy services for child survivors of abuse; used to support investigations of suspected child abuse and minimize their negative impact on the child. Children and their protective caregivers are supported to access services and resources at CAV and in the community.
- **Thrift Store:** CAV’s thrift store receives donations from the community with proceeds benefitting CAV programs. Program participants are given gift certificates (at no charge) for items they need.
- **CHANGES Program:** A 52-session re-education program for court-ordered and self-referred people who are using domestic violence power and control tactics on their partners or family.
- **Information & Referral:** To medical, legal, substance use disorder, and mental health professionals; housing, food, and clothing resources; support groups; Crime Victims’ Reparation Application information and forms; and other related resources. Written materials (brochures, pamphlets) are available.

The financial statements and notes are the representations of CAV’s management who is responsible for their integrity and objectivity. This summary of significant accounting policies of CAV is presented to assist in the understanding of CAV’s financial statements.

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

**Basis of Accounting**

The financial statements of CAV have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to non-for-profit organizations.

**Financial Statement Presentation**

CAV’s financial statements are presented in accordance with the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presenting Financial Statements*. Under ASC 958-205, CAV is required to report

COMMUNITY AGAINST VIOLENCE  
NOTES TO FINANCIAL STATEMENTS

For The Year Ended June 30, 2021, With Comparative Totals For 2020

information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classes are described below:

Net Assets without Donor Restrictions and Board Designated Net Assets

Undesignated net assets without donor restrictions are used to account for all resources over which the Board of Directors has discretionary control. The net assets without donor restrictions represent the investment in unrestricted assets and the investment in property and equipment, less accumulated depreciation and related debt.

Net Assets with Donor Restrictions in Purpose/Time

Net assets with donor restrictions in purpose/time result from contributions and other inflows of assets whose use by CAV is limited by donor and grantor-imposed stipulations that expire by passage of time or can be fulfilled and removed by actions of CAV pursuant to those stipulations. See Note 9—Net Assets with Donor Restrictions.

Net Assets with Donor Restrictions Perpetual in Nature

Net assets with donor restrictions perpetual in nature are those for which use by CAV is limited by donor-imposed stipulations that cannot be removed by actions of CAV. See Note 12—Beneficial interest in net assets held by a third party.

**Cash, Restricted Cash, And Cash Equivalents**

CAV considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash, restricted cash and cash equivalents includes interest-bearing instruments with maturities at the date of purchase of three months or less. Cash held for investment purposes is included in investments. CAV maintains deposits in financial institutions that may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Management believes that there is not a significant risk with respect to these deposits.

**Concentrations of Credit, Market and Business Risk**

Geographical Concentration

CAV's operations are limited to Taos County, New Mexico, except for the Children's Advocacy Center program, which covers 7 counties in north central New Mexico.

COMMUNITY AGAINST VIOLENCE  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2021, With Comparative Totals For 2020

Grants Receivable And Revenue Concentration.

Nearly all of CAV's revenues are from grants and contracts. CAV depends on these funding sources continuing to provide resources in future years.

Concentration Of Custodial Credit Risk—Uninsured Cash Balances

Custodial credit risk is the risk that in the event of a bank failure, CAV's deposits may not be returned to it. CAV does not have a custodial credit risk policy requiring collateral on all deposits exceeding Federal Deposit Insurance Corporation (FDIC) limits. Bank deposits are insured by the FDIC up to \$250,000 per depositor per institution for interest and noninterest-bearing accounts. CAV maintains cash funds in approximately two separate financial institutions located in Taos, New Mexico. As of June 30, 2021, the CAV bank balances were not insured by FDIC by \$377,071. This does not include funds held in money markets or other financial instruments.

Cash and securities held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of a broker-dealer failure, up to \$500,000 on each account with a limit of \$250,000 of claims on uninvested cash balances, however SIPC does not protect the value of the balances.

**Investments**

Investments include certificates of deposits and money market accounts, which are recorded at cost. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends), is included in revenue without donor restrictions and other support.

Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Quoted market prices, when available, are used to value investments. Purchases and sales of securities are recorded on a trade-date basis. Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Realized and unrealized gains and losses, as well as investment expenses are reflected within the investment return, net, in the statement of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in net assets without donor restrictions unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized. Investments are classified based on their original maturities.

