



SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS



Financial Statements
and Independent Auditors' Report
June 30, 2023

Santa Fe Dreamers Project

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Independent Auditors' Report

Board of Directors and Management
Santa Fe Dreamers Project

Opinion

We have audited the accompanying financial statements of the Santa Fe Dreamers Project (SFDP, a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SFDP as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SFDP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Prior Period Financial Statements

The financial statements of SFDP as of and for the year ended June 30, 2022, were audited by a predecessor auditor, whose report dated July 28, 2023, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SFDP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SFDP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SFDP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

SJT Group LLC

Albuquerque, New Mexico
March 4, 2024

Financial Statements

Santa Fe Dreamers Project

Statements of Financial Position

June 30,

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 309,472	\$ 119,905
Contributions receivable	119,022	20,090
Employee retention tax credits receivable	230,781	-
Inventory	-	944
Prepaid expenses	<u>1,574</u>	<u>6,129</u>
Total current assets	660,849	147,068
Right-of-use assets - operating leases, net	<u>49,872</u>	<u>11,266</u>
Total assets	<u>\$ 710,721</u>	<u>\$ 158,334</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 17,048	\$ 7,342
Accrued payroll and related	18,668	9,432
Contract liability	6,000	3,000
Compensated absences	-	10,303
Operating lease payable, current	<u>27,501</u>	<u>11,115</u>
Total liabilities	<u>69,217</u>	<u>41,192</u>
Noncurrent liabilities		
Long-term debt, net of current portion	150,000	150,000
Operating lease payable, net of current portion	<u>23,424</u>	<u>-</u>
Total long-term liabilities	<u>173,424</u>	<u>150,000</u>
Total liabilities	<u>242,641</u>	<u>191,192</u>
Net assets (deficit)		
Without donor restrictions	349,058	(32,858)
With donor restrictions	<u>119,022</u>	<u>-</u>
Total net assets (deficit)	<u>468,080</u>	<u>(32,858)</u>
Total liabilities and net assets (deficit)	<u>\$ 710,721</u>	<u>\$ 158,334</u>

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

Santa Fe Dreamers Project

Statement of Activities For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Grants and contributions	\$ 766,771	\$ 119,022	\$ 885,793
Employee retention tax credit	401,978	-	401,978
Program income	46,194	-	46,194
Special event income	<u>5,677</u>	<u>-</u>	<u>5,677</u>
Total support and revenue	<u>1,220,620</u>	<u>119,022</u>	<u>1,339,642</u>
Expenses			
Program services	641,155	-	641,155
Supporting services			
Management and general	175,761	-	175,761
Fundraising	<u>21,788</u>	<u>-</u>	<u>21,788</u>
Total supporting services	<u>197,549</u>	<u>-</u>	<u>197,549</u>
Total expenses	<u>838,704</u>	<u>-</u>	<u>838,704</u>
Change in net assets	381,916	119,022	500,938
Net assets (deficit), beginning of year	<u>(32,858)</u>	<u>-</u>	<u>(32,858)</u>
Net assets, end of year	<u>\$ 349,058</u>	<u>\$ 119,022</u>	<u>\$ 468,080</u>

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

Santa Fe Dreamers Project

Statement of Activities For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Grants and contributions	\$ 754,026	\$ -	\$ 754,026
Program income	5,857	-	5,857
Interest income	3	-	3
Net assets released from restrictions	<u>95,465</u>	<u>(95,465)</u>	<u>-</u>
Total support and revenue	<u>855,351</u>	<u>(95,465)</u>	<u>759,886</u>
Expenses			
Program services	738,124	-	738,124
Supporting services			
Management and general	162,173	-	162,173
Fundraising	<u>35,111</u>	<u>-</u>	<u>35,111</u>
Total supporting services	<u>197,284</u>	<u>-</u>	<u>197,284</u>
Total expenses	<u>935,408</u>	<u>-</u>	<u>935,408</u>
Change in net assets	(80,057)	(95,465)	(175,522)
Non-operating loss on disposal of assets	2,827	-	2,827
Net assets, beginning of year	<u>50,026</u>	<u>95,465</u>	<u>145,491</u>
Net assets, end of year	<u><u>\$ (32,858)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (32,858)</u></u>

