



**WOMEN'S ECONOMIC
SELF-SUFFICIENCY TEAM, CORP**

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2023,
With Comparative Totals for 2022**

2500 9th St. NW
Albuquerque, NM 87102
505.883.8788
www.HL-cpas.com

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022
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**WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
OFFICIAL ROSTER
AS OF DECEMBER 31, 2023**

Board of Directors

Name	Title
Cara Gordon Potter	Chair
Cheryl Hardt	Vice Chair
Mike Lowrimore	Treasurer
Jacob Sena	Secretary
Monica Jojola	Immediate Past Chair
Emily Allen	Member
Molly Bell	Member
Mariam Bruce	Member
Ken Carson, Jr.	Member
Linda Cooper	Member
Frank Fine	Member
Todd Fridley	Member
Nicole Johnny	Member
Agnes Noonan	Member
Louis Zaina	Member

Principal Administration

Name	Title
Agnes Noonan	President
Cheri Lopez	Vice President of Finance



INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Board of Directors and Management of
Women's Economic Self-Sufficiency Team, Corp
Albuquerque, NM

Opinion

We have audited the accompanying financial statements of the Women's Economic Self-Sufficiency Team, Corp (WESST), which comprise the statement of financial position as of December 31, 2023, and the related statements 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 WESST as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 WESST 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 Matters

As discussed in Note 21 to the financial statements, the 2022 net assets have been restated to reflect a change in the estimate related to the capital lease payable and a reclassification of net assets without donor restrictions. Our opinion is not modified with respect to these matters.

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 WESST'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 and *Government 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, including omissions, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 WESST'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 WESST'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.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from WESST's December 31, 2022 financial statements. Those financial statements were audited by other auditors, whose report is dated April 20, 2023, and they expressed an unmodified audit opinion. The summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of Management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in

the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2024, on our consideration of WESST's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WESST's internal control over financial reporting and compliance.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.

Albuquerque, NM

April 9, 2024

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

	Notes	2023	2022
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	2	\$ 1,876,233	1,919,859
Cash held for others	2	-	22,415
Grants and contracts receivable		678,772	842,435
Contributions receivable - current	4	139,765	132,685
Loans receivable - current	3	331,422	307,131
Accounts receivable, net		44,881	-
Prepaid expenses		18,630	42,783
Total current assets		<u>3,089,703</u>	<u>3,267,308</u>
Restricted cash for programs	2	898,084	660,084
Contributions receivable - noncurrent, net	4	59,066	133,982
Loans receivable - noncurrent, net	3	702,893	524,985
Property and equipment, net	6	6,248,477	6,413,432
ROU assets, net	8	59,737	56,015
Beneficial interest in assets held by others	5	18,855	17,662
Deposits		3,549	3,549
Total assets		<u>\$ 11,080,364</u>	<u>11,077,017</u>
LIABILITIES AND NET ASSETS			
<i>Current liabilities</i>			
Accounts payable		\$ 23,743	21,929
Payroll related liabilities and compensated absences	9	60,606	67,128
Deferred revenues	10	335,911	-
Funds held for others		-	22,415
Lease liability - current	8	29,657	16,188
Notes payable - current	11	199,832	137,185
Total current liabilities		<u>649,749</u>	<u>264,845</u>
Deposits		20,689	16,642
Secured debt	12	108,818	105,172
Line of credit	13	50,000	-
Lease liability - noncurrent	8	30,740	40,096
Notes payable - noncurrent	11	718,259	433,035
Total liabilities		<u>1,578,255</u>	<u>859,790</u>
NET ASSETS			
Without donor restrictions		6,591,720	7,236,065
With donor restrictions	14	2,910,389	2,981,162
Total net assets		<u>9,502,109</u>	<u>10,217,227</u>
Total liabilities and net assets		<u>\$ 11,080,364</u>	<u>11,077,017</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Federal grants	\$ 1,328,187	-	1,328,187	1,820,852
Contributions	241,872	156,000	397,872	1,038,493
WEC membership and charges for services	262,112	-	262,112	287,161
In-kind contributions	201,135	-	201,135	199,137
Special event, net	-	175,367	175,367	134,089
Other grants	12,500	-	12,500	75,000
Interest and loan fees	37,251	-	37,251	28,751
Consulting, training and other	193,103	-	193,103	12,100
Investment return, net	-	1,192	1,192	(995)
Total support and revenue	2,276,160	332,559	2,608,719	3,594,588
Net assets released from restrictions	403,332	(403,332)	-	-
EXPENSES				
Program services				
Business consulting and training	2,649,502	-	2,649,502	2,415,497
Financial assistance	189,690	-	189,690	635,774
Total program services	2,839,192	-	2,839,192	3,051,271
Supporting services				
Management and general	273,236	-	273,236	342,868
Fundraising	211,409	-	211,409	134,071
Total supporting services	484,645	-	484,645	476,939
Total expenses	3,323,837	-	3,323,837	3,528,210
Change in net assets	(644,345)	(70,773)	(715,118)	66,378
Net assets, beginning of year	7,236,065	2,981,162	10,217,227	9,701,953
Restatements	-	-	-	448,896
Net assets, beginning of year, restated	7,236,065	2,981,162	10,217,227	10,150,849
Net assets, end of year	\$ 6,591,720	2,910,389	9,502,109	10,217,227

The independent auditor's report and accompanying notes are an integral part of these financial statements.

