# NATIONAL VETERANS WELLNESS & HEALING CENTER ANGEL FIRE, NM

# FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



# Table of Contents

JUNE 30, 2021

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, 2021

## **Board of Directors**

Name	Title
Chuck Howe	President
Dan Rakes	General Counsel
Peter Alarid	Vice President
Markus Podell	Secretary
Lawrence Davis	Treasurer
Lin Dailey	Board Member
Pink Harris	Board Member

# **Administrative Official**

Janice Podell

**Executive Director** 





Jaramillo Accounting Group LLC Certified Public Accountants Audit, Fraud, Consulting www.JAG.CPA

**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, 2021 and 2020, 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.

4700 Lincoln Rd NE

Albuquerque, NM 87109

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, 2021 and 2020, 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.

Yty uc

Jaramillo Accounting Group LLC (JAG) Albuquerque, New Mexico June 27, 2022

NATIONAL VETERANS WELLNESS & HEALING CENTER ANGEL FIRE, NM

# FINANCIAL STATEMENTS



# **Financial Statements**

# STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	_	2021	_	2020
ASSETS				
Current assets				
Cash and cash equivalents	\$	93,284	\$	81,869
Accounts receivable		28,215		-
Total current assets		121,499		81,869
Non-current assets				
Certificate of deposit		-		50,000
Property and equipment, net	_	540,832		551,065
Total non-current assets		540,832		601,065
Total assets	\$	662,331	\$	682,934
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities				
Accounts payable	\$	28,840	\$	13,659
Payroll liabilities		3,787		3,322
Total current liabilities		32,627		16,981
Total liabilities		32,627		16,981
NET ASSETS				
Net assets without donor restrictions		575,890		612,139
Net assets with donor restrictions		53,814		53,814
Total net assets		629,704		665,953
	\$	662,331	\$	682,934

# STATEMENTS OF ACTIVITIES

# FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

		20	21	2(	020
	١	Vithout	With	Without	With
		Donor	Donor	Donor	Donor
	Re	strictions	Restrictions	Restrictions	Restrictions
SUPPORT AND REVENUE					
Contributions	\$	113,626	\$-	\$ 712,065	53,814
Governmental contracts and grants		157,490	-	62,636	-
Special events revenue, net		-	-	19,300	-
Fundraising Income		-	-	12,041	-
Other income		-	-	10,849	-
Interest income		1,931		12	
Total support and revenue		273,047		816,903	53,814
Net assets released from donor restrictions		-	-	-	-
EXPENSES					
Program services		263,758	-	315,249	-
Supporting services					
Management and general		45,155	-	54,489	-
Fundraising		383		5,074	
Total expenses		309,296		374,812	
Change in net assets		(36,249)	-	442,091	53,814
Net assets, beginning of year		612,139	53,814	170,048	
Net assets, end of year	\$	575,890	\$ 53,814	\$ 612,139	\$ 53,814

# STATEMENT OF FUNCTIONAL EXPENSES

# FOR THE YEAR ENDED JUNE 30, 2021

	Program Services		nagement General	<u>Fundrais</u>	ing	 Totals
Wellness and healing retreats						
Contractual services	\$	128,762	\$ 22,723	\$	-	\$ 151,485
Other retreat expenses		17,798	 3,141		-	 20,939
Total wellness and healing		146,560	25,864		-	172,424
Payroll		52,384	9,244		-	61,628
Depreciation and amortization		8,698	1,535		-	10,233
Operations		8,163	1,441		-	9,604
Contract services		17,293	3,052		-	20,345
Advertising and marketing		7,897	-		-	7,897
Facilities and equipment		6,219	1,097		-	7,316
Supplies		4,181	738		-	4,919
Insurance		3,473	613		-	4,086
Telephone		2,979	526		-	3,505
Auto expense		1,636	289		-	1,925
Miscellaneous		1,017	179		-	1,196
Repairs and maintenance		867	153		-	1,020
Business expense		842	149		-	991
Internet		713	126		-	839
Postage		547	97		-	644
Fundraising		-	-	:	383	383
Bank fees		241	43		-	284
Travel		48	 9		-	 57
Total expenses	\$	263,758	\$ 45,155	\$	383	\$ 309,296

# STATEMENT OF FUNCTIONAL EXPENSES

# FOR THE YEAR ENDED JUNE 30, 2020

	Pr	rogram	Μ	anagement			
	Se	ervices		& General	Fundr	aising	 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 expense		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