COMMUNITY AGAINST VIOLENCE  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2021, With Comparative Totals For 2020

Investments with original maturities of less than 12 months are classified as short-term investments even if the purpose of the investments are for long-term reserve or other purposes. There are no lock up provisions or external restrictions or pledges against these investments.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses and other liabilities approximate fair value due to the short maturity periods of these instruments. The fair value of long-term debt is the carrying value due to the adjustable market rate of interest. Impairment reserves are provided as necessary.

**Grants Receivable**

Grant receivables represent the amount expended during the grant period but reimbursed by the grantor after year-end. When revenues are received in the next year, the receivable will then be reduced. Management considers grants receivable to be fully collectible. Accordingly, no allowance has been provided for uncollectible accounts.

**Property, Equipment and Depreciation**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. CAV capitalizes all expenditures for property and equipment with a cost of \$3,000 or more. Items with a cost of less than \$3,000 are expensed in the year of acquisition. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized.

The major classifications of property and equipment and the related depreciable lives are as follows:

<u>Classification</u>	<u>Depreciable Lives</u>
Office equipment	3 - 5 years
Program equipment	5 years
Shelter furnishings	5 years
Building	30 years
Annex building lease improvements	5 years

COMMUNITY AGAINST VIOLENCE  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2021, With Comparative Totals For 2020

**Inventory**

CAV receives contributions of goods and materials (inventory) and processes these contributions as merchandise available for sale in its retail thrift store.

Contributions are measured at their fair value. In addition, CAV purchases a small amount of items for resale that are carried at the lower of cost or net realizable value.

Management of CAV believes that the inventory of contributed goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at the time of donation. Accordingly, contributed goods and materials are valued at zero prior to being offered for sale and year end valuation of inventory is based on the organization's gross sales and the estimated turnover of inventory. The difference between beginning-of-the-year and end-of-year inventory valuation is shown on the statement of activities as "Change in year-end inventory".

**Donated Services**

Generally accepted accounting principles require that the fair value of professional service hours (attorney, accountants, etc.) be recorded in the financial statements, but not volunteer hours. Volunteers and board members have donated significant amounts of time to CAV's programs. The value of these services is not recorded in the accompanying financial statements.

**Revenue Recognition**

CAV has adopted ASC 606 "Revenue from Contracts with Customers" and ASU 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" in accordance with accounting principles generally accepted in the United States of America.

The following summarizes the revenue recognition policies for major classifications of revenue:

- **Contributions**—Contributions are reported when an unconditional promise to give or other asset is received (in accordance with ASC 958-605). All contributions are considered available for the Organization's general programs unless specifically restricted by the donor.
  - Contributions of donated non-cash assets and are recorded at their fair values in the period received. Contributions of donated professional services that create or enhance non-financial assets or that require specialized skills, are recorded at their fair values in the period received. Donated stocks, bonds or other securities are recorded at the fair market value on the date of the gift.
  - Gifts of long-lived assets are reported as support without donor restrictions

COMMUNITY AGAINST VIOLENCE  
NOTES TO FINANCIAL STATEMENTS

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unless the donor has restricted the use of the assets for specific purposes. Long-lived assets with explicit restrictions and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Contributed long-lived assets are recorded at their fair market value on the date of receipt.

- Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.
- **Grant Revenue**—Grant revenue is recognized according to the nature of the grant:
  - Grants based on direct reimbursement for eligible expenditures incurred under the grant scope of work—revenue is recognized when the eligible expense is incurred.
  - Grants in which funds are disbursed to CAV prior to service being rendered. Revenue is recognized when the funds are received. Unexpended funds at year-end are classified as either deferred revenue or net assets with donor restrictions in purpose/time.
  - *Grants which are fee-for-services*—revenue is recognized when eligible services are provided.
- **Private Grants**—Private grants contributions are typically recorded as revenue with donor restrictions based on either a purpose (program) restriction and/or a time restriction based on when the grantor has notified or advanced funds to the CAV.
- **Contract Revenue**—Contract revenue is recorded at the time the services are provided and the performance obligation is satisfied. The performance obligation is the delivery of the services supplied to the customer. The transaction price is established by the Organization and the Contractor per the agreement. No allocation of the transaction price of the services are necessary.

**Income Taxes**

CAV is a non-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. CAV currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

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In addition, CAV has been classified as other than a private foundation. CAV evaluates uncertain tax positions in accordance with ASC 450, *Accounting for Contingencies*, whereby the effect of the uncertainties in tax positions would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2021, CAV had no uncertain tax positions.

