



**NATIONAL VETERANS
WELLNESS & HEALING CENTER
ANGEL FIRE, NM**

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Table of Contents

JUNE 30, 2020

OFFICIAL ROSTER	1
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statement of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

Official Roster

JUNE 30, 2020

Board of Directors

<u>Name</u>	<u>Title</u>
Chuck Howe	President
Mark Fitch	Board Member
Lysa Hopson	Board Member
Leland Hopson	Board Member
Harry Patterson	Board Member
Dan Rakes	General Counsel

Administrative Official

Janice Podell	Executive Director
---------------	--------------------





INDEPENDENT AUDITOR'S REPORT

Board of Directors
National Veterans Wellness & Healing Center in Angel Fire, Inc.
Angel Fire, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the National Veterans Wellness & Healing Center in Angel Fire, Inc. (the "Center") (a non-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

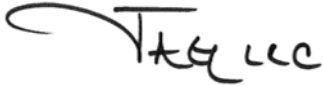
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

Board of Directors
National Veterans Wellness & Healing Center in Angel Fire, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "JAG LLC". The signature is stylized, with a large, sweeping initial "J" that loops around the "A", and the letters "G", "L", "L", and "C" are written in a cursive, connected style.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 30, 2021



FINANCIAL STATEMENTS

Financial Statements

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 81,869	\$ 30,242
Accounts receivable	-	28,918
Total current assets	81,869	59,160
Non-current assets		
Certificate of deposit	50,000	50,000
Property and equipment, net	551,065	66,777
Total non-current assets	601,065	116,777
Total assets	\$ 682,934	\$ 175,937
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 13,659	\$ 5,889
Payroll liabilities	3,322	-
Total current liabilities	16,981	5,889
Total liabilities	16,981	5,889
NET ASSETS		
Net assets without donor restrictions	612,139	170,048
Net assets with donor restrictions	53,814	-
Total net assets	665,953	170,048
Total liabilities and net assets	\$ 682,934	\$ 175,937

See Accompanying Notes.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
SUPPORT AND REVENUE				
Contributions	\$ 712,065	\$ 53,814	\$ 263,587	-
Governmental contracts and grants	62,636	-	165,008	-
Special events revenue, net	19,300	-	15,610	-
Fundraising Income	12,041	-	-	-
Other income	10,849	-	-	-
Interest income	12	-	62	-
Total support and revenue	816,903	53,814	444,267	-
Net assets released from donor restrictions	-	-	-	-
EXPENSES				
Program services	315,249	-	374,729	-
Supporting services				
Management and general	54,489	-	63,861	-
Fundraising	5,074	-	5,960	-
Total expenses	374,812	-	444,550	-
Change in net assets	442,091	53,814	(283)	-
Net assets, beginning of year	170,048	-	170,331	-
Net assets, end of year	\$ 612,139	\$ 53,814	\$ 170,048	\$ -

See Accompanying Notes.

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

	Program Services	Management & General	Fundraising	Totals
Wellness and healing retreats				
Contractual services	\$ 60,538	\$ 10,683	\$ -	\$ 71,221
Other retreat expenses	22,763	4,017	-	26,780
Total wellness and healing	83,301	14,700	-	98,001
Writedown of leasehold improvements	51,093	9,017		60,110
Rent	42,500	7,500	-	50,000
Payroll	57,796	10,199	-	67,995
Contract services	29,258	5,163	-	34,421
Business expense	1,295	229	-	1,524
Advertising and marketing	6,480	-	-	6,480
Supplies	5,510	972	-	6,482
Depreciation and amortization	8,032	1,418	-	9,450
Fundraising	-	-	5,074	5,074
Repairs and maintenance	2,277	402	-	2,679
Insurance	4,673	825	-	5,498
Operations	4,303	759	-	5,062
Travel	2,485	438	-	2,923
Telephone	3,021	533	-	3,554
Facilities and equipment	5,007	884	-	5,891
Auto expense	4,406	777	-	5,183
Miscellaneous	2,780	491	-	3,271
Internet	516	91	-	607
Postage	298	52	-	350
Bank fees	218	39	-	257
Total expenses	\$ 315,249	\$ 54,489	\$ 5,074	\$ 374,812

See Accompanying Notes.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services	Management & General	Fundraising	Totals
Wellness and healing retreats				
Contractual services	\$ 120,667	\$ 21,293	\$ -	\$ 141,961
Other retreat expenses	89,549	15,803	-	105,352
Total wellness and healing	210,216	37,096	-	247,313
Rent expense	85,000	15,000	-	100,000
Contract services	20,911	3,690	-	24,601
Business expense	11,319	1,998	-	13,317
Advertising and marketing	12,850	-	-	12,850
Supplies	6,835	1,206	-	8,041
Depreciation	6,435	1,136	-	7,570
Fundraising	-	-	5,960	5,960
Repairs and maintenance	3,918	691	-	4,609
Insurance	3,487	615	-	4,102
Operations	2,944	519	-	3,463
Travel	2,730	482	-	3,212
Telephone	2,523	445	-	2,968
Facilities and equipment	2,046	361	-	2,407
Auto expense	1,669	295	-	1,964
Miscellaneous	1,075	190	-	1,265
Internet	485	86	-	571
Postage	220	39	-	259
Bank fees	66	12	-	78
Total expenses	\$ 374,729	\$ 63,861	\$ 5,960	\$ 444,550

