HINKLE + LANDERS

Certified Public Accountants + Business Consultants

BIG BROTHERS BIG SISTERS MOUNTAIN REGION

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

For the Year Ended December 31, 2020, With Comparative Totals for 2019

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with Comparative Totals for 2019

BIG BROTHERS BIG SISTERS MOUNTAIN REGION
BOARD OF DIRECTORS
As of December 31, 2020

Name	Title
Tom Madigan	President
Kelley Avery	Vice President
Rick Vaughan	Treasurer
Monica Leyba	Secretary
Ata Lth Chee Montaño	Director
Carolyn Ives	Director
Kelly Jameson	Director
Yale Jones	Director
Leo Marquez II	Director
Lindsay Mullins	Director
Linda Siegle	Director
Liz Taylor	Director
Vin Walden	Director
Geno Zamora	Director

Administration

Name	Title
David Sherman	Chief Executive Officer
Gina Trujillo	Business Manager

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Big Brothers Big Sisters Mountain Region
Santa Fe, NM

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters Mountain Region (a nonprofit Organization), which comprise the statement of financial position as of December 31, 2020, 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Big Brothers Big Sisters Mountain Region as of December 31, 2020, 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

Big Brothers Big Sisters Mountain Region's 2019 financial statements have been audited by another auditor, and their report dated October 20, 2020 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021, on our consideration of Big Brothers Big Sisters Mountain Region 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 Big Brothers Big Sisters Mountain Region internal control over financial reporting and compliance.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.
Albuquerque, NM
September 27, 2021

BIG BROTHERS BIG SISTERS MOUNTAIN REGION
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2020, with Comparative Totals for 2019

	Notes		2020	2019
ASSETS				
Current Assets				
Cash and cash equivalents		$	326,048	229,388
Grants and contracts receivable	4		158,698	77,523
Pledges receivable, net	4		13,206	39,844
Prepaid expenses and other assets			7,868	7,546
Due from related parties			73	341
Total Current Assets			505,893	354,642
Noncurrent Assets				
Investment-endowment/quasi-endowment	6		805,403	718,544
Beneficial interest in agency endowment funds	5		17,839	15,894
Partnership interest	6		12,536	-
Property and equipment, net	7		211,477	226,703
Total Assets		$	1,553,148	1,315,783
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable		$	35,856	64,526
Accrued expenses			47,383	38,776
Line of credit	8		-	60,000
Total Current Liabilities			83,239	163,302
Net Assets				
Net Assets without Donor Restrictions:				
Undesignated			434,209	174,798
Board Designated			305,403	218,544
Invested in property and equipment			211,477	226,703
Net Assets with Donor Restrictions:				
Temporary in Nature	10		981	16,542
Perpetual in Nature	10		517,839	515,894
Total Net Assets			1,469,909	1,152,481
Total Liabilities and Net Assets		$	1,553,148	1,315,783

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

BIG BROTHERS BIG SISTERS MOUNTAIN REGION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020, with Comparative Totals for 2019

	2020			2019
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Total
Revenue and Other Support				
Grant and contract income	$ 900,816	210,853	1,111,669	915,220
Contributions	395,091	981	396,072	232,678
Special events, net	322,460	-	322,460	294,333
Investment income, net	86,858	1,945	88,803	78,807
In-kind contributions	15,066	-	15,066	38,985
Interest income	-	-	-	23,781
Other income	-	-	-	17,743
Net assets released from restrictions	227,395	(227,395)	-	-
Total revenue and other support	1,947,686	(13,616)	1,934,070	1,601,547
Expenses				
Member services	1,212,695	-	1,212,695	1,116,244
Total program services	1,212,695	-	1,212,695	1,116,244
Management and general				
General and administrative	193,621	-	193,621	150,560
Fundraising	210,326	-	210,326	328,800
Total supporting services	403,947	-	403,947	479,360
Total expenses	1,616,642	-	1,616,642	1,595,604
Change in net assets	331,044	(13,616)	317,428	5,943
Net assets at beginning of year	620,045	532,436	1,152,481	1,146,538
Net assets at end of year	$ 951,089	518,820	1,469,909	1,152,481

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of these financial statements.