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

	Program Services			Supporting Services		2023 Total	2022 Total
	Business Consulting & Training	Financial Assistance	Total Program	Mgt & General	Fund- Raising		
Salaries and wages	\$ 1,484,225	89,061	1,573,286	156,772	121,075	1,851,133	1,742,182
Payroll taxes	122,661	6,281	128,942	1,252	8,954	139,148	127,795
Employee benefits	128,863	12,821	141,684	33,241	17,863	192,788	205,143
Total personnel expense	1,735,749	108,163	1,843,912	191,265	147,892	2,183,069	2,075,120
Professional services	197,161	13,024	210,185	401	40,935	251,521	304,429
Depreciation and amortization	150,208	32,187	182,395	56,594	-	238,989	217,152
In-kind expenses	181,290	62	181,352	2,500	17,283	201,135	207,656
Occupancy	85,226	5,071	90,297	-	-	90,297	106,717
Repairs and maintenance	71,954	4,827	76,781	-	191	76,972	110,210
Dues, subscriptions, and fees	41,606	4,275	45,881	1,194	4,484	51,559	46,031
Travel	42,077	758	42,835	2,711	-	45,546	33,614
Training	25,830	-	25,830	13,667	198	39,695	23,655
Insurance	31,706	2,203	33,909	-	-	33,909	28,875
Telecommunications and internet	29,502	2,311	31,813	-	-	31,813	31,108
Accounting and legal	24,388	2,500	26,888	824	-	27,712	25,987
Supplies	17,371	519	17,890	297	236	18,423	27,469
Printing and postage	12,817	1,387	14,204	22	-	14,226	8,233
Credit loss expense	-	12,403	12,403	-	-	12,403	17,428
Interest	-	-	-	3,761	-	3,761	3,041
Advertising	2,617	-	2,617	-	190	2,807	251,453
Miscellaneous	-	-	-	-	-	-	10,032
Total expense	\$ 2,649,502	189,690	2,839,192	273,236	211,409	3,323,837	3,528,210

The independent auditor's report and accompanying notes are an integral part of these financial statements.

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

	2023	2022
<u>Cash Flows From Operating Activities</u>		
Cash receipts from grants and contracts	\$ 1,840,261	1,389,551
Cash receipts from contributions	483,588	905,300
Cash receipts from WEC memberships and services	217,231	289,160
Cash receipts from special events	175,367	186,758
Cash receipts from training, consulting, and other	193,103	12,100
Interest and loan fees received	37,251	28,751
Interest paid	(3,761)	(3,426)
Cash paid to employees and suppliers	(3,128,490)	(3,172,776)
Cash used for operating activities	(185,450)	(364,582)
<u>Cash Flows From Investing Activities</u>		
Cash paid for purchase of equipment and construction	(49,626)	(22,573)
Loan repayments	358,109	473,328
Loans issued	(572,711)	(744,455)
Cash used for investing activities	(264,228)	(293,700)
<u>Cash Flows From Financing Activities</u>		
Proceeds from line of credit	50,000	-
Proceeds from secured borrowings	23,340	76,005
Principal payments on secured borrowings	(37,574)	(14,528)
Lease payments	-	(4,208)
Proceeds from notes payable	500,000	-
Principal payments on notes payable	(152,129)	(146,272)
Cash provided by (used for) financing activities	383,637	(89,003)
Net decrease	(66,041)	(747,285)
Beginning cash and cash equivalents	1,942,274	2,689,559
Ending cash and cash equivalents	\$ 1,876,233	1,942,274

The independent auditor's report and accompanying notes are an integral part of these financial statements.

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
STATEMENT OF CASH FLOWS, continued
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

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

Change in net assets	\$	(715,118)	66,378
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		214,581	212,934
Amortization		24,407	4,219
Non-cash adjustments to secured debt		17,880	-
Non-cash interest accrual on capital lease		-	8,862
Provision for loan losses		12,403	17,428
<i>(Increases) decreases in operating assets:</i>			
(Increase) decrease in contribution receivables		67,836	(133,193)
(Increase) decrease in grants and contracts receivable		163,663	(682,840)
(Increase) decrease in accounts receivable		(44,881)	-
(Increase) decrease in ROU - operating lease		(28,129)	24,386
(Increase) decrease in prepaid expense		24,153	(9,654)
(Increase) decrease in restricted cash		(238,000)	265,657
(Increase) decrease in beneficial interest in assets held by others		(1,193)	995
(Increase) decrease in security deposits		-	5,341
<i>Increase (decrease) in operating liabilities:</i>			
Increase (decrease) in accounts payable		1,814	(9,264)
Increase (decrease) in payroll related liabilities		(6,522)	(17,538)
Increase (decrease) in lease liability - operating lease		4,113	(24,469)
Increase (decrease) in deferred revenue		335,911	(89,118)
Increase (decrease) in funds held for others		(22,415)	(6,705)
Increase (decrease) in deposits		4,047	1,999
Cash used for operating activities	\$	<u>(185,450)</u>	<u>(364,582)</u>
<u>Significant Non-Cash Transactions</u>			
In-kind supplies	\$	35,574	9,058
In-kind services		126,067	114,101
In-kind donated space		39,494	75,977
In-kind interest		-	8,519
	\$	<u>201,135</u>	<u>207,655</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

Note 1. Summary of Significant Accounting Policies

A. Nature of Activities

The Women's Economic Self-Sufficiency Team, Corp (WESST) is a nonprofit corporation organized to assist individuals to start and grow businesses in New Mexico.

WESST Real Estate Holdings, LLC (the "LLC") was formed in 2009 under the New Mexico Limited Liability Company Act to engage in real estate investment and management activities. As such, the LLC holds the land noted in Note 6. The composition of the Board of Directors for each entity is identical, and WESST is the sole member of the LLC. The LLC may not engage in any activity that would adversely affect WESST's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

WESST accomplishes its mission through the following programs:

Business Consulting and Training – Through individual and small group consultations, clients are coached in areas such as sales and marketing, production, management, and finance. Group workshops are also presented on basic and advanced business topics.

Financial Assistance – A revolving loan fund for small businesses which are unable to obtain financing from banks or other traditional sources and assistance in accessing other financial resources is available.

To deliver some of its program services, WESST uses the WESST Enterprise Center (WEC) which is a 37,000 square-foot mixed-use business incubation facility accommodating up to twenty light manufacturing, service, professional, and technology businesses.

WESST's major sources of revenue are federal grants, contributions and earned income.