CAV files its Federal Form 990 tax return in the U.S. federal jurisdiction and the online charitable registration in the Office of the Attorney General for the State of New Mexico. Management believes that they are operating within their tax-exempt purpose.

**Advertising costs**

Advertising costs are expensed as incurred. For the years ended June 30, 2021 and 2020, advertising expenses incurred totaled \$47,667 and \$40,868 respectively.

**Functional Classifications of Expenses**

The costs of providing the various programs and other activities of CAV have been summarized on a functional basis in the consolidated statements of functional expenses. Salary and other personnel costs that are not directly coded to a programmatic activity are allocated based on time certifications and the best estimate of employees. Building maintenance, and depreciation expenses are allocated among the programs and supporting services benefited. Other operating costs are allocated using various allocation methodologies including allocations based on personnel, square footage, or revenue generated.

**Thrift Store Direct Costs**

Thrift store direct costs include salaries, taxes and benefits, occupancy costs and depreciation, and all other expenses necessary to operate the store.

**Use of Estimates in Preparing Financial Statements**

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

**Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses and other liabilities approximate fair value due to the short maturity periods of these instruments. The fair value of long-term debt, if applicable, is the carrying value due to the adjustable market rate of interest.

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NOTES TO FINANCIAL STATEMENTS  
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**Risk Management**

CAV is exposed to various risks of loss from torts; theft of damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. CAV has obtained commercial insurance coverage to protect itself against such losses.

**Prior Year Comparative Totals**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CAV's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

**Reclassifications**

Certain reclassifications may have been made to the 2020 summarized financial statement information to conform to the current year presentation.

**Grant Contingencies**

CAV receives direct federal grants as well as federal grants passed through state agencies for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of CAV's management, such disallowances, if any, will not be significant.

**Legal Matters**

CAV, in the normal course of business, is subject to claims and litigation. Management believes that there are no outstanding claims or assessments which would be subject to a material unfavorable outcome that would not be covered by insurance.

**Impairment of Long-lived Assets**

Thy CAV accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10 and subsections, *Accounting for the Impairment of Long-Lived Assets*. ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the

COMMUNITY AGAINST VIOLENCE  
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fair value less costs to sell. Management does not believe impairment indicators are present as of June 30, 2021.

**Evaluation of Subsequent Events**

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. CAV recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. CAV's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. CAV has evaluated subsequent events through October xx, 2021, which is the date the financial statements were available to be issued.

Subsequent to June 30, 2021, as a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the organization's funding sources and cash flows. Other financial impacts could occur though such potential impact is unknown at this time.

**NOTE 3—CASH, RESTRICTED AND CASH EQUIVALENTS**

A summary of cash, restricted and cash equivalents at June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Hillcrest Bank	\$ 574,917	550,772
Nusenda Credit Union	1,463	1,453
Petty Cash	850	850
	<u>\$ 577,230</u>	<u>553,075</u>

Restricted cash is included in the totals above and is as follows:

	<u>2021</u>	<u>2020</u>
Restricted cash	\$ <u>101,370</u>	<u>73,000</u>

These funds are donor restricted program funds identified in Note 9.

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NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2021, With Comparative Totals For 2020

**NOTE 4—INVESTMENTS**

A summary of investments at June 30 are as follows:

	2021			2020		
	Cost	Fair Value Adjustment	Fair Value	Cost	Fair Value Adjustment	Fair Value
FDIC insured cash equivalents	\$ 78,840	-	78,840	118,703	-	118,703
Cash and cash equivalents	867,404	-	867,404	1,113,315	-	1,113,315
Fixed income funds	12,060	2,790	14,850	12,060	990	13,050
Stock and ETFs	363,484	75,961	439,445	316,330	39,440	355,770
Total investments	\$ 1,321,788	78,751	1,400,539	1,560,408	40,430	1,600,838

**NOTE 5—LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

CAV regularly monitors liquidity to meet its cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, external limitations imposed by donors or contracts with others. CAV is not substantially supported by restricted grants. Part of CAV's liquidity management is its policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Liquidity is as follows:

Description	2021	2020
Cash and cash equivalents	\$ 577,230	553,075
Grants receivable	405,930	341,549
Other receivables	-	103
Investments (undesignated)	560,168	558,945
	1,543,328	1,453,672
Donor restricted amounts:		
Net assets with donor restrictions	(101,370)	(103,000)
Less net assets with purpose and time restriction to be met in less than a year	101,370	103,000
	-	-
Financial assets available to meet cash needs for general expenditure within one year	\$ 1,543,328	1,453,672