BIG BROTHERS BIG SISTERS MOUNTAIN REGION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020, with Comparative Totals for 2019

	2020				2019
	Program	*Supporting Services*			
	Member services	General and administrative	Fundraising	Total	Total
Salaries and wages	$ 669,624	93,003	167,406	930,033	888,473
Payroll taxes and benefits	155,836	21,644	38,959	216,439	214,450
Professional fees	76,661	10,647	19,165	106,474	102,228
Rent	30,018	4,169	7,504	41,691	42,739
Telephone and internet	26,144	3,631	6,536	36,311	35,096
Information technology	24,942	3,464	6,235	34,641	44,503
Contract services	73,190	-	-	73,190	190,643
Insurance	19,610	2,724	4,902	27,236	30,109
Affiliation fees	21,282	-	-	21,282	23,094
Dues and subscriptions	9,597	9,597	-	19,193	5,594
Occupancy fees	11,909	1,654	2,977	16,540	18,394
Recruitment	14,387	-	-	14,387	11,285
Staff development and training	12,579	-	-	12,579	11,674
Computer and software	8,429	1,171	2,107	11,707	19,582
Bad debt expense	10,530	-	-	10,530	-
Program activities	10,078	-	-	10,078	10,122
Travel and entertainment	-	20,115	-	20,115	24,946
Background checks	8,845	-	-	8,845	13,501
Miscellaneous	4,214	4,214	-	8,428	5,430
Credit card fees	3,797	-	3,797	7,593	15,147
Board development	-	7,448	-	7,448	6,383
Supplies	5,355	744	1,339	7,437	12,272
Utilities	4,166	579	1,041	5,786	6,744
Advertising	2,650	-	1,427	4,077	2,867
Posting and shipping	1,241	172	310	1,724	2,261
Interest	-	1,033	-	1,033	858
Total expenses before depreciation	1,205,082	186,008	263,707	1,654,797	1,738,395
Depreciation expense	7,613	7,613	-	15,226	15,425
Less expenses included with revenue on the statement of activities:					
Direct expenses of fundraisers	-	-	(53,381)	(53,381)	(158,216)
Total expenses	$ 1,212,695	193,621	210,326	1,616,642	1,595,604

BIG BROTHERS BIG SISTERS MOUNTAIN REGION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020, with Comparative Totals for 2019

		2020	2019
Cash Flows From Operating Activities			
Cash receipts from grantors	$	1,030,494	996,769
Cash receipts from contributions		410,361	345,343
Cash receipts from special events		375,841	417,099
Cash receipts from interest and dividends		-	23,781
Cash receipts from other income		-	17,743
Cash paid for program services		(485,233)	(423,201)
Cash paid on behalf of employees		(921,426)	(887,507)
Cash paid for other operating expenses		(198,963)	(201,548)
Cash paid for special events		(53,381)	(160,578)
Interest paid		(1,033)	(858)
Net cash provided by operating activities		156,660	127,043
Cash Flows From Investing Activities			
Beneficial interest in agency endowment funds		-	(2,682)
Net cash (used in) investing activities		-	(2,682)
Cash Flows From Financing Activities			
Proceeds from line of credit		-	60,000
Payments on line of credit		(60,000)	-
Net cash (used in) provided by financing activities		(60,000)	60,000
Net change in cash and cash equivalents		96,660	184,361
Cash and cash equivalents at beginning of year		229,388	45,027
Cash and cash equivalents at end of year	$	326,048	229,388

RECONCILIATION OF CHANGE IN NET ASSETS
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Change in net assets	$	317,428	5,943
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		15,226	15,425
Realized and unrealized (gains) losses on endowment funds		(86,859)	28,065
Realized and unrealized (gains) in beneficial interest asset held by others		(1,945)	-
Noncash contributions of investment in partnership		(12,536)	-
(Increases) decreases in operating assets:			
(Increase) decrease in grants and contracts receivable		(81,175)	81,549
(Increase) decrease in pledges receivable		26,638	5,794
(Increase) decrease in prepaid expense		(322)	1,580
(Increase) decrease in due from related party		268	(342)
Increase (decrease) in operating liabilities:			
Increase (decrease) in accounts payable		(28,670)	(11,937)
Increase (decrease) in accrued liabilities		8,607	966
Net cash provided by operating activities	$	156,660	127,043

SUPPLEMENTAL CASH FLOW INFORMATION
Supplemental disclosure of non-cash activities

In-kind donations	$	15,066	38,985
Donated partnership interest		12,536	-
Total non-cash items	$	27,602	38,985

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

Note 1. Description of the Organization

On January 1, 2015, Big Brothers Big Sisters of Southwestern New Mexico, a New Mexico nonprofit corporation, merged with and into Big Brothers Big Sisters of Northern New Mexico, Incorporated, a New Mexico nonprofit corporation, under the name Big Brothers Big Sisters Mountain Region (the "Organization")("Big Brothers Big Sisters"). These two corporations merged to better facilitate the accomplishment of a number of objectives that would further their purposes under one corporation.