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

B. Accounting Pronouncements Adopted

Effective January 1, 2022, WESST adopted the provisions of FASB ASC Topic 326, *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASU 2016-13)—This update establishes the current expected credit loss (CECL) model established by ASU 2016-13, which requires the immediate recognition of estimated expected credit losses over the life of a financial instrument, including trade receivables. The estimate of expected credit losses considers historical information as well as current and future economic conditions and events. Management has concluded that the new standard had no material impact in the year of adoption for the year ended December 31, 2023 other than an update to conform to the new terminology of the standard.

C. Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under the accrual method of accounting, revenues are recognized when earned rather than when received and expenses are recognized when the related liability is incurred rather than when paid.

D. Financial Statement Presentation

WESST 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, WESST 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—Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of WESST. WESST's Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions-Time/Purpose—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. Some donor

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

restrictions are temporary in nature; those restrictions can be fulfilled and removed by actions of the organization pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature. See Net Assets with Donor Restrictions Note 14.

Net Assets with Donor Restrictions-Perpetual in Nature—Net assets with perpetual donor restrictions resulting from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of the Organization. See Beneficial Interest in Asset Held by Third Party Note 5.

E. Cash and Cash Equivalents

Cash and cash equivalents include demand deposits at banks and savings accounts at financial institutions. For purposes of the statements of cash flows, WESST considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents and excludes restricted cash.

F. Restricted Cash

Restricted cash is cash that WESST has received from the Small Business Investment Corporation (SBIC) and various federal agencies which require the cash to be held for the loan program and related loan loss reserve accounts.

G. Concentration of Custodial Credit Risk-Uninsured Cash Balances

Custodial credit risk is the risk that in the event of a bank failure, WESST's deposits may not be returned to it. WESST does not have a custodial credit risk policy requiring collateral on all deposits exceeding Federal Deposit Insurance Corporation (FDIC) limits. Bank deposits are insured by the FDIC up to \$250,000 per depositor per institution for interest and noninterest-bearing accounts. WESST maintains its cash funds in financial institutions located in Albuquerque, NM.

At December 31, 2023, cash balances exceeded the FDIC's coverage limit of \$250,000 by \$1,371,380. WESST has not experienced any losses in these cash accounts and believes it is not exposed to any significant credit risk related to uninsured cash balances.

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

H. Receivables and Credit Policies

Grants and contracts receivable are primarily for cost-reimbursement governmental grants. Contributions receivable consist of amounts due from foundations and similar organizations. WESST determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance was considered necessary for these types of receivables at December 31, 2023 and 2022.

Receivables from contracts with customers are reported as accounts receivable net of allowance for uncollectable accounts in the accompanying statement of financial position.

I. Loans Receivable

Loans receivable are carried at face value and adjusted by an allowance for loan losses. WESST classifies loans receivable as current if maturity is one year or less. Interest income on loans receivable is recorded monthly. Related loan fees required at closing are minimal, and as such, are recorded as income when the loan is disbursed. Loans are collateralized by any combination of the following: deposit accounts, real estate, inventory, accounts receivable, furniture, equipment, vehicles, and assignment of contracts and life insurance policies. WESST's access to collateral is determined by legal collection proceedings.

Loans are recorded when funds are disbursed. Collectability of loans receivable is evaluated monthly and the loan loss reserve is adjusted accordingly.

The accrual of interest is discontinued on loans evaluated to be potentially uncollectible. Interest accrual resumes when certainty of repayment is determined. Loans are written off as uncollectible only after collateral has been satisfied and all legal action for recovery is exhausted. Loans are determined to be delinquent based on the number of days required payments are past due.

J. Allowance for Loan Losses

WESST provides a valuation allowance for estimated losses on loans when a significant and permanent decline in value occurs or is anticipated. The allowance for loan losses is based on established guidelines for loan grades, which specify

WOMEN’S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

reserve requirements. The factors that influence reserve requirements include available borrower financial information, period of payment delinquency, borrower responsiveness, and a review of subsequent collections. WESST management calculates an estimate for loan losses based on these factors.

K. Property, Equipment, Depreciation, and Amortization

Property and equipment are stated at cost or estimated fair value at date of donation. Depreciation and amortization of property and equipment is provided over the estimated useful lives (see table below) of the respective assets using the straight-line method. Repair and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized. The current policy is to capitalize acquisitions with a cost in excess of \$5,000 with estimated lives greater than one year.

Estimated useful lives are as follows:

<u>Classification</u>	<u>Depreciable Life</u>
WEC capital lease	40 years
Building	40 years
Land improvements	10 years
Furnishing, fixtures, and equipment	3-7 years
Leasehold improvements	7-20 years

L. Revenue Recognition

i. Conditional Contributions

WESST receives several governmental grants in which the grantor provides funding to serve the public. The terms of the grants specify that WESST must incur certain qualifying expenses or costs in compliance with the rules and regulations established by the grantor. These grant funds are paid predominately on a cost-reimbursement basis, but there can be upfront payments received at the beginning of the grant cycle. The advance payments are considered unearned revenue until services are provided. For expedient purposes, these amounts are recorded as revenue as the services will soon be provided and “trued up” at year-end, if necessary. Any advances of upfront payments must be returned, if unused. Any unused assets are forfeited, and any unallowed costs that have drawn down by

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
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WESST are required to be refunded. These grants are determined to be conditional as they are required to be spent on qualifying expenses and therefore the revenue is recognized once WESST has incurred the qualifying expenses. These grants are recorded without donor restrictions. Grants are utilized for financial assistance and business consulting and training.

ii. Contract Revenue

WESST has contracts to provide working space in their incubator to tenants. Revenue related to these contracts are recognized as WESST Enterprise Center membership services revenue. Payment can be received before or after services are provided. Payments received after services are considered receivables and payments received before services are considered deferred revenue. Contracts are utilized for both programs. 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 WESST and the Customer per the membership service agreements. No allocation of the transaction price of the services is necessary.

iii. Contributions and Support

Contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence or nature of any donor restrictions. Gifts of cash and other assets are reported as support with donor restrictions if received with donor stipulations that limit the use of the donated assets. When a donor 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 restrictions. The Statement of Activities identifies contributions with donor-imposed restrictions and the subsequent release from restrictions as they are met.

iv. Consulting, Training and Other

Revenue from consulting, training other sources are recognized over time. Performance obligations are considered satisfied when services are provided.