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**NOTE 6—PROPERTY, EQUIPMENT AND DEPRECIATION**

Property and equipment consisted of the following at June 30:

	2020	Additions	Deletions	Transfers	2021
Land	\$ 594,627	-	-	-	594,627
Construction in progress	701,463	421,926	-	(1,123,389)	-
	1,296,090	421,926	-	(1,123,389)	594,627
Building and improvements	429,667	-	-	1,123,389	1,553,056
Office equipment	71,639	-	(15,183)	-	56,456
Annex building lease improvements	55,352	23,812	-	-	79,164
Vehicles	53,469	-	-	-	53,469
Shelter furnishings	41,604	-	(835)	-	40,769
Program equipment	35,443	32,032	-	-	67,475
Total	687,174	55,844	(16,018)	1,123,389	1,850,389
Less accumulated depreciation	(322,117)	(53,966)	16,018	-	(360,065)
Property and equipment, net of depreciati	\$ 1,661,147	423,804	-	-	2,084,951

Depreciation expense for the years ended June 30, 2021 and 2020 was \$53,966 and \$49,160, respectively.

**NOTE 7—NOTES PAYABLE**

Notes payable are as follows:

Notes Payable	2021	2020
Note payable to Centinel Bank of Taos, in the original amount of \$648,000 \$ on August 29, 2019. The interest rate is 5.75% and the loan matures on September 1, 2029, secured by first mortgage on land and building. There will be 119 monthly payments of \$4,111.43 and a balloon payment of \$489,200.74 due on October 1, 2029. Prepayment penalties exist for early	624,487	636,935
Note payable to Centinel Bank of Taos, in the original amount of \$48,400 on April 16, 2020. The interest rate is 1.00% per annum and the loan matures on April 15, 2022. The loan proceeds may only be used for expenses such as payroll, health care, mortgage interest, rent and for utilities. CAV met the purpose of the loan and therefore, the loan has been recognized as revenue	-	48,400
Total debt	624,487	685,335
Less current portion	(12,506)	(60,803)
Total notes payable long-term portion	\$ 611,981	624,532

**NOTE 8—RETIREMENT PLAN**

CAV provides a retirement plan for its employees under Internal Revenue Code Section 403(b). Under the plan, CAV matches employee contributions up to \$300 per month for contributing employees. Retirement plan contribution expense for the years ended June 30, are as follows

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<u>403(b) Match</u>	<u>2021</u>	<u>2020</u>
Contributions \$	<u>47,581</u>	<u>51,485</u>

**NOTE 9—NET ASSETS WITH DONOR RESTRICTIONS**

Various contributions have been restricted by donors. Net assets with donor restrictions related to assets restricted from program use are as follows:

Grantor	2020	Restricted Donations	Restrictions Released	2021	Time/Purpose
Anderson Foundation	\$ 10,000	-	(10,000)	-	Survivors of domestic violence
Walbridge Foundation	15,000	-	(15,000)	-	Time restricted
Community Health Funders	15,000	-	(15,000)	-	Time restricted
Robert T. Keeler	50,000	5,000	(25,000)	30,000	Survivors of domestic violence
LANL Foundation	5,000	-	(4,052)	948	Outreach
Taos Lions Club	500	-	(500)	-	Children's support
Enterprise	-	2,000	-	2,000	Time restricted
Taos Community Foundation	2,500	-	(2,500)	-	COVID response funds
Taos Community Foundation	5,000	-	-	5,000	Women and children support
Taos Community Foundation	-	6,300	-	6,300	Time restricted
Taos Community Foundation	-	10,000	(1,895)	8,105	IT Support
Santa Fe Community Foundation	-	17,250	-	17,250	Time restricted
JP Morgan Securities	-	5,000	(3,733)	1,267	Time restricted
Santa Barbara Foundation	-	2,000	-	2,000	Time restricted
FADV	-	3,000	-	3,000	Transitional housing rent deposit
Lineberry Foundation	-	25,000	-	25,000	Time restricted
Reed Family Foundation	-	500	-	500	Time restricted
Total donor restricted \$	<u>103,000</u>	<u>76,050</u>	<u>(77,680)</u>	<u>101,370</u>	

**NOTE 10—USE OF FACILITY AND IN-KIND DONATIONS**

CAV had the following exchange of services for use of facility and in-kind donation revenues at June 30:

Use of Facility: CAV provides crucial services to the Town of Taos and surrounding communing and in exchange for those services, the Town of Taos has provided the use of a facility for CAV's administration and program activities. The use of the building is calculated based on market rental values of similar buildings in the Taos, New Mexico area.