Big Brothers Big Sisters is a not-for-profit organization whose mission is to help children reach their potential through professionally supported one-to-one relationships. Their vision is successful mentoring relationships for all children who need them, contributing to brighter futures, better schools and stronger communities for all. Big Brothers Big Sisters promises to foster a culture of commitment to diversity and inclusion, partnership and collaboration, continuous learning, people development and high performance. A significant portion of Big Brothers Big Sisters revenue is derived from grants, contracts and contributions.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Basis of Presentation

The Organization prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections Financial Statements of Not-for-Profit Organizations. Under 958-205, The Organization is required to report 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.

Net Assets Without Donor Restrictions and Board Designated Net Assets

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

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, when applicable. The governing board has designated, from net assets without donor restrictions, net assets for a capital assets reserve.

Net Assets With Donor Restrictions - Temporary in Nature

Net assets with temporary donor restrictions are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. These restrictions can be fulfilled and removed by actions of the organization pursuant to those stipulations or by the passage of time. The expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. See Note 10 for donor restrictions for the years ended December 31, 2020 and 2019.

Net Assets With Donor Restrictions-Perpetual in Nature
Net assets with donor restrictions perpetual in nature are those for which use by Organization is limited by donor-imposed stipulations that cannot be removed by actions of the Organization. See Note 10 for net assets with restrictions perpetual in nature for the years ended December 31, 2020 and 2019.

Uniform Prudent Management of Institutional Funds Act

During fiscal year 2011, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in the state of New Mexico. Under UPMIFA, all unappropriated endowment funds are considered restricted. The Organization adopted the provisions of the financial accounting standard for endowments of nonprofit organizations (the UPMIFA Standard) with respect to the accounting for the corpus and income recognition on endowment funds.

The Organization classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions until the board of directors appropriates such amounts for expenditure and any other purpose restrictions have been met. The board of directors of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater when the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

The duration and preservation of the fund

- The purposes of the organization and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and appreciation of investments,
- Other resources of the organization,
- The investment policies of the organization.

UPMIFA defines endowment funds as a fund not wholly expendable by the institution on a current basis under the terms of the applicable gift instrument. The term "endowment fund" does not include funds that the charity designates as endowment (these are "quasi-endowment" funds).

Use of Estimates in Preparing Financial Statements

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to depreciation of assets over their estimated useful lives, allocation of expenses by function, and the fair value of investments.

Comparative Financial Information

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

Cash, restricted cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less. The amounts on deposit with these institutions may at times exceed the $250,000 of insurance available to individual depositors through the Federal Deposit Insurance Corporation (FDIC).

Grants and Contracts Receivable

The Organization is funded by grants and contracts received from the State of New Mexico, City of Santa Fe, and other sources. Grant and contract revenue is earned and recognized when expenses have been incurred, except as otherwise provided in the terms and conditions of the grant and contract. Unreimbursed costs under these grants are recorded as grants and contracts receivable. Grants and contracts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization’s management has not provided for an allowance for uncollectible amounts as they feel the grants and contracts receivable are fully collectible for the years ended December 31, 2020 and 2019.

Pledges Receivable, Net

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give are recorded at their discounted net present value using a discount rate of 3.25%.

Accounts Receivable

All receivables are deemed fully collectible, and an allowance for doubtful accounts has not been established. All amounts are deemed collectible within one year as of for the respective years ended December 31, 2020 and 2019 The Organization uses the direct write-off method when necessary. Historically these amounts have not been material to the financial statements as a whole.

Investments

Investments are carried at fair value, except the investment in the partnership interest. 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.

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
  - can be corroborated by observable market data.

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

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Exchange-Traded and Closed-End Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Beneficial interest in assets held by third party (Level 2) - are based on inputs derived principally from or corroborated by observable market data by correlation or other means.