# STATEMENTS OF CASH FLOWS

# FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

		2021	 2020
Cash flows from operating activities			
Change in net assets	\$	(36,249)	\$ 495,905
Adjustments to reconcile change in net assets to			
net cash provided by (used in) operating activities			
Federal contribution - PPP loan		(13,092)	(11,900)
Contribution of vehicle		-	(2,500)
Contribution of land and building		-	(550,000)
Depreciation and amortization		10,233	9,450
Writedown of leasehold improvements		-	60,110
Changes in assets and liabilities			
Accounts receivable		(28,215)	28,918
Payables		15,646	 11,093
Total adjustments		(15,428)	 (454,829)
Net cash flows (used in) provided by operating activities		(51,677)	 41,076
Cash flows from investing activities			
Proceeds from matured certificate of deposit		50,000	-
Purchase of equipment		-	 (1,349)
Net cash flows provided by (used in) investing activities		50,000	 (1,349)
Cash flows from financing activities			
Proceeds from PPP Loan	_	13,092	 11,900
Net increase in cash and cash equivalents		11,415	51,627
Cash and cash equivalents, beginning of year		81,869	 30,242
Cash and cash equivalents, end of year	\$	93,284	\$ 81,869

# Notes to Financial Statements

### JUNE 30, 2021 AND 2020

## 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, 2021 and 2020, 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, 2019 through 2021 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 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, 2021 and 2020.

<u>Account</u>	 2021		2020
Checking account (General)	\$ 11,663	\$	32,153
Savings account (General)	2,185		2
Checking account (Special event)	27,109		49,317
Savings account (Special event)	 52,327		397
Total cash and cash equivalents	\$ 93,284	\$	81,869

## 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, with an annual percentage yield of 2.55%, that matured in the current fiscal year, and was not renewed.

## NOTE 5. PROPERTY AND EQUIPMENT

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

	2	2021	 2020
Non-depreciable Assets			
Land	<u>\$</u>	288,000	\$ 288,000
Depreciable Assets			
Building and improvements		262,000	262,000
Furniture and equipment		1,348	1,348
Vehicles		7,500	 7,500
Total depreciable assets		270,848	270,848
Accumulated amortization and depreciation		(18,016)	 (7,783)
Depreciable assets, net		252,832	 263,065
Property and equipment, net	\$	540,832	\$ 551,065

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.

#### NOTE 6. RESTRICTIONS ON NET ASSETS

Net assets were donor restricted for the following purposes at June 30, 2021 and 2020:

	 2021		2020
Restricted for building	\$ 53,814	\$	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 on this contract of \$157,490 and \$56,636 for the years ended June 30, 2021 and 2020, respectively. Additionally, the Center had a receivable of \$28,215 and \$0 at June 30, 2021 and 2020, 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. Due to COVID-19, the Military Winterfest special event was canceled for the year ended June 30, 2021. 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:

	2021		 2020
Special Events Revenue			
Contributions	\$	-	\$ 46,109
Expenses		-	 (26,809)
Total special events revenue, net	\$		\$ 19,300

#### **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, 2021 and 2020.

## 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.

	2021	2020
Financial assets, at year-end		
Cash and cash equivalents	\$ 93,284	\$ 81,869
Certificate of deposit	-	50,000
Accounts receivable	28,215	-
Total financial assets, at year end	121,499	131,869
Amounts unavailable for general expenditures		
within one year, due to donor-imposed restrictions	53,814	53,814
Financial assets available to meet cash needs for		
general expenditures within one year	\$ 67,685	<u>\$ 78,055</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, the Center recognized \$50,000 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 June 27, 2022, which is the date the financial statements are available to be issued. Other than the subsequent events 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.

**Loan secured by real property.** On June 23, 2022, the Board of Directors of the New Mexico Finance Authority approved a loan to the Center in the amount of \$1,000,000. The loan is collateralized by real property. The terms of the loan include an interest rate of 3.53%, interest only payments over the term of 84 months, and a final balloon payment of \$1,000,000. The loan proceeds are to be used to build up to 15 cabins in order to host retreats on Center property. The loan is expected to fund by the end of August 2022.

**Paycheck Protection Program (PPP) Loan**. During the year ended June 30, 2021, the Organization received a PPP Loan in the amount of \$13,092.

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 \$13,092 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, 2021.

# JARAMILLO ACCOUNTING GROUP LLC (JAG)

CERTIFIED PUBLIC ACCOUNTANTS

4700 LINCOLN RD NE, ALBUQUERQUE, NM 87109

T: 505.323.2035 www.JAG.CPA