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v. Donated Services, Materials, and Services

Donations of property, materials and services are recorded as contributions at fair value at the date of donation. Donated stocks, bonds or other securities are recorded at the fair market value on the date of the gift. 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 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 WESST.

M. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more services provided by the organization. Expenses and support services that can be identified with a specific service are charged directly to a program according to the natural expenditure classification. Direct costs are recorded to the functional classification the expense relates to. All other expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated among the services on the following basis:

<u>Type of Expense</u>	<u>Basis *</u>
Salaries	A
Employee benefits	A
Depreciation	B
Professional services	C
Advertising	C
In-kind expenses	C

* Legend for Basis of Allocation of Expense

- A. Time spent
- B. Square footage
- C. Specific identification

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The functional expense allocation ratios for the years ended December 31 are as follows:

<u>Expense Allocation</u>	<u>2023</u>	<u>2022</u>
Program	85.4%	86.5%
General and admin.	8.2%	9.7%
Fundraising	6.4%	3.8%
Total	<u>100%</u>	<u>100%</u>

N. Advertising

The cost of advertising is expensed when incurred or when the first advertising takes place. WESST does not participate in direct-response advertising, which requires the capitalization and amortization of related costs. Advertising expenses totaled \$2,807 and \$251,453 for the years ending December 31, 2023 and 2022, respectively.

O. Income Taxes

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

In addition, WESST has been classified as other than a private foundation. WESST evaluates uncertain tax positions in accordance with ASC 450, *Accounting for Contingencies*, whereby the effect of the uncertainties in tax positions would be recorded if the outcome was considered probable and reasonably estimable. Management believes that they are operating within their tax-exempt purpose.

WESST files its Federal Form 990 tax return in the U.S. federal jurisdiction. The 990 is also filed online with the charitable registration in the Office of the Attorney General for the State of New Mexico.

WESST Real Estate Holdings, LLC is considered a disregarded entity for tax filing purposes and its accounts will be included in WESST’s Federal Form 990. WESST

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Real Estate Holdings, LLC had no taxable unrelated business income for the years ended December 31, 2023 and 2022.

P. Fair Value of Financial Instruments

The carrying amounts of cash, restricted cash, and cash equivalents, receivables, payables, accrued expenses and other liabilities approximate fair value due to the short maturity periods of these instruments. WESST measures certain financial assets and liabilities at fair value on a recurring basis, including its derivative liabilities.

WESST's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1

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

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3

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

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The following table sets forth fair value measurements by level, within the fair value hierarchy, WESST’s financial assets measured at fair value as of December 31:

	2023	2022
	Level 2	Level 2
Beneficial interest in asset held by third party	\$ 18,855	17,662

The following assumptions were used to estimate the fair value of the assets included in the table above:

- Beneficial interest in asset held by third party—based on inputs derived principally from or corroborated by observable market data by correlation or other means.

Q. Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Estimates that are particularly susceptible to significant changes in the near term that could have a material effect on the financial statements include:

- Allocation of expenses by function to program, management and general and fundraising.
- Depreciation and amortization are based on estimated useful lives of property and equipment, including leased assets.
- Calculation of present value of lease liability and right of use assets.
- Allowance for uncollectable accounts based on historical experience of collections.
- In-kind donations are based on fair value techniques selected by management.

R. 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

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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 WESST's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

S. Reclassifications

Certain reclassifications may have been made to the 2022 summarized financial statement information to conform to the current year presentation.

Note 2. Cash, Restricted Cash, Cash Equivalents and Cash Held for Others

At December 31, cash, restricted cash, cash equivalents, and cash held for others were as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,876,233	1,919,859
Restricted cash	898,084	660,084
Funds held for others	-	22,415
Total cash, restricted cash, and funds held for others	<u>\$ 2,774,317</u>	<u>2,602,358</u>

Note 3. Loans Receivable

Loans receivable consists of collateralized business development loans made to start-up and existing businesses. Maximum loan amounts are payable over periods of up to six years and individuals may receive loans under more than one loan program.

At December 31, loans receivable were as follows:

	<u>2023</u>	<u>2022</u>
CDFI	\$ 104,667	94,153
SBA 9	271,320	376,036
SBA 10	220,058	269,287
NMSBIC	145,091	140,229
POP/HOPE	31,437	19,079
Refugee	8,308	5,690
SBA 11	343,374	-
	<u>1,124,255</u>	<u>904,474</u>
Less: Allowance for uncollectable accounts	<u>(89,940)</u>	<u>(72,358)</u>
Total	<u>\$ 1,034,315</u>	<u>832,116</u>

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Changes in the allowance for loan losses were the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 72,358	57,088
Impact of adoption of new credit loss standard	-	-
Additions to allowance	17,582	15,270
Write-off, net of recoveries	-	-
Balance, end of year	<u>\$ 89,940</u>	<u>72,358</u>

Because of the inherent uncertainties in estimating the allowance for loan losses, it is at least reasonably possible that the estimates used will change within the near term.

Additional information on loans receivable as of December 31 is as follows:

	<u>2023</u>	<u>2022</u>
Total number of outstanding loans	113	104
Number of new loans	58	42
Average loan amount	\$ 14,441	17,453
Average interest rate of loans	3.12%	2.98%
Total loans renegotiated	2	5
Principal balance of renegotiated loans at December 31:	\$ 17,600	115,500
Past due > 30 days	\$ 2,437	-
Past due > 60 days	\$ 1,396	-
Past due > 90 days or more	\$ 941	-

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Note 4. Contributions Receivable

At December 31, contributions receivable were as follows:

	2023	2022
Visionaries Pledge Campaign	\$ 75,530	66,669
United Way	74,998	124,998
Sandia FCU	26,000	-
Presbyterian Healthcare Services	15,000	45,000
Other	7,303	-
Nusenda CU	-	25,000
NM Gas Co.	-	5,000
	198,831	266,667
Less: Allowance for uncollectable accounts	-	-
Total	\$ 198,831	266,667

Because of the inherent uncertainties in estimating the allowance for uncollectable accounts, it is at least reasonably possible that the estimates used will change within the near term.