<u>Type</u>	<u>2021</u>	<u>2020</u>
Exchange of services for use of facility \$	<u>143,616</u>	<u>143,616</u>

In-kind construction services were related to architectural services that were discounted as identified on the invoices related to the building of the new thrift store.

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Type	2021	2020
In-kind construction services	\$ 4,366	12,141
	\$ 4,366	12,141

**NOTE 11—FAIR VALUE OF ASSETS AND LIABILITIES**

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Realized and unrealized gains and losses on investments are included in the accompanying statements of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in unrestricted net assets unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized.

The fair value of investments is subject to ongoing fluctuations. The amount ultimately realized upon disposition may differ from the amounts reported in these financial statements. Fair value estimates for securities are currently volatile, difficult to predict, and subject to material changes that could affect CAV's financial condition and results of operations in the future.

Summary of Fair Value Exposure

U.S. generally accepted accounting principles, as they relate to fair value measurement, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Fair Value Measurement are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Investment Entity has the ability to access.

Level 2

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;

COMMUNITY AGAINST VIOLENCE  
 NOTES TO FINANCIAL STATEMENTS  
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- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs and minimize the use of unobservable inputs.

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments - June 30, 2021	\$ 1,400,539	28,455	-
Investments - June 30, 2020	<u>\$ 1,600,838</u>	<u>21,563</u>	<u>-</u>

- Marketable securities are valued at quoted prices on active markets (Level 1)
- Money market funds are valued at quoted prices on active markets (Level 1)
- Mutual funds are valued at quoted prices on active markets (Level 1)
- Beneficial interest in asset held by third party are based on inputs derived principally from or corroborated by observable market data by correlation or other means. (Level 2)

**NOTE 12—BENEFICIAL INTEREST IN ASSETS HELD BY THIRD PARTY**

CAV has two beneficial interest in asset accounts as follows:

1. The Taos Community Foundation (TCF) holds money for the benefit of the CAV in a board designated “quasi-endowment” fund. These funds are accessible by CAV.
2. The Santa Fe Community Foundation (SFCF) holds money for the benefit of the CAV in a perpetually restricted endowment fund. These funds are not accessible by CAV, but the CAV is the beneficiary of any distributions determined by SFCF based on the income of the fund. CAV has granted variance power to SFCF. When a nonprofit organization transfers assets to a community foundation in which the resource

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For The Year Ended June 30, 2021, With Comparative Totals For 2020

provider names itself as the beneficiary, the economic benefit of the transferred assets remains with the resource provider. If the assets are transferred permanently, the assets received in exchange are a beneficial interest in assets held by a third party, measured by the fair value of the assets contributed. Changes in the value are recognized in the statement of activities as “Changes in Beneficial Interest in Assets Held by Third Party.”

Changes in the value are recognized in the statement of activities as “Changes in Beneficial Interest in Assets Held by Third Party.” Changes in beneficial interest in assets held by third party are as follows:

	2021			2020
	SFCF	TCF	Total	Total
Beginning balance	\$ 10,085	11,478	21,563	5,061
Additions				
Contributions	374	2,550	2,924	14,918
Net earnings	2,213	2,368	4,581	2,357
Transfer from investment	-	-	-	(122)
Total additions	2,587	4,918	7,505	17,153
Withdrawals				
Distributions	(252)	-	(252)	(370)
Fee	(115)	(246)	(361)	(256)
Grants distributed	-	-	-	(25)
Total withdrawals	(367)	(246)	(613)	(651)
Ending balance	\$ <u>12,305</u>	<u>16,150</u>	<u>28,455</u>	<u>21,563</u>

**NOTE 13—RELATED PARTY**

The Treasurer of the organization is a lending officer at Centinel bank where CAV does its banking and has a loan outstanding.