See Accompanying Notes.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 495,905	\$ (283)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Contribution of vehicle	(2,500)	-
Contribution of land and building	(550,000)	
Depreciation and amortization	9,450	7,570
Writedown of leasehold improvements	60,110	-
Changes in assets and liabilities		
Accounts receivable	28,918	7,514
Payables	11,093	5,889
Total adjustments	(442,929)	20,973
Net cash flows provided by operating activities	52,976	20,690
Cash flows from investing activities		
Purchase of certificate of deposit	-	(50,000)
Purchase of equipment	(1,349)	-
Acquisition of leasehold improvements	-	(13,649)
Net cash flows used in investing activities	(1,349)	(63,649)
Net increase (decrease) in cash and cash equivalents	51,627	(42,959)
Cash and cash equivalents, beginning of year	30,242	73,201
Cash and cash equivalents, end of year	\$ 81,869	\$ 30,242

See Accompanying Notes.

Notes to Financial Statements

JUNE 30, 2020 AND 2019

NOTE 1. THE ORGANIZATION

The National Veterans Wellness & Healing Center in Angel Fire, Inc. (the “Center”) is a not-for-profit organization that was founded on December 17, 2009. The Center shall be organized, administrated, and operated exclusively to receive, administer and expend funds to promote and represent the common interest of veterans, and rehabilitate, foster health related programs, and promote wellness and healing activities for Veterans, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws. The mission of the Center is to establish an environment that is responsive to the needs of veterans and military families using creative therapies and processes that focus on emotional and physical healing.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Concentrations of Credit Risk. Financial investments that are exposed to concentrations of credit risk consist of cash and cash equivalents. Cash and cash equivalents are in high quality institutions with high credit ratings.

Contributed Materials and Services. During the fiscal years ended June 30, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Center achieving its mission. Contributed material are recorded, when applicable, as both revenue and expense at estimated fair market value at the date of donation.

Contributions. Contributions are recognized when the donor makes a promise to give to the Center that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restriction.

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

Without Donor Restrictions. Net assets that are not subject to donor-imposed restriction. Contributions without donor restrictions are recorded as income when constructively received. Net assets without donor restrictions may be designated for a specific purpose by action of the board of directors.

With Donor Restrictions. Net assets that are subject to restrictions imposed by donors that may or will be met by the occurrence of a specific event or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported as a net assets released from program restrictions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses. The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs, fundraising and supporting services benefited.

Income Taxes. Income related to the charitable purpose of the Center is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Center is classified as a public charity under Section 170(b)(1)(A)(vi) of the Internal Revenue Code.

Management of the Center believes its activities allow it to continue to be classified as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The statute of limitations for examination of the Center's returns expires three years from the due date of the return or the date filed, whichever is later. The Center's returns for the years ended June 30, 2018 through 2020 are still open for examination.

Property and Equipment. Property and equipment is stated at cost, or, if donated, at the estimated fair value on the date of donation. Property and equipment with an expected useful life of one year or longer is capitalized. The Center does not have a capitalization policy threshold. All property and equipment is depreciated on a straight-line basis over the estimated useful life. Leasehold improvements are depreciated on a straight-line basis over the life the lease (10 years). Vehicles are depreciated on a straight-line basis over 5 years. Buildings are depreciated on a straight-line basis over 30 years.

Statement of Cash Flows. For purposes of the Statement of Cash Flows, cash and cash equivalents includes demand deposits. The Center considers all highly-liquid cash deposits in demand deposits to be cash and cash equivalents.

Use of Estimates. The preparation of the 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits. The table below includes all cash accounts of the Center. All funds deposits are in a bank that is insured by the federal government for deposits up to \$250,000. Custodial credit risk is the risk that in the event of a bank failure, the Center's deposits will not be recovered. The Center deposits are fully insured as of June 30, 2020 and 2019.

<u>Account</u>	<u>2020</u>	<u>2019</u>
Checking account (General)	\$ 32,153	\$ 28,023
Savings account (General)	2	50
Checking account (Special event)	49,317	1,724
Savings account (Special event)	397	445
Total cash and cash equivalents	\$ 81,869	\$ 30,242

NOTE 4. CERTIFICATE OF DEPOSIT

On June 17, 2019, the Center purchased a certificate of deposit from a local bank in the amount of \$50,000, maturing on December 17, 2020, with an annual percentage yield of 2.55%.