Amounts are scheduled to be collected as follows:

Amounts due:	
2024	\$ 139,765
2025	54,730
2026	4,337
Total	\$ 198,832

Note 5. Beneficial Interest in Asset Held by Third Party

The Albuquerque Community Foundation (ACF) holds money for the benefit of WESST in a permanently restricted endowment fund. These funds are not accessible by WESST, but WESST is the beneficiary of any distributions, determined by ACF based on the income of the fund. WESST has granted variance power to ACF. When a nonprofit organization transfers assets to a community foundation in which the resource provider names itself as the beneficiary, the economic benefit of the transferred assets remains with the resource provider. If the assets are transferred permanently, the assets received in exchange are a beneficial interest in assets held by others, measured by the fair value of the assets contributed.

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Changes in the value are recognized in the statement of activities for the year ended December 31, 2023 are as follows:

	<u>With Donor Restrictions in Perpetuity</u>
Beginning balance, 1-1-23	\$ 17,662
Contributions	-
Interest and dividend	261
Unrealized gains/(losses)	1,024
Realized gains/(losses)	95
Distributions	-
Fees	<u>(187)</u>
Ending balance, 12-31-23	<u>\$ 18,855</u>

Changes in the value are recognized in the statement of activities for the year ended December 31, 2022 are as follows:

	<u>With Donor Restrictions in Perpetuity</u>
Beginning balance, 1-1-22	\$ 18,657
Contributions	-
Interest and dividend	447
Unrealized gains/(losses)	(1,244)
Realized gains/(losses)	-
Distributions	-
Fees	<u>(198)</u>
Ending balance, 12-31-22	<u>\$ 17,662</u>

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Note 6. Property, Equipment, Depreciation, and Amortization

At December 31, property and equipment consisted of the following:

	<u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>2023</u>
Land	\$ 225,713	-	-	225,713
WEC capital lease	6,174,940	-	-	6,174,940
Building	2,324,162	-		2,324,162
Land improvements	56,064	49,626	(17,138)	88,552
Furnishing, fixtures, and equipment	168,977	-	(60,907)	108,070
Leasehold improvements	175,867	-	(29,568)	146,299
Total	<u>9,125,723</u>	<u>49,626</u>	<u>(107,613)</u>	<u>9,067,736</u>
Less: Accumulated depreciation and amortization	<u>(2,712,291)</u>	<u>(214,581)</u>	<u>107,613</u>	<u>(2,819,259)</u>
Total, net	<u>\$ 6,413,432</u>	<u>(164,955)</u>	<u>-</u>	<u>6,248,477</u>

Depreciation and amortization expense was \$214,581 and \$212,934 for 2023 and 2022, respectively.

Note 7. Capital Lease - Building

In December 2008, the construction of the WEC was completed and WESST took occupancy of the building. The WEC is a 37,000 square foot business incubation facility and is designated to house and support local start-up businesses. The construction was a collaborative effort between WESST and the City of Albuquerque (the "City"), with funds for construction provided by both public and private sources. All public funds related to construction and equipping the WEC were received, managed and disbursed by the City. The estimated cost of the building, including land, is approximately \$8,750,000.

The Local Economic Development Act Project Participation Agreement (LEDA Agreement), signed by WESST and the City in November 2010, established the arrangement regarding the use and ownership of the WEC (this agreement supercedes two prior agreements between WESST and the City, signed in 2004 and 2006, respectively). The LEDA Agreement establishes that the City is the owner of record of the building and the land (excluding a portion of the parking lot at 205 Roma, NE which was purchased directly by WESST in 2010), and the City agrees to lease the property to WESST, primarily in exchange for economic development activities, the key deliverable of which is job creation. This agreement is for an initial 20-year term, with an additional 20-year renewal period through December 2048, at a rate of \$1.00 per year (both terms were paid in full in 2009).

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The LEDA Agreement provides an option for WESST to take ownership of the property at any time during the lease term by utilizing: a) WESST's equity interest in the WEC, b) the Local Economic Development Act process, c) cash or other means of financing, or d) any combination of the aforementioned. WESST's equity interest in the WEC is measured based on variables outlined in the agreement, such as, value of "direct jobs created" and "contributions made" by WESST (e.g. development costs, cash contributions, federal funding, leasehold improvements, etc.).

As of December 31, 2010, WESST had earned enough equity interest to take ownership of the WEC. If and when WESST decides to take ownership of the WEC, the LEDA agreement also states that WESST will repay to the City a \$1,364,000 Urban Development Action Grant (UDAG) loan which was used to purchase the land for the WEC. Per the LEDA Agreement, WESST may "repay" a portion of the UDAG loan with the value of direct new jobs created. At a minimum, if WESST assumes ownership of the WEC, WESST will repay \$500,000 of the original UDAG loan in cash to the City. The \$500,000 repayment is structured at zero percent interest in 25 equal annual installments beginning one year from the day WESST assumes ownership of the WEC. Pursuant to the LEDA Agreement, if WESST does not take ownership of the WEC, the UDAG loan will not be repaid by WESST pursuant to LEDA Ordinance F/S-0-04-10.

Because the LEDA Agreement and prior agreements between the City and WESST have included opportunities for WESST to acquire ownership of the WEC for a purchase price that is significantly less than fair market value, management initially considered the lease agreements to contain a bargain purchase option, and the lease was recorded as a capital lease.