**COMMUNITY AGAINST VIOLENCE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2021**

Federal Agency and Program Title	Federal Catalog Domestic Assistance Number	Pass-through Grantor Number/ or Other Identifying Number	Federal Expenditures
<u>Direct Programs</u>			
U.S. Department of Housing and Urban Development Continuum of Care Homeless Assistance	14.267	NM0038L6B011909	139,702
U.S. Department of Justice Office on Violence Against Women Transitional Housing Assistance for Victims of Domestic Violence, Stalking, or Sexual Assault	16.736	2017-WH-AX-0065	<u>110,893</u>
Total direct programs			<u>250,595</u>
<u>Pass-through Agencies</u>			
U.S. Department of Housing and Urban Development Passed through the New Mexico Mortgage Finance Authority			
Emergency Homeless Assistance Program	14.231	20-02-CAV-EHA-001	43,791
Emergency Homeless Assistance Program-CARES Act	14.231	202-02-CAV-CAE-001	62,504
U.S. Department of Health and Human Services Passed through the New Mexico Children, Youth and Families Department			
Family Violence Prevention and Services	93.671	G-1901NMFVPS G-2001NMFVPS	64,700
Family Violence Prevention and Services-CARES Act	93.671	G-1901NMFVPS G-2001NMFVPS	9,300
U.S. Department of Agriculture Passed through the New Mexico Children, Youth and Families Department			
Child and Adult Care Food Program	10.558	0658	2,809
U.S. Department of Justice Passed through the New Mexico Children's Alliance			
Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758	5-TAOS-NM-SA20	6,733
Passed through the New Mexico Crime Victim's Reparation Commission			
Sexual Assault Services Program	16.017	2018-KF-AX-0036	36,710
VOCA Victim Assistance	*	2018-V2-GX-0022	526,380
STOP Violence Against Women	16.588	2021-WF-712	31,487
Total pass-through programs			<u>784,414</u>
Total expenditures of federal awards			<u>\$ 1,035,009</u>
<u>Reconciliation to Financial Statements</u>			
Federal revenue per statement of activities			\$ 1,035,009
Per Schedule of Expenditures of Federal Awards			<u>1,035,009</u>
Difference (amounts reconcile)			<u>\$ -</u>

\*Major program

See Independent Auditor's Report

**COMMUNITY AGAINST VIOLENCE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

**NOTE 1—BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the federal grant activity for Community Against Violence and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

**NOTE 2—DE-MINIMIS INDIRECT COST RATE**

The organization did not use the 10 percent de minimis indirect cost rate.

**NOTE 3—NON-CASH FEDERAL ASSISTANCE**

No non-cash federal assistance was received during the year ended June 30, 2021.

**NOTE 4—SUB-RECIPIENTS**

CAV did not have any sub-recipients for the year ended June 30, 2021.

See Independent Auditor's Report



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

Board of Directors  
Community Against Violence  
Taos, NM

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 Community Against Violence (CAV), 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 October xx, 2021.

**Internal Control Over Financial Reporting**

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

October xx, 2021

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

### **Compliance and Other Matters**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



Hinkle + Landers, P.C.  
Albuquerque, NM  
October xx, 2021



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

Board of Directors  
Community Against Violence  
Taos, NM

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

We have audited Community Against Violence’s (CAV’s) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Against Violence’s major federal programs for the year ended June 30, 2021. Community Against Violence’s major federal programs are identified in the summary of auditor’s 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.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of Community Against Violence’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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Community Against Violence’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, CAV 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 Community Against Violence 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 Community Against Violence'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 Community Against Violence'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 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 were not identified.

October xx, 2021

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.

*Hinkle & Landers, P.C.*

Hinkle + Landers, P.C.  
Albuquerque, NM  
October xx, 2021

COMMUNITY AGAINST VIOLENCE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For The Year Ended June 30, 2021

**SECTION I—SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

1. Type of auditor’s report issued **Unmodified**

Internal control over financial reporting:

- 1. Material weakness(es) identified None
- 2. Significant deficiency(ies) identified None
- 3. Noncompliance material to financial statements noted: None

**Federal Awards**

Internal control over major programs:

- 1. Material weakness(es) identified None
- 2. Significant deficiency (ies) identified None

Type of auditor’s report issued on compliance for major program **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)? None

Identification of the major program:

CFDA Number	Name of Federal Program or Cluster	Funding Source
16.575	Violence Against Women Act—Crime Victim Assistance	U.S. Department of Justice

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk Auditee Yes

COMMUNITY AGAINST VIOLENCE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For The Year Ended June 30, 2021

**SECTION II AND III—SUMMARY OF FINDINGS**

**FINANCIAL AND FEDERAL FINDINGS**

<u>Finding</u>	Status of Current and Prior Year Findings	Type of Finding
<b>PRIOR YEAR</b>		
<i>None</i>	N/A	N/A
<b>CURRENT YEAR</b>		
<i>None</i>	N/A	N/A

\* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance related to Federal Awards