

**CENTER OF
PROTECTIVE ENVIRONMENT, INC.**

**AUDITED FINANCIAL STATEMENTS
JUNE 30, 2023**

CENTER OF PROTECTIVE ENVIRONMENT, INC.
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JUNE 30, 2023

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**CENTER OF PROTECTIVE ENVIRONMENT, INC.
OFFICIAL ROSTER
JUNE 30, 2023**

BOARD OF DIRECTORS

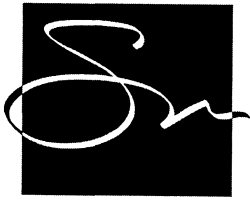
Linda Carr	President
Judy Pingel	Vice-President
Kim Wing	Treasurer
Nadia Sikes	Secretary
Jeanette Bond	Director
Michelle Gill	Director
Autumn Hobson	Director
Jerry Lott	Director
Michelle Perry	Director
Warren Robinson	Director
Jeff Swanson	Director
Carol Teweleit	Director

PRINCIPAL STAFF

Veronica Gutierrez, Executive Director

Kay Gomolak, Finance Director

FINANCIAL SECTION



SCOTT NORTHAM, CPA, PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Center of Protective Environment, Inc.
Alamogordo, New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Center of Protective Environment, Inc.'s (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 present fairly, in all material respects, the financial position of Center of Protective Environment, Inc.'s as of June 30, 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 the Organization 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 opinions.

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 the Organization'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 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 *Government 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 the Organization'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 the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 schedule of expenditures of federal awards 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 May 2, 2024, on our consideration of the Organization'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 solely 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 the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Center of Protective Environment, Inc.'s fiscal year 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Scott Northam", is written over the printed name and address.

Scott Northam, CPA, PC
Ruidoso, New Mexico
May 2, 2024

CENTER OF PROTECTIVE ENVIRONMENT, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

	Without Donor Restrictions	With Donor Restrictions Temporarily Restricted	With Donor Restrictions Permanently Restricted	Total	2022 (Memorandum)
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 388,848	\$ 2,841	\$ -	\$ 391,689	\$ 275,078
Grants Receivable	224,484	-	-	224,484	332,898
Deposits	-	-	-	-	250
Total Current Assets	613,332	2,841	-	616,173	608,226
NONCURRENT ASSETS					
Investments	542,270	-	12,941	555,211	501,470
Capital Assets, Net	1,315,639	-	-	1,315,639	1,321,956
Total Noncurrent Assets	1,857,909	-	12,941	1,870,850	1,823,426
TOTAL ASSETS	<u>\$ 2,471,241</u>	<u>\$ 2,841</u>	<u>\$ 12,941</u>	<u>\$ 2,487,023</u>	<u>\$ 2,431,652</u>

LIABILITIES AND NET ASSETS

LIABILITIES					
Accounts Payable	\$ 2,470	\$ -	\$ -	\$ 2,470	\$ -
Accrued Payroll Liabilities	12,116	-	-	12,116	11,185
Accrued Vacation	43,843	-	-	43,843	50,998
Deferred FEMA Funds	3,483	-	-	3,483	14,662
TOTAL LIABILITIES	61,912	-	-	61,912	76,845
NET ASSETS					
Without Donor Restrictions					
Unrestricted	2,409,329	-	-	2,409,329	2,343,181
With Donor Restrictions					
Temporarily Restricted	-	2,841	-	2,841	11,626
Permanently Restricted	-	-	12,941	12,941	-
TOTAL NET ASSETS	2,409,329	2,841	12,941	2,425,111	2,354,807
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,471,241</u>	<u>\$ 2,841</u>	<u>\$ 12,941</u>	<u>\$ 2,487,023</u>	<u>\$ 2,431,652</u>