As of December 31, 2023, management no longer considers it likely that WESST will acquire ownership of the WEC. This is due to management's belief that the property tax implications of owning the WEC is not sustainable in the long term. As such, the capital lease payable and related discount will be restated. See Note 21.

Under FASB ASC 842, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply. These practical expedients relate to the identification and classification of leases that commenced before the effective date, initial direct costs

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for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset.

WESST has elected to apply the practical expedients and will, in effect, continue to account for the lease in accordance with previous GAAP unless the lease is modified.

Note 8. Leases

WESST has operating and financing leases of buildings for office space and certain equipment. WESST leases have remaining lease terms of 1 year to 4 years. WESST has elected to use the risk-free rate as the discount rate for their entire portfolio of leases, determined from the government treasury bill using a period comparable with the lease term. Lease interest rates are 3.25% for previously held leases and 4.33% for the new lease entered into in 2023.

Right-of-Use Leased Assets and Amortization

The major classes of right-of-use assets and accumulated amortization related to operating and financing leases are as follows as of December 31:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>2023</u>
Right of use assets				
Office space - operating	\$ 107,122	28,130	(50,812)	84,440
Equipment - finance	13,375	-	-	13,375
Total right of use assets	<u>120,497</u>	<u>28,130</u>	<u>(50,812)</u>	<u>97,815</u>
Less accumulated amortization for:				
Office space - operating	(60,264)	(19,949)	50,812	(29,401)
Equipment - finance	(4,219)	(4,458)	-	(8,677)
Total accumulated amortization	<u>(64,483)</u>	<u>(24,407)</u>	<u>50,812</u>	<u>(38,078)</u>
Right of use assets, net	<u>\$ 56,014</u>	<u>3,723</u>	<u>-</u>	<u>59,737</u>

Amortization expense was \$24,407 and \$4,219 for 2023 and 2022, respectively.

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Lease Liabilities

WESST is entered into the following leases as a lessee:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>2023</u>
Lease liabilities				
Office space - operating	\$ 47,118	28,130	(19,695)	55,553
Equipment - finance	9,166	-	(4,322)	4,844
Total	<u>56,284</u>	<u>28,130</u>	<u>(24,017)</u>	<u>60,397</u>

During the year, WESST did not recognize any variable payment amounts.

Information associated with the measurement of WESST's lease obligations are as follows:

<u>Lease cost</u>	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 20,553	25,424
Financing lease costs:		
Amortization of lease assets	4,338	4,219
Interest on lease liabilities	222	343
Total lease costs	<u>\$ 25,113</u>	<u>29,986</u>

Cash flow items

Cash paid for amounts included in the measurement of lease liabilities

Operating Leases - Operating Cash Flows	\$ 20,426	25,990
Finance Lease - Operating Cash Flows	\$ 222	343
Finance Lease - Financing Cash Flows	\$ 4,330	4,209

Right-of-use assets obtained in exchange for new lease liabilities

Operating leases	\$ 28,130	56,238
Finance lease	\$ -	13,374

Weighted-average remaining lease term

Operating leases	2.48 yrs	3.91 yrs
Finance lease	1.09 yrs	2.06 yrs

Weighted-average discount rate

Operating leases	3.64%	3.24%
Finance lease	3.25%	3.25%

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The future minimum lease obligations of these minimum lease payments as of December 31, were as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2024	\$ 29,657	1,593	31,249
2025	17,949	631	18,580
2026	11,791	209	12,000
2027	1,000	-	1,000
2028	-	-	-
	<u>\$ 60,397</u>	<u>2,433</u>	<u>62,829</u>

Note 9. Payroll Related Liabilities and Compensated Absences

Payroll related liabilities and compensated absences on December 31 were as follows:

	2023	2022
Compensated absences	\$ 60,606	65,048
Accrued payroll taxes	-	2,080
Total	<u>\$ 60,606</u>	<u>67,128</u>

Note 10. Deferred Revenues

Deferred revenues at December 31 consisted of the following:

	2023	2022
Grants and contract funds received in advance	\$ 310,911	-
Special event funds received in advance	25,000	-
Total	<u>\$ 335,911</u>	<u>-</u>

Note 11. Notes Payable

The following is a summary of notes payable related to loan programs as of December 31:

	2022	Additions	Retirements	2023	Current
SBA 9 - Loan #5008	\$ 236,677	-	(88,567)	148,110	88,786
SBA 10 - Loan #7004	333,543	-	(58,758)	274,785	59,371
SBA 11 - Loan #9107	-	500,000	(4,804)	495,196	51,675
	<u>\$ 570,220</u>	<u>500,000</u>	<u>(152,129)</u>	<u>918,091</u>	<u>199,832</u>

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SBA 9 – Loan #5008

Note payable to U.S. Small Business Administration, due in monthly installments of \$7,421, including interest ranging from .25% to 1.5%, with final payments due August 2025. Secured by loans receivable and loss reserve funds.

SBA 10 – Loan #7004

Note payable to U.S. Small Business Administration, due in monthly installments of \$5,245, including interest ranging from .625% to 2.625%, with final payments due July 2028. Secured by loans receivable and loss reserve funds.

SBA 11 – Loan #9107

Note payable to U.S. Small Business Administration, due in monthly installments of \$5,079, including interest ranging from 1.13% to 3.125%, with final payments due November 2032. Secured by loans receivable and loss reserve funds.

Future principal and interest payments on the notes payable are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 199,832	13,121	212,953
2025	172,287	10,989	183,276
2026	114,884	9,012	123,896
2027	116,839	7,057	123,896
2028	88,048	5,158	93,206
Thereafter	226,201	8,822	235,023
	<u>\$ 918,091</u>	<u>54,159</u>	<u>972,250</u>

Note 12. Secured Debt

WESST has a memorandum of agreement with the New Mexico Small Business Investment Corporation (NMSBIC) to cooperatively fund business loans to New Mexico's artisan community. WESST has complete discretion over the loan portfolio and WESST is responsible for the administration of the program. The NMSBIC agrees to purchase up to 75% of the loan principal disbursed by WESST, up to maximum of \$375,000. WESST pays interest to the NMSBIC at an annual rate of 3% of the outstanding principal balance of funds provided by the NMSBIC. Loan losses within the portfolio are shared 75% by the NMSBIC and 25% by WESST. As WESST collects payments on the loans, it repays 75% of the principal to the NMSBIC.