NOTE 5. PROPERTY AND EQUIPMENT

As of June 30, the Center had property and equipment as follows:

	2020	2019
Non-depreciable Assets		
Land	\$ 288,000	\$ -
Depreciable Assets		
Building and improvements	262,000	-
Furniture and equipment	1,348	-
Vehicles	7,500	5,000
Leasehold improvements		
Land improvements	-	61,624
Building improvements	-	11,707
Total depreciable assets	270,848	78,331
Accumulated amortization and depreciation	(7,783)	(11,554)
Depreciable assets, net	263,065	66,777
Property and equipment, net	\$ 551,065	\$ 66,777

On December 28, 2019, a Company owned by a former Director of the Center donated land (18 acres) and the building that the Center has operated from since January 2018. As provided in an independent appraisal, the fair market value of this contribution was determined to be \$550,000. Concurrent with the contribution of the building, the unamortized portion of the leasehold improvements in the amount of \$60,110 were written off.

NOTE 6. RESTRICTIONS ON NET ASSETS

Net assets were donor restricted for the following purposes at June 30, 2020 and 2019:

	2020	2019
Restricted for building	\$ 53,814	\$ -

NOTE 7. CONTRACT WITH THE STATE OF NEW MEXICO

The Center entered into a contract with the Behavioral Health Services Division of the New Mexico Human Services Department to plan and provide a comprehensive wellness treatment program for veterans who have served in the military. The treatment program, via ten retreats, includes traditional and non-traditional treatment modalities that will help to restore, remediate, or rehabilitate individuals in order to improve individual functioning and independence, as well as reduce or eliminate the effects of illness or disability. The contract is a cost reimbursement contract. The Center recognized revenue of \$56,636 and \$165,008 for the years ended June 30, 2020 and 2019, respectively. Additionally, the Center had a receivable of \$0 and \$28,918 at June 30, 2020 and 2019, respectively.

NOTE 8. SPECIAL EVENTS REVENUE, NET

Special events revenue is presented in the financial statements, net of expenses. The Center's primary fundraising event is an annual event held every winter known as the "Military Winterfest" held in Angel Fire, New Mexico. The Military Winterfest is intended as a celebration to bring awareness to the Center's mission and is for veterans, working military, and their families. The special events net revenue is composed of the following activity:

	2020	2019
Special Events Revenue		
Contributions	\$ 46,109	\$ 35,934
Expenses	<u>(26,809)</u>	<u>(20,324)</u>
Total special events revenue, net	<u>\$ 19,300</u>	<u>\$ 15,610</u>

NOTE 9. CONTINGENCIES

The Center is party to various claims and other legal matters coming about in their normal course of business. There were no pending litigation matters as of June 30, 2020 and 2019.

NOTE 10. INSURANCE COVERAGE

The Center is exposed to various risk of loss. The Center carries insurance with various insurance companies. Coverage is provided for general liability and surety bond.

NOTE 11. LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor imposed or board-imposed restrictions, or related party transactions, within one year of the statement of financial position date.

	2020	2019
Financial assets, at year-end		
Cash and cash equivalents	\$ 81,869	\$ 30,242
Certificate of deposit	50,000	50,000
Accounts receivable	-	28,918
Total financial assets, at year end	131,869	109,160
Amounts unavailable for general expenditures within one year, due to donor-imposed restrictions	<u>53,814</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 78,055</u>	<u>\$ 109,160</u>

NOTE 12. LEASE AGREEMENT FOR USE OF DONATED FACILITIES – RELATED PARTY

On December 11, 2017, a company owned by a Director of the Organization entered into a lease agreement, effective January 1, 2018, for the donation of the use of the land and building that the Organization operates from. The lease agreement was for nine years and ten months commencing January 1, 2018 and ending October 31, 2028. The lease agreement also has two five-year options for renewal with no increase in the rental rate. The lease agreement assigns a fair value of \$100,000 per year. During the year ended June 30, 2020 and 2019, the Center recognized \$50,000 and \$100,000, respectively, in rent expense offset by the related contribution.

This lease agreement was superseded on December 28, 2019 as the land and building was donated by a company owned by a director of the Center as more fully described in Note 5.

NOTE 13. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. The Center recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Center'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 balance sheet date and before financial statements are available to be issued.

The Center has evaluated subsequent events through November 30, 2021, which is the date the financial statements are available to be issued. Other than the subsequent event mentioned in the following paragraph, the Center is not aware of any material subsequent events which would require disclosure in the accompanying footnotes or the financial statements.

Paycheck Protection Program (PPP) Funding. During the year ended June 30, 2020, the Organization received a PPP Loan in the amount of \$11,900.

Subsequent to year-end, the Center met the criteria for loan forgiveness and the PPP Loan was forgiven. The Center provided evidence to the federal government they met the criteria and received notification that their PPP loan in the amount of \$11,900 was forgiven. The subsequent forgiveness removes all uncertainty as to whether or not the federal government would forgive the PPP loan and is a Type I subsequent event under the accounting standards.

A Type I subsequent event provides additional evidence about conditions that existed at the balance sheet date and requires the event be recognized in the financial statements. These financial statements recognize the forgiveness of the PPP Loan as federal contribution revenue for the year ended June 30, 2020.

JARAMILLO ACCOUNTING GROUP LLC (JAG)

CERTIFIED PUBLIC ACCOUNTANTS

4700 LINCOLN RD NE, ALBUQUERQUE, NM 87109

T: 505.323.2035

www.JAG.CPA