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

Santa Fe Dreamers Project

Statement of Functional Expenses

For the Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 448,005	\$ 81,952	\$ 16,390	\$ 546,347
Payroll taxes	44,739	8,184	1,637	54,560
Employee benefits	37,259	6,816	1,363	45,438
Subtotal	530,003	96,952	19,390	646,345
Accounting	-	41,753	-	41,753
Outside services	26,977	1,361	272	28,610
Amortization	-	24,771	-	24,771
Office supplies	17,698	2,034	610	20,342
Dues and subscriptions	12,734	685	137	13,556
Travel	8,978	-	-	8,978
Rent - equipment	6,669	767	229	7,665
Rent - office	5,895	678	203	6,776
Utilities	5,656	650	195	6,501
Insurance	5,096	586	176	5,858
Telephone	5,096	586	175	5,857
Staff development	4,161	761	152	5,074
Printing and advertising	3,733	429	129	4,291
Postage	3,413	392	118	3,923
Interest expense	-	2,656	-	2,656
Licenses and fees	2,145	-	-	2,145
Legal and professional	2,052	-	-	2,052
Meals and entertainment	805	-	-	805
Bank charges	-	695	-	695
Miscellaneous expense	44	5	2	51
	\$ 641,155	\$ 175,761	\$ 21,788	\$ 838,704

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

Santa Fe Dreamers Project

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 490,570	\$ 91,743	\$ 15,830	\$ 598,143
Payroll taxes	37,537	7,039	1,215	45,791
Employee benefits	47,407	8,847	1,526	57,780
Subtotal	575,514	107,629	18,571	701,714
Accounting	-	31,384	-	31,384
Outside services	44,921	2,882	11,333	59,136
Depreciation	-	3,634	-	3,634
Office supplies	7,268	1,817	-	9,085
Dues and subscriptions	5,355	-	1,599	6,954
Travel	2,586	-	-	2,586
Rent - equipment	9,422	-	-	9,422
Rent - office	49,985	5,745	1,724	57,454
Utilities	11,327	1,302	391	13,020
Insurance	5,396	2,230	-	7,626
Telephone	7,648	897	269	8,814
Printing and advertising	-	65	1,224	1,289
Postage	5,000	263	-	5,263
Licenses and fees	5,459	1,365	-	6,824
Legal and professional	5,811	-	-	5,811
Meals and entertainment	874	-	-	874
Bank Charges	-	972	-	972
Miscellaneous expense	-	399	-	399
Repairs and maintenance	-	32	-	32
Training	1,558	1,557	-	3,115
	\$ 738,124	\$ 162,173	\$ 35,111	\$ 935,408

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

Santa Fe Dreamers Project

Statements of Cash Flows For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Cash received from grants and contributions	\$ 786,861	\$ 746,514
Cash received from tax credits	171,197	98,333
Other cash receipts	51,871	-
Cash paid to suppliers	(149,383)	(230,898)
Cash paid to and on behalf of employees	(647,412)	(692,830)
Principal payments on operating leases	(23,567)	-
Cash received from interest	-	3
Net cash provided (used) by operating activities	<u>189,567</u>	<u>(78,878)</u>
Cash flows from financing activities		
Proceeds from loan borrowing	-	150,000
Net cash (used) provided by financing activities	<u>-</u>	<u>150,000</u>
Net increase in cash and cash equivalents	189,567	71,122
Cash and cash equivalents, beginning of year	<u>119,905</u>	<u>48,783</u>
Cash and cash equivalents, end of year	<u>\$ 309,472</u>	<u>\$ 119,905</u>

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

Santa Fe Dreamers Project
Statements of Cash Flows – continued
For the Years Ended June 30,

	2023	2022
Reconciliation of change in net assets to net cash provided (used) by operating activities		
Change in net assets	<u>\$ 500,938</u>	<u>\$ (178,349)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	24,771	3,634
Changes in assets and liabilities:		
Contributions receivable	(98,932)	84,964
Employee retention tax credit receivable	(230,781)	-
Prepaid expenses	4,555	2,313
Inventory	944	-
Accounts payable	9,706	7,267
Accrued liabilities	(1,067)	243
Operating lease liabilities	(23,567)	(1,950)
Contract liability	<u>3,000</u>	<u>3,000</u>
Total adjustments	<u>(311,371)</u>	<u>99,471</u>
Net cash provided (used) by operating activities	<u>\$ 189,567</u>	<u>\$ (78,878)</u>