Investment in Partnership (Level 3) - as there are no observable measures available, fair market valuation is determined on the basis of a preliminary statement of account value from partnership at December 31, 2020. The Investment in the Partnership has been categorized at Level 3. In general, the valuation of this type of investment must be based solely on experience and knowledge of the organization it represents when using Level 3 inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, are as follows:

December 31, 2020		Level 1	Level 2	Level 3	Total
Mutual funds	$	419,216	-	-	419,216
Exchange-Traded and Closed-End Funds		386,187	-	-	386,187
Beneficial interest in agency endowment fund		-	17,839	-	17,839
Partnership interest		-	-	12,536	12,536
Total investments at fair value	$	805,403	17,839	12,536	835,778

December 31, 2019		Level 1	Level 2	Level 3	Total
Mutual funds	$	381,321	-	-	381,321
Exchange-Traded and Closed-End Funds		337,223	-	-	337,223
Beneficial interest in assets held by others		-	15,894	-	15,894
Total investments at fair value	$	718,544	15,894	-	734,438

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended December 31, 2020 and 2019, there were no significant transfers in or out of Levels 1, 2 or 3.

Fair Value of Financial Instruments

The Organization's significant financial instruments are cash and cash equivalents, investments and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Following is description of valuation methodologies used for assets and liabilities recorded at fair value:

Cash and cash equivalents, certificates of deposit, short-term receivables, accounts payable and accrued liabilities – The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Investments in debt and equity securities – The fair value of investments in securities or mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs to the limited market activity of the instrument.

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those instruments.

Prepaid Expenses

Prepaid expenses consist of service contract expenses paid in advance for operation in the subsequent year for insurance and rent deposits.

Property, Equipment, and Depreciation

All acquisitions of property and equipment in excess of $5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. 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.

Estimated useful lives used in computing depreciation are as follows:

Building and improvements	15-30 Years
Furniture and equipment	5 Years

Revenue Recognition

The Organization 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.
  - Gifts of securities are recorded at their fair market value when received. Contributions with donor-imposed restrictions spent in the same year or in later periods as contributed are shown as initially donor restricted and released to without donor restriction in the Statement of Activities as the restriction expires. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class.
  - 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.
  - Government Grants—Government grant contributions are typically recorded on a reimbursement basis. Specifically, when qualifying expenses are incurred by the Organization, both the receivable from the government granting agency and offsetting grant revenue are recorded.

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. The contract with the State of New Mexico is on a reimbursement basis. Specifically, when the Organization has incurred the expenses in compliance with the general and specific requirements of the funding source, both the receivable from the government agency and offsetting contract revenue are recorded.

Donated Property, Materials and Services

Donations of property, materials and services are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific 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 contributions with donor restrictions. Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated services are recognized as contributions at their estimated fair value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statement do not reflect the value of these services because they do not meet recognition criteria prescribed by the generally accepted accounting principles.

In 2009, Big Brothers Big Sisters Mountain Region made an agreement with Big Brothers Big Sisters of Central New Mexico Donation Center to share revenue from the collection and sale of donated clothing and other household items. Big Brothers Big Sisters of Central New Mexico is responsible for picking up all donated items and sharing the revenue with Big Brothers Big Sisters Mountain Region at the agreed upon amount.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and management and general services. Those expenses of more of an indirect nature or which benefit all programs are allocated based upon predetermined allocation factors. These expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Other shared expenses, including insurance, utilities, maintenance and repair and depreciation, are allocated based on an analysis of use of square footage.

Compensated Absences

The Organization's employees can accrue from 7.33 to 9 hours per pay period for paid time off for full time employees and part-time employees who work at least 8 hours in a pay period are able to accrue paid time off on a prorated basis as well. Employees are allowed to carry over up to 80 hours of paid time off to the next calendar year. The Organization has recorded $47,383 and $38,776 for compensated vacation absences at December 31, 2020 and 2019, respectively. Compensated absences are included in the Statements of Financial Position as accrued expenses.

Advertising Cost

The Organization uses advertising to promote its programs among the audiences it serves. The cost of advertising is expensed when incurred. The Organization does not participate in direct-response advertising, which require capitalization and amortization of related costs. The advertising expenses was $4,076 and $2,867 for years ended December 31, 2020 and 2019, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. However, taxes on unrelated business income, if any, are reported when paid.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely- than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2020 and 2019, the Organization had no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. The Organization believes it is no longer subject to income tax examinations for years prior to 2017.

Prior Year Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not in each 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 Organization's financial statements for the year ended December 31, 2019 from which the summarized information was derived.

Reclassifications

Certain reclassifications were made to prior year balances to conform to current year presentation.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Organization 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. Organization'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. The Organization has evaluated subsequent events through September 27, 2021, which is the date the financial statements were available to be issued.