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The following is a summary of funds provided by the NMSBIC to this program as of December 31:

	<u>2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>2023</u>
NMSBIC	\$ 105,172	23,341	(37,574)	17,879	108,818

Note 13. Line of Credit

WESST agreed to a \$100,000, 5% interest, revolving line of credit with Southwest Capital Bank (Bank) in December 2023 with a maturity date of July 1, 2025. Principal and interest are due at maturity however funding for interest expense and any principal reduction related to the line will ultimately be paid through a Bank donation. The proceeds of this line of credit were restricted for use in WESST loan programs. As of December 31, 2023, the outstanding balance on this agreement was \$50,000.

Note 14. Net Assets with Donor Restrictions

WESST's net assets with donor restrictions in nature at December 31 were as follows:

	Restated <u>2022</u>	<u>Additions</u>	<u>Released</u>	<u>2023</u>
<u>Temporary in Nature</u>				
Loan receivables	\$ 904,474	577,890	(358,109)	1,124,255
Restricted cash for programs	660,084	958,683	(720,683)	898,084
HOPE Fund	603,861	-	(133,525)	470,336
Next Generation	25,000	175,367	(49,530)	150,837
Money Learning Lab	349,059	-	(226,568)	122,491
Visionary pledges	66,669	73,000	(64,138)	75,531
WESST Capacity Building Video Series	200,000	-	(150,000)	50,000
Wells Fargo - Native Women Rising	50,000	-	(50,000)	-
Co-op Capital Loan Program	25,000	-	(25,000)	-
Wells Fargo - La Escalera	59,352	-	(59,352)	-
Economic Development Department	12,500	-	(12,500)	-
Comcast Foundation	7,500	-	(7,500)	-
GoDaddy.com LLC	-	25,000	(25,000)	-
Sandia Laboratory FCU	-	10,000	(10,000)	-
Southwest Capital Bank	-	10,000	(10,000)	-
PNC Financial Services Group	-	10,000	(10,000)	-
US Bank	-	10,000	(10,000)	-
Bank of America Charitable Foundation	-	18,000	(18,000)	-
Total temporary in nature	<u>2,963,499</u>	<u>1,867,940</u>	<u>(1,939,905)</u>	<u>2,891,534</u>
<u>Perpetual in Nature</u>				
Endowment Funds	17,663	1,192	-	18,855
Total net assets with donor restrictions	<u>\$ 2,981,162</u>	<u>1,869,132</u>	<u>(1,939,905)</u>	<u>2,910,389</u>

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

Note 15. Economic Dependency

WESST receives a significant portion of its revenue in the form of grants and awards from governmental entities, private foundations, and other contributions. WESST expects these grants and awards to continue into the foreseeable future. If, however, a significant portion of these funds are not continued, WESST's ability to continue all programs would be diminished. The following is a summary of concentrations from contributions and grants as of December 31:

<u>Significant Concentrations</u>	<u>2023</u>	<u>2022</u>
Federal grants	\$ 1,328,187	1,820,852
Contributions	397,872	1,038,493
Total federal grant revenue	<u>1,726,059</u>	<u>2,859,345</u>
Total revenue	\$ 2,608,719	3,594,588
Concentration percentage	66%	80%

Note 16. Related Parties

Four members of the WESST Board of Directors are employed at local banking institutions where WESST maintains accounts.

Note 17. Retirement Plan

WESST has a retirement savings plan for its employees. This plan allows participants to make contributions by salary reduction pursuant to Section 408(a) SIMPLE-IRA, of the Internal Revenue Code. Under the terms of the Plan, WESST will match employee contributions up to 3% of compensation. The amount elected to be deferred by the employee cannot exceed the limitations prescribed by law. Employees vest immediately in all employer contributions. WESST's matching contributions for 2023 and 2022 were \$31,894 and \$29,003, respectively.

Note 18. Compensated Absences

Employees may accrue vacation based on length of service. The limit for accrual is determined as follows:

- Less than 5 years of service—84 hours x 1.5 (126 hours)
- 5 to 10 years of service—120 hours x 1.5 (180 hours)
- More than 10 years of service—160 x 1.5 (240 hours)

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

Unused sick leave is not paid upon termination of employment and is not accrued. As of December 31, 2023 and 2022, employees accrued vacation totaled \$60,606 and \$65,047, respectively.

Note 19. In-Kind Contributions

WESST recorded the following in-kind contributions for the years ended December 31:

Nonfinancial Asset	2023	2022	Usage Area/Restrictions	Fair Value Techniques
Professional and consulting services	\$ 126,067	114,101	All programs	1
Facilities	39,494	84,497	Financial assistance	1
Equipment, supplies, and materials	35,574	9,058	All programs	1
Total	<u>\$ 201,135</u>	<u>207,656</u>		

* Legend for Fair Value Techniques

1.- Estimated wholesale prices of identical or similar products/services if purchased in the region

There were no donor-imposed restrictions on in-kind contributions in 2023 and 2022.

Note 20. Liquidity and Availability of Financial Resources

WESST 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. WESST is not substantially supported by restricted grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, WESST 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 WESST's liquidity management, it has an informal policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition, WESST can invest cash in excess of daily requirements in short-term investments. Donor restricted funds are available for expenditure upon satisfaction of the restriction, the expected timing of which is not generally determinable in advance.