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

Santa Fe Dreamers Project

Notes to Financial Statements

June 30, 2023 and 2022

1) Organization

Santa Fe Dreamers Project (SFDP), a New Mexico nonprofit corporation, was organized and incorporated on March 16, 2017, to provide free legal services to immigrants to promote economic empowerment, community development, family unity, and liberation from detention. SFDP is supported primarily by grants and contributions. SFDP provides program services in the following areas:

Family Unity & Economic Empowerment:

Provides accessible low bono and pro bono legal services to mixed status families in a wide variety of legal services that support employment authorization, family based immigration, permanent residency, citizenship, and advance parole. SFDP also provides weekly Deferred Actions for Childhood Arrivals (DACA) Clinics in both Albuquerque and Santa Fe. These clinics provide free representation to individuals who qualify for DACA.

Humanitarian Protection

The Humanitarian Visa program provides pro bono representation for refugees, asylees, individuals, and families impacted by domestic abuse, violent crime, and abused, abandoned or neglected children. SFDP helps survivors of violence get on a path toward improved access to healthcare, employment, and financial security, thereby empowering them to gain independence from their abusers.

SFDP helps its clients access and navigate programs like the Violence Against Women Act (VAWA), the U Visa, T Visa, and the Special Immigrant Juvenile (SIJ) program. These visa programs serve a dual function - to increase community safety by encouraging immigrant victims of crime to cooperate with law enforcement, while at the same time providing immigrants with the legal protections they need for their individual health, safety, and stability. These visa programs enable immigrant victims of crime to access both criminal justice and needed healthcare services in the wake of traumatic events. These programs have many detailed statutory and evidentiary requirements, so it is almost impossible for immigrants to be able to actually access these visa programs without legal representation.

LGBTQ & Asylum

We provide legal representation to transgender women detained in Cibola County, New Mexico. We also help locate sponsors for trans women all over the US.

2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and liabilities.

Santa Fe Dreamers Project

Notes to Financial Statements

June 30, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

Basis of Presentation

The financial statements of SFDP have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), which requires SFDP to report information regarding its financial position and activities according to the following net asset classifications:

- *Net Assets Without Donor Restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of SFDP management and the board of directors.
- *Net Assets With Donor Restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of SFDP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

For purposes of reporting cash flows, SFDP considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Allowance for Uncollectible Accounts

Management believes contributions and employee tax credits receivable are fully collectible and, accordingly, no allowance for uncollectible accounts is considered necessary.

Equipment

Equipment is stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to five years. SFDP’s policy is to capitalize renewals and betterments acquired for greater than \$2,500 and expense normal repairs and maintenance as incurred. SFDP’s management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Santa Fe Dreamers Project

Notes to Financial Statements

June 30, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

Revenue Recognition

SFDP's financial statements are presented in accordance with FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09 SFDP is required to recognize revenue for the transfer of goods or services to customers in an amount that reflects the consideration to which SFDP expects to be entitled in exchange for those goods or services.

Revenue recognition for SFDP is as follows:

Grants and Contributions

Unconditional promises to give are recognized as revenue in the period the promise was made. Grants and contributions are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. SFDP reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same reporting period in which the revenue was received.

Conditional grants and contracts funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as deferred revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, SFDP will record such disallowance at the time the final assessment is made.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions Received and Contributions Made

SFDP adopted FASB ASU No. 2018-08 – Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update provides a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. To accomplish this, the ASU clarifies how a not-for-profit organization determines whether a resource provider is receiving value in return for the resources transferred based on the criteria on the following page:

Santa Fe Dreamers Project

Notes to Financial Statements

June 30, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

- A resource provider (including a private foundation, a government agency, or other) is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider.
- Execution of a resource provider's mission or the positive sentiment from acting as a donor would not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange.