Note 3. Liquidity and Availability of Financial Resources

Big Brothers Big Sisters regularly monitors liquidity to meet 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. Big Brothers Big Sisters is substantially supported by grants and contracts, in which some are donor and time restricted. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Big Brothers Big Sisters must maintain sufficient resources to meet those responsibilities to its donors. These financial assets may not be available for general expenditure within one year. As part of Big Brothers Big Sisters' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Big Brothers Big Sisters can invest cash in excess of daily requirements in short-term investments. Occasionally, if the opportunity arises, the board may designate a portion of any operation surplus to its liquidity reserve.

Financial assets at year end		2020	2019
Cash and cash equivalents	$	326,048	229,388
Grants and contract receiveivable to received during the next year		158,698	77,523
Pledges receivable to be received during the next year		13,206	39,844
Due from related parties expected to be received during the next year		73	341
Undrawn lines of credit and other debits		150,000	90,000
Financial assets available at year-end		648,025	437,096
Less amounts not available to be used within one year:			
Net assets with donor restrictions:			
Net assets with donor restrictions		981	16,542
Less net assets with purpose and time restrictions to be met in less than a year		(981)	(16,542)
Current assets available to meet cash needs for general expenditures within one year	$	648,025	437,096

Note 4. Grants and Contracts and Promises to Give

Big Brothers Big Sisters received the following grants and contracts for the years ended December 31, 2020 and 2019:

		2020	2019
NM CYFD	$	83,600	72,987
City of Santa Fe		32,920	-
NM Cares Act		25,000	-
BBBSA-OJJDP		10,773	-
City of Las Cruces		2,600	2,036
Santa Fe County		2,250	-
Navajo United Way		-	2,500
Other		1,555	-
Total grants and contracts receivable	$	158,698	77,523

Promises to give consist of the following for the years ended December 31, 2020 and 2019:

Pledges Receivable:		2020	2019
One Give Campaign	$	1,012	16,641
Discounted		(31)	(99)
Unconditional promises to give		12,225	23,302
Total pledges receivable, net	$	13,206	39,844

Note 5. Beneficial Interest in Agency Endowment Fund

In 1999, a donor gave $5,250 to the Santa Fe Community Foundation (Foundation) under a designated endowment fund on behalf of Big Brothers Big Sisters. In 2010, the Foundation split the endowment fund into separate agency and designated endowment funds to properly record whether contributions came from Big Brothers Big Sisters or from other individuals on behalf of

Big Brothers Big Sisters. Big Brothers Big Sisters retains a beneficial interest in the endowment fund held by the Foundation.

The Foundation has the sole and final authority and discretion as to the sale, resale, investment and reinvestment of the endowment fund. The Foundation "can modify any restriction on the distribution of funds, if, in their sole judgment, any restriction becomes obsolete, incapable of fulfillment, or inconsistent with the charitable intent expressed by Big Brothers Big Sisters, or with the exempt purposes of the Foundation." Big Brothers Big Sisters has the ability to seek court review if they believe that the Foundation has improperly exercised this power.

The earnings, when distributed, can be used to further develop program services.

FASB ASC 605-45, Revenue Recognition - Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others, establishes standards for transactions in which a donor transfers assets to a not-for-profit organization or charitable trust that accepts the contribution with the stipulation that the recipient organization use those assets on behalf of, the return on investment of those assets, or both, to the beneficiary that is specified by the donor.

Big Brothers Big Sisters records its interest in the fund at fair market value, which is a Level 2 measurement. FASB ASC 605-45 specifically requires a not-for-profit organization that establishes a fund at a community foundation with its own funds, that specifies itself as the beneficiary of that fund, and grants the community foundation unilateral variance power, must account for the transfer of such assets as an asset on its financial statements. Accordingly, Big Brothers Big Sisters has recognized the transfer to the Foundation as an asset. The Foundation's financial statements are audited on an annual basis. Big Brothers Big Sisters receives distributions at 5% of the market value based on a rolling average.

Beneficial interest net asset composition by type of fund as of December 31, 2020:

	Without donor restrictions	With donor restrictions	Total
Accumulated investment gains	$ -	7,564	7,564
Original gift amount	-	10,275	10,275
Total fund	$ -	17,839	17,839

Beneficial interest net asset composition by type of fund as of December 31, 2019:

	Without donor restrictions	With donor restrictions	Total
Accumulated investment gains	$ -	5,619	5,619
Original gift amount	-	10,275	10,275
Total fund	$ -	15,894	15,894

The fair value of the beneficial interest and the net asset reconciliation for the years ended December 31, 2020 and 2019 was as follows:

		2020		2019	
Beginning balance	$		15,894		13,211
Contributions		1,165		2,683	
Investment return, net		780		-	
Total investment return			1,945		2,683
Amounts appropriated for expenditure			-		-
Ending balance	$		17,839		15,894

Big Brothers Big Sisters is also the recipient of investment income in a designated endowment managed by the Santa Fe Community Foundation to support its mission. The value of this endowment at year-end has not been recorded in the accompanying financial statements as the Organization does not have control over the fund. The value of the endowment fund and the distributions the Organization received for the years ended are as follows:

		2020	2019
Value of endowment	$	72,294	64,836
Distributions received	$	-	-

Note 6. Investments

Quasi-Endowment/Endowment Funds

Big Brothers Big Sisters' quasi-endowment/endowment include funds designated by the board of directors to function as an endowment as well as perpetually restricted net assets. As required by generally accepted accounting principles, net assets associated with quasi-endowment/endowment funds to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors created a quasi-endowment with a financial institution to benefit the Organization. Income from the quasi-endowment/endowment is available to be distributed annually for general operating support of the Organization. The original donor restricted contribution of $500,000 is recorded in perpetually restricted net assets. Refer to Note 10.

Quasi Endowment/Endowment Investment Objective

The Organization's primary objective in managing its quasi-endowment/endowment is to create a steady stream of revenue to support its mission; ensure that sufficient assets are available to assure liquidity of the Organization, seek to provide future cash for operations, projects and capital needs in providing services to generations of New Mexico's children and to achieve the highest total return with a reasonable level of risk.

Quasi Endowment/Endowment Investments and Spending Policies

Big Brothers Big Sisters investment and spending policy for its quasi-endowment/endowment assets seeks to provide a predictable stream of funding to programs supported by the quasi-endowment/endowment while simultaneously maintaining the purchasing power of the endowment assets over time. The quasi-endowment/endowment represents a collection of individual endowments from benefactors and board designated funds that in the aggregate form a fund from which earnings will support the purposes of each endowment for generations to come.

Investment risk is measured in terms of the total fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Big Brothers Big Sisters adopted an Endowment Fund Investment Policy reflective of UPMIFA provisions and the Board's desire to balance near-term spending and investment returns in a manner that ensures current programs receive appropriate support while protecting the Endowment's future purchasing power from the effects of inflation. Under the policy, in future periods, endowed funds with deficiencies will be allowed to utilize accumulated realized and unrealized gains to fund spending appropriations, while spending rates will be adjusted from time to time as considered prudent in order to preserve future endowment purchasing power.

Big Brothers Big Sisters spending policy is that it will not expend any amounts until the quasi endowment/endowment fund reaches $1,000,000 as determined by the Board or receive an 80% vote from the Board to withdraw amounts prior to reaching the threshold.

Quasi endowment/endowment net asset composition by type of fund as of December 31, 2020:

	Without donor restrictions (board designated)	With donor restrictions	Total
Quasi endowment/endowment funds	$ 305,403	500,000	805,403

Quasi endowment/endowment net asset composition by type of fund as of December 31, 2019:

	Without donor restrictions (board designated)	With donor restrictions	Total
Quasi endowment/endowment funds	$ 218,544	500,000	718,544

Quasi endowment/endowment net asset reconciliation as of December 31, 2020 and 2019 is as follows:

	2020		2019	
Beginning balance	$	718,544		746,608
Interest and dividends	24,169		21,502	
Net realized and unrealized gain (loss)	62,690		(28,065)	
General and administrative fees	-		-	
Total investment return		86,859		(6,563)
Amounts appropriated for expenditure		-		(21,501)
Ending balance	$	805,403		718,544

Investments in the quasi-endowment/endowment consist of the following:

December 31, 2020		Cost	Market Value
Mutual funds	$	363,524	419,216
Exchange-Traded & Closed-End Funds		205,634	386,187
Total investments in marketable securities	$	569,158	805,403

December 31, 2019		Cost	Market Value
Mutual funds	$	363,524	381,321
Exchange-Traded & Closed-End Funds		205,634	337,223
Total investments in marketable securities	$	569,158	718,544

Partnership Interest

During year ending December 31, 2020, the Organization received a donation of 0.136% share in a Partnership. The Organization does not have the ability to significantly influence the operating and financial policies of the for-profit entity. Fair value of the investment in the limited partnership is determined on the basis of a preliminary statement of account value from partnership at December 31, 2020. Redemption of shares in the limited partnership may take 60 to 90 days. The investment in limited partnership is measured at fair value using third-party pricing services for identical or similar assets (Level 3), with changes in fair value included in net income each reporting period.