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

Liquidity is as follows:

Financial assets at year end	2023	2022
Cash and cash equivalents	\$ 1,876,233	1,919,859
Receivables - current, net	1,149,959	1,282,251
Line of credit	50,000	-
	<u>3,026,192</u>	<u>3,202,110</u>
Less amounts not available to be used within a year:		
Net assets with donor restrictions	2,910,389	2,981,162
Less net assets with purpose/time restrictions to be met in less than a year	<u>(2,910,389)</u>	<u>(2,981,162)</u>
Current assets available to meet cash needs for general expenditures within one year	<u>\$ 3,026,192</u>	<u>3,202,110</u>

Note 21. Restatement

WESST restated its net assets due as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ 8,359,390	1,408,941	9,768,331
Restatement	<u>(1,123,325)</u>	<u>1,572,221</u>	<u>448,896</u>
Net assets beginning of year - restated	<u>\$ 7,236,065</u>	<u>2,981,162</u>	<u>10,217,227</u>

Reason

To adjust capital lease payable due to management's belief that it will not acquire ownership of the WEC. \$ 448,896

Reclassification from net assets without donor restrictions to with donor restrictions for restricted cash and loan receivables. 1,564,558

Reclassification from net assets without donor restrictions to with donor restrictions perpetual in nature for endowment funds. 7,663

Total \$ 2,013,454

Note 22. Evaluation of Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. WESST 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

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

the estimates inherent in the process of preparing the financial statements. WESST'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. WESST has evaluated subsequent events through April 9, 2024, which is the date the financial statements were available to be issued.

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>AL Number</u>	<u>Contract/Grant Project/ State Number</u>	<u>Amount Expended</u>
<u>Small Business Administration</u>			
<i>Direct Program</i>			
Microloan Program - Intermediary Lender (Loan Capital) *	59.000		\$ 1,070,220
Women's Business Ownership Assistance	59.043		962,015
Microloan Program	59.046		130,537
Congressional Earmarks Initiative	59.059		80,089
Prime Technical Assistance	59.050		16,141
Total Small Business Administration			<u>2,259,002</u>
<u>Minority Business Development Agency</u>			
<i>Direct Program</i>			
MBDA's Capital Readiness Program	11.034		99,405
Pass through the City of Albuquerque			
MBDA - Business Center	11.805		40,000
Total Minority Business Development Agency			<u>139,405</u>
Total Expenditures of Federal Awards			<u>\$ 2,398,407</u>
<u>Reconciliation to Consolidated Financial Statements</u>			
Federal award expenditures reported on the SEFA			\$ 2,398,407
Less: Loan Capital balance			(1,070,220)
Federal revenues per the Statement of Activities			1,328,187
Difference			<u>\$ -</u>

* Denotes major federal program

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. The accompanying schedule of expenditures of federal awards presents the activity of all federal programs of WESST reporting entity as described in Note 1 to the financial statements. All federal awards received from federal agencies are included on the schedule.
2. The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 to WESST's financial statements.
3. WESST has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance. WESST's administrative costs are included in the applicable grants budget.
4. The federal loan programs listed below are administered directly by WESST and balances and transactions relating to these programs are included in WESST's financial statements. In accordance with the Uniform Guidance, §200.502 *Basis for determining Federal awards expended*, since the federal government is at risk for loans and loan guarantees awarded until the debt is repaid, the amount to be presented as expenditures of federal awards for loans and loan guarantees awarded, including those awarded and expended in prior years that have continuing compliance requirements, is:
 - 1) Value of new loans or loan guarantees made or received during the audit period; plus
 - 2) Beginning of the audit period balance of loans and loan guarantees from previous years for which the federal government imposes continuing compliance requirements; plus
 - 3) Any interest subsidy, cash, or administrative cost allowance received.

Accordingly, WESST has reported loans and loan guarantees awarded in accordance with the aforementioned criteria. Amounts presented as expenditures of federal awards for loan and loan guarantee programs by federal AL number are as follows:

AL #	<u>59,000</u>	
Value of new loans made	\$ 500,000	
Loan balance, beginning of the year	<u>570,220</u>	
Total Expenditures of federal awards presented for loan and loan guarantees programs	<u>\$ 1,070,220</u>	
Balance of loans and loan guarantees at December 31, 2023	<u>\$ 918,091</u>	



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

Board of Directors and Management of
Women’s Economic Self-Sufficiency Team, Corp
Albuquerque, NM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States , the financial statements of the Women’s Economic Self-Sufficiency Team, Corp (WESST) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 April 9, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered WESST’s internal control over financial reporting (internal control) as a basis for designing 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 WESST’s internal control. Accordingly, we do not express an opinion on the effectiveness of WESST’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hinkle + Landers, P.C.

Albuquerque, NM

April 9, 2024



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

Board of Directors and Management of
Women’s Economic Self-Sufficiency Team, Corp
Albuquerque, NM

Opinion on Each Major Federal Program

We have audited WESST’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of WESST’s major federal programs for the year ended December 31, 2023. WESST’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, WESST complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of WESST and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of WESST’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to WESST's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on WESST's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about WESST's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 WESST's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of WESST's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of WESST's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.

Albuquerque, NM

April 9, 2024

**WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial statements

1. Type of auditor's report issued Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified None Noted

2. Significant deficiency(ies) identified None Noted

3. Noncompliance material to financial statements noted None Noted

Federal Awards

Internal control over major federal programs:

1. Material weakness(es) identified None Noted

2. Significant deficiencies(s) identified None Noted

Type of auditor's report issued on compliance for major federal program Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major federal programs:

AL Number	Name of Federal Program or Cluster	Funding Source
59.000	Microloan Program – Intermediary Lender (Loan Capital)	Small Business Administration

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

Auditee qualified as low-risk Auditee? Yes

**WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

SECTION II and III-SUMMARY OF FINANCIAL STATEMENT & FEDERAL AWARDS FINDINGS

		Findings		
<u>PRIOR YEAR</u>		<u>Current or Prior Year Finding</u>	<u>Status of Findings</u>	<u>Type of Finding *</u>
	None	N/A	N/A	N/A
<u>CURRENT YEAR</u>		N/A	N/A	N/A

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters)
 Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance related to Federal Awards
- G. Instance of Material Non-compliance