In addition, this ASU also requires an organization to determine whether a contribution is conditional based on whether the agreement includes a barrier that must be overcome or whether a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributed Services—Contributed services are recognized as contributions 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 SFDP. SFDP has volunteers that have donated their services to SFDP. These donated services, which do not meet the above criteria for revenue recognition, have not been recognized as support in the financial statements.

Prepaid Expenses

Prepaid expenses represent advance insurance and rent payments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. SFDP uses the direct method to expense costs by function. Expenses requiring allocations are applied based on estimates of the percentage of employees' time spent on each function and were consistently applied during the year.

Santa Fe Dreamers Project

Notes to Financial Statements

June 30, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

Significant expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation Method</u>
Salaries and wages	Time and effort
Occupancy	Square footage
Employee benefits and payroll taxes	Time and effort
Professional and contractual	Time and effort
Equipment and software	Specific identification
Meals and meetings	Time and effort

Compensated Absences

SFDP provides ten (10) days of vacation and ten (10) sick leave days each year. Unused vacation balances lapse at year-end. Unused sick leave balances can be carried over indefinitely, but they are not paid out upon termination. Due to the global pandemic SFDP approved all unused vacation leave balances to carry over into fiscal year 2023. No balances were allowed to be carried over into fiscal year 2024. Accordingly, there are no compensated absence liabilities at June 30, 2023, and the compensated absences liability was \$10,303 at June 30, 2022.

Financial Instruments

Assets and liabilities measured at fair value are categorized into one of the three levels depending on the observability of the inputs employed in their measurements. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are market observable inputs for measuring the asset or liability other than quoted prices including within level 1. Level 3 inputs are unobservable inputs for measuring the asset or liability reflecting significant modifications to observable related market data or the Organization's assumptions about pricing by market participants. The carrying amounts of financial instruments, including cash and cash equivalents, contributions receivable, prepaid, accounts payable, and long-term debt approximate fair value due to the short maturity of these instruments.

Reclassifications

The accompanying financial statements have made certain reclassifications of amounts previously reported to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets or change in net assets.

Legal Matters

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

Santa Fe Dreamers Project

Notes to Financial Statements

June 30, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

Income Taxes

SFDP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Financial Accounting Standards Board (FASB) issued FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which provides guidance on how to measure and account for various tax positions. SFDP determined no material unrecognized tax benefits or liabilities existed as of June 30, 2023 and 2022. If applicable, SFDP will recognize interest and penalties related to underpayment of income taxes as income tax expense. As of June 30, 2023 and 2022, SFDP had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. SFDP does not anticipate any significant changes to unrecognized tax benefits over the next year.

Management of SFDP 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 and has not identified any activities subject to unrelated business income tax. SFDP files federal Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service and copies of Form 990 with states in which SFDP is registered. The statute of limitations for examination of SFDP's returns expires three years from the due date of the return or the date filed, whichever is later. SFDP's returns for the years ended June 30, 2020 through 2022, are still open for examination and management anticipates the statute of limitations for the return for the year ended June 30, 2023, will expire by May 2026.

Subsequent Events

Subsequent events were evaluated through March 4, 2024, which is the date the financial statements were available to be issued. Subsequent to June 30, 2023, SFDP signed a multi-year lease extending the commitment for office space in Albuquerque, New Mexico.

3) Concentrations of Risk

SFDP maintains cash with financial institutions insured by the Federal Deposit Insurance Corporation. The balances in these accounts may at times exceed federally insured limits. Bank balances of demand deposits as of June 30, 2023 and 2022, in excess of \$250,000 were uninsured and uncollateralized in the amount of \$59,472 and \$0, respectively.

Santa Fe Dreamers Project

Notes to Financial Statements

June 30, 2023 and 2022

4) Availability and Liquidity

SFDP's financial assets available within one year of the balance sheet date for general expenditure were as follows at June 30:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 309,472	\$ 119,905
Employee retention tax credits receivable	230,781	-
Contributions receivable	<u>119,022</u>	<u>20,090</u>
Total financial assets	<u><u>659,275</u></u>	<u><u>139,995</u></u>

As part of SFDP's liquidity management, it structures its financial assets to be available as its general expenses, liabilities, and other obligations come due.