Changes in Level 3 investments are as follows:

		2020	2019
Beginning balance	$	-	-
Additions		12,536	-
Ending balance	$	12,536	-

Note 7. Property, Equipment, and Depreciation

Property and equipment, net consist of the following:

December 31		2019	Additions	Deletions	2020
Building and related improvements	$	404,375	-	-	404,375
Furniture, fixtures and equipment		66,331	-	(60,323)	6,008
Total property and equipment		470,706	-	(60,323)	410,383
Less accumulated depreciation		(244,003)	(15,226)	60,323	(198,906)
Property and equipment, net	$	226,703	(15,226)	-	211,477

Depreciation expense for the years ended December 31, 2020 and 2019 was $15,226 and $15,426, respectively.

Note 8. Line of Credit

The Organization maintains a line of credit agreement with a financial institution. The line provides borrowings up to $150,000, accrues interest monthly at a variable interest rate equal to Prime Rate as published by Wall Street Journal plus 2.750 and floor of 7% resulting in current rate of 7%, and matures September 1, 2021. The line is secured by real property with a net book value of $210,575 at December 31, 2020. The outstanding balance as of December 31, 2020 and 2019, were $60,000 and $0, respectively.

Note 9. Paycheck Protection Program Loan

On April 14, 2020, Organization has entered into the Paycheck Protection Program and received a loan in the amount of $210,853. The repayment terms were subject to Sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT).

The Organization accounted for the PPP loan as a conditional contribution under FASB ASC 958-605. The Organization recognized the amount of $210,853 as contribution in year 2020, as it believes all conditions of release have been substantially met.

Note 10. Net Assets With Donor Restrictions (Purpose Restricted)

Big Brothers Big Sisters Mountain Region maintain restricted funds for specific purposes/time. Donor restricted funds are as follows:

Grantor		2019	Restricted Donations	Restrictions Released	2020	Purpose/Time
Purpose Restricted						
SBA - Paycheck Protection	$	-	210,853	(210,853)	-	Payroll and payroll related expenses from March to September 2020
Time Restricted						
One Give Campaign		16,542	981	(16,542)	981	Time
Perpetually Restricted						
Donor contribution to quasi endowment/endowment		500,000	-	-	500,000	
Beneficial interest in agency endowment funds		15,894	1,945	-	17,839	
Total	$	532,436	213,779	(227,395)	518,820	

Donor restricted net assets were released during the fiscal year by incurring expenses satisfying the purpose or time restriction specified by donors.

Note 11. Affiliation Fees

Big Brothers Big Sisters Mountain Region has affiliation agreements with Big Brothers Big Sisters of America. These agreements require Big Brothers Big Sisters Mountain Region to make quarterly and monthly payments to Big Brothers Big Sisters of America. Affiliation fees to Big Brothers Big Sisters of America were $21,282 and $23,094 for the years ended December 31, 2020 and 2019, respectively.

Note:12. Special Events

Special events during years ended December 31, 2020 and 2019 were as follows:

2020		Special Events		
		Gross receipts	Less direct costs	Net income
Bowling Tournament	$	186,964	12,021	174,943
Annual Gala		93,462	19,571	73,891
Mudd Volley Ball		32,955	2,589	30,366
MCK Golf Tournament		59,360	5,867	53,493
LARA Golf Tournament		3,100	13,333	(10,233)
	$	375,841	53,381	322,460

2019		Special Events		
		Gross receipts	Less direct costs	Net income
Bowling Tournament	$	236,889	34,667	202,222
Annual Gala		39,029	40,197	(1,168)
Mudd Volley Ball		52,384	19,425	32,959
MCK Golf Tournament		70,269	29,514	40,755
LARA Golf Tournament		19,497	4,784	14,713
TACO Fashion		7,034	4,437	2,597
Color Run		5,714	3,753	1,961
DAG Fashion		21,733	21,439	294
	$	452,549	158,216	294,333

Note:13. In-Kind Contributions

During the years ended December 31, 2020 and 2019, the Organization received in-kind donations as follows:

Type		2020	2019
Donated accounting services	$	14,857	16,322
Gift certificates and prices		13,316	30,457
Equipment		716	7,354
Food and beverage		208	926
Donated facilities		-	15,906
Donated services - BFKS		-	5,832
	$	29,097	76,797

All donations are used for the Organization's operations and programs.