5) Contributions Receivable

Contributions receivable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Employee Retention Credit Refund	\$ 230,781	\$ -
Arcus Foundation	100,000	-
Isora Wells Foundation	10,000	10,000
Other	9,022	-
City of Santa Fe	<u>-</u>	<u>10,090</u>
Total	<u><u>\$ 349,803</u></u>	<u><u>\$ 20,090</u></u>

6) Equipment

Equipment consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 12,570	\$ 12,570
Less accumulated depreciation	<u>(12,570)</u>	<u>(12,570)</u>
Software and equipment, net	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Depreciation expense was \$0 and \$3,634 for the years ended June 30, 2023 and 2022, respectively.

Santa Fe Dreamers Project

Notes to Financial Statements

June 30, 2023 and 2022

7) Long-Term Debt

SFDP received a five year, \$150,000 loan from the New Mexico Finance Authority (NMFA) on August 27, 2021. No interest accrued on the outstanding principal for the first 12 months of the loan. Interest accrues annually at one and one-half (1½) percent beginning in year two through maturity. Interest only payments are due annually in the third and fourth year of the loan. Thereafter, interest and principal payments are due monthly. Interest expense on long-term debt totaled \$2,445 and \$0, for the years ended June 30, 2023 and 2022, respectively.

Future principal payments on the loan described above are as follows:

2024	\$	-
2025		20,383
2026		20,722
2027		21,067
Thereafter		<u>87,828</u>
Total	\$	150,000

8) Operating Leases

Operating leases consist of the following at June 30, 2023 and 2022:

- SFDP entered into an equipment lease commencing on August 29, 2019. Monthly lease payments of \$161 are due through September 2023. SFDP measures the operating lease liability at June 30, 2023 and 2022 of \$482 and \$2,390, respectively, by calculating the present value of the future lease payments using a discount rate of 1.625%
- SFDP entered into an equipment lease commencing on January 18, 2023. Monthly lease payments of \$237 are due through February 2028. SFDP measures the operating lease liability at June 30, 2023 of \$12,787 by calculating the present value of the future lease payments using a discount rate of 1.625%.
- SFDP entered into an office space lease commencing March 1, 2022. Monthly lease payments ranging from \$1,819 to \$1,910 are due through February 2025. SFDP measures the operating lease liability at June 30, 2023 and 2022 of \$37,656 and \$8,725, respectively, by calculating the present value of the future lease payments using a discount rate of 1.625%.

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8) Operating Leases - continued

Right of use assets have a carrying value of \$83,905 and \$61,432 at June 30, 2023 and 2022, respectively. Accumulated amortization of right-of-use assets totaled \$34,033 and \$50,166 at June 30, 2023.

During the years ended June 30, 2023 and 2022, operating lease expenses totaled \$24,771 and \$9,052, which is reported as a portion of rent, printing, and copying expenses in the statements of functional expenses.

Future minimum lease payments under the leases at June 30, 2023, are as follows:

Year ended June 30,		
2024	\$	27,501
2025		15,999
2026		2,747
2027		2,792
Thereafter		<u>1,886</u>
Total	\$	50,925

9) Net Assets and Net Assets Released from Restrictions

Net assets with donor restrictions of \$119,022 at June 30, 2023 are restricted solely for time. SFDP did not report any net assets with donor restrictions at June 30, 2022.

Net assets released from restrictions during the year ended June 30, 2022, were restricted solely for time. There were no net assets released from restrictions during the year ended June 30, 2023.

10) Retirement Plan

SFDP has a 401(k) retirement plan (the "Plan") that covers employees who have completed one year of employment with at least 1,000 hours of service. The plan allows eligible employees to make elective contributions. Employer contributions to the plan are discretionary and SFDP did not make any discretionary contributions to the plan during the years ended June 30, 2023 and 2022, respectively.

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11) Employee Retention Tax Credits

The employee retention tax credit (ERTC) is a refundable tax credit for qualifying employee wages. During fiscal year 2023, SFDP determined it qualified for tax credits related to applicable quarters in 2020 and received \$171,197 during the year ended June 30, 2023. During 2023, SFDP determined it qualified for tax credits related to applicable quarters in 2021 in the amount of \$230,781. As of June 30, 2023, 2021 tax credits had not been received and has therefore been recorded as “employee retention tax credits receivable” in the accompanying statement of financial position as of June 30, 2023.