Note 14. Concentrations

The Organization maintains cash with two financial institutions and none of the balances were in excess of the FDIC limit of $250,000 as of December 31, 2020 or 2019.

Big Brothers Big Sisters entered into a contract with the New Mexico Children, Youth and Families Department (CYFD) from July 1, 2019 to June 30, 2020 for $675,000 and from July 1, 2020 to June 30, 2021 for $675,000.

Total amount expensed under the contract for the years ended December 31, 2020 and 2019 were as follows:

December 31,	2020	%	2019	%
NM CYFD	$ 614,275	55%	589,118	64%
Total grants and contracts revenue	$ 1,111,669		915,220	

The amount recorded in accounts receivable for the years ended December 31, 2020 and 2019 were as follows:

December 31,	2020	%	2019	%
NM CYFD	$ 83,600	53%	72,987	94%
Total grants and contracts receivable	$ 158,698		77,523	

Note 15. Commitments and Contingencies

Lease Commitments

The Organization leases certain office space and office equipment accounted for as operating leases.

	Building Leases	Lease Term	Total
	Gallup, NM	Month to Month	$ 12,000
	Las Cruces, NM	Month to Month	13,200
	Taos, NM	Month to Month	1,500
	Silver City, NM	Month to Month	6,000
Total			$ 32,700

	Equipment Leases	Lease Term	Total
	Copiers	Month to Month	$ 8,991
Total			$ 8,991

There are no future minimum lease payments for these leases as the lease terms are on a month-to-month basis. Rent expense for the years ended December 31, 2020 and 2019 was $41,691 and $42,739, respectively.

Contingencies

From time to time, the Organization may have asserted and unasserted claims arising in the normal course of business. The Organization does not expect losses, if any, arising from these asserted and unasserted claims to have a material effect on the consolidated financial statements.

Big Brothers Big Sisters depends heavily on contributions and grant revenue. The ability of certain Big Brothers Big Sisters contributors and grantors to continue giving amounts consistent with previous years may be dependent on overall economic conditions. Big Brothers Big Sisters' board of directors believes Big Brothers Big Sisters has the resources to continue its programs, however, its ability to do so and the extent to which it continues to do so may be dependent on economic factors. Amounts received from state contracts are subject to review or audit by the appropriate state agencies. There is the possibility of disallowed state contract billings. Management believes there are no material disallowed billings that would be required to be refunded.

Note 16. Retirement Plan - Defined Contribution Plan

The Organization sponsors a defined contribution plan (the Plan) covering all eligible employees who qualify under applicable participation requirements and agree to make contributions to the Plan. The Organization, in its discretion, matches participants' contributions to the Plan up to 5% of the individual participant's compensation. Total expense for the years ended December 31, 2020 and 2019 was $16,785 and $14,406, respectively.

Note 17. Subsequent Events

Management has evaluated subsequent events through September 27, 2021 to determine whether such events should be recorded or disclosed in the financial statements or notes for the year ended December 31, 2020.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effect on the financial markets, and (v) the effects on the economy overall, all of which are uncertain. While we expect this matter to possibly have a negative impact on the business and its operations, the related financial impacts cannot be reasonably estimated at this time.

The Organization received $210,853 through the SBA Paycheck Protection Program (PPP). In addition, Organization received approximately $63,264 in CARES grant funds during year 2020. On January 21, 2021, the Organization received a $150,000 Economic Injury Disaster loan from the SBA. Loan is payable in monthly principal and interest payments of $641, beginning January 2022. As of September 27, 2021, cash flow is positive and the Organization has 6 months of operating expenses in the bank. In the event it was required, the Organization has access to line of credit and its board-designated quasi-endowment funds.

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*

The Board and Management of
Big Brothers Big Sisters Mountain Region
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 Big Brothers Big Sisters Mountain Region, (a nonprofit Organization) which comprise the statement of financial position as December 31, 2020, 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 September 27, 2021.

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) 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 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that 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 were not identified. 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 the Organization's financial statements are free of 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.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.
Albuquerque, NM
September 27, 2021

BIG BROTHER BIS SISTERS MOUNTAIN REGION
Schedule of Findings and Responses
For the year Ended December 31, 2020

SUMMARY OF FINDINGS

Reference #	Finding	Status of Current and Prior Year Findings	Type of Finding
PRIOR YEAR			
2019-001	Policies and Procedures	Resolved	B
2019-002	Fixed Assets	Resolved	B
2019-003	CYFD Compliance	Resolved	B

CURRENT YEAR
None

* 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 that does not rise to the Level of Significant Deficiency