CENTER OF PROTECTIVE ENVIRONMENT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions Temporarily Restricted	With Donor Restrictions Permanently Restricted	Total	2022 (Memorandum)
SUPPORT AND OTHER REVENUES					
Public Support and Other Revenue					
Thrive in Southern New Mexico	\$ 29,156	\$ -	\$ -	\$ 29,156	\$ 25,233
Donations	16,737	5,000	12,500	34,237	36,254
Client Assessments and Support	14,938	-	-	14,938	21,867
In-kind Media Donations	98,197	-	-	98,197	202,513
Fundraising	28,553	-	-	28,553	34,271
Investment Income, Net	40,800	-	441	41,241	(111,073)
Interest Income	309	-	-	309	253
Loss on Disposal of Assets	-	-	-	-	(49,688)
Other Income	7,829	-	-	7,829	19,370
Total Public Support and Other Revenue	236,519	5,000	12,941	254,460	179,000
Government Agency Grants					
Small Business Administration					
Payroll Protection Program	-	-	-	-	240,700
NM Children, Youth and Families Department					
Survivor Services	1,007,520	-	-	1,007,520	737,531
Domestic Violence Offender Treatment & Intervention	89,903	-	-	89,903	101,535
Children Capacity Building Project	57,546	-	-	57,546	49,600
Domestic Violence Flex Funds					
American Rescue Plan Act	11,145	-	-	11,145	24,209
NM Crime Victim Reparation Commission					
VOCA Grants	438,551	-	-	438,551	615,894
VAWA Grant	25,000	-	-	25,000	25,000
SASP Grant	7,500	-	-	7,500	-
SA-ARPA	15,000			15,000	
CARES Act Grants					
New Mexico Mortgage Finance Authority	168,697	-	-	168,697	365,414
Children, Youth and Families Department	-			-	8,183
FEMA Emergency Food and Shelter Programs	29,325	-	-	29,325	6,222
New Mexico Mortgage Finance Authority	66,086	-	-	66,086	113,080
Total Government Agency Grants	1,916,273	-	-	1,916,273	2,287,368
Assets Released from Restriction	13,785	(13,785)		-	-
Total Revenues and Support	2,166,577	(8,785)	12,941	2,170,733	2,466,368
OPERATING EXPENSES					
Program Services	1,980,004	-	-	1,980,004	2,101,996
Management and General	119,268	-	-	119,268	129,773
Fundraising	1,157	-	-	1,157	699
Total Expenses	2,100,429	-	-	2,100,429	2,232,468
CHANGE IN NET ASSETS	66,148	(8,785)	12,941	70,304	233,900
BEGINNING NET ASSETS	2,343,181	11,626	-	2,354,807	2,120,907
NET ASSETS, END OF YEAR	\$ 2,409,329	\$ 2,841	\$ 12,941	\$ 2,425,111	\$ 2,354,807

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

CENTER OF PROTECTIVE ENVIRONMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services				Total	Management and General	Fund- raising	Total
	Domestic Violence Survivor Services	DVOTI Offender Services	Sexual Assault Survivor Services	Comprehensive Local Services				
FUNCTIONAL EXPENSES								
Salaries and Wages	\$ 1,221,157	\$ 82,486	\$ 6,804	\$ 23,124	\$ 1,333,571	\$ 18,194	\$ -	\$ 1,351,765
Payroll Taxes	93,853	6,310	513	1,791	102,467	2,835	-	105,302
Employee Benefits	83,185	3,421	96	866	87,568	(5,880)	-	81,688
Public Education and Advertising	2,075	108	-	-	2,183	507	-	2,690
Direct Client Services	16,615	-	1,134	8,769	26,518	1,439	-	27,957
Food	41,332	-	-	-	41,332	325	-	41,657
Supplies	62,004	37	-	101	62,142	246	1,157	63,545
Insurance	17,700	1,374	-	-	19,074	2,857	-	21,931
Office Expense	30,279	817	2,177	1,212	34,485	1,406	-	35,891
Postage	1,085	60	-	55	1,200	548	-	1,748
Printing	5,452	692	-	257	6,401	56	-	6,457
Professional Fees	12,513	-	-	-	12,513	655	-	13,168
Alternate Housing and Shelter Rent	44,036	-	4,963	-	48,999	-	-	48,999
Inkind Shelter and Office Rent	2,894	128	-	98,197	101,219	300	-	101,519
Repairs and Maintenance	25,148	1,060	-	1,081	27,289	-	-	27,289
Staff Training and Development	4,654	550	-	-	5,204	375	-	5,579
Auto	4,589	-	-	-	4,589	749	-	5,338
Travel	20,642	64	-	-	20,706	-	-	20,706
Security	7,862	-	-	48	7,910	-	-	7,910
Telephone and Internet	16,404	1,374	-	562	18,340	-	-	18,340
Utilities	8,818	1,291	-	559	10,668	-	-	10,668
Capital Outlay	76,984	-	6,813	-	83,797	-	-	83,797
Other	4,586	306	-	734	5,626	4,542	-	10,168
Expenses before Depreciation	1,803,867	100,078	22,500	137,356	2,063,801	29,154	1,157	2,094,112
Depreciation	-	-	-	-	-	90,114	-	90,114
TOTAL EXPENSES	1,803,867	100,078	22,500	137,356	2,063,801	119,268	1,157	2,184,226
Less Capital Outlay Capitalized	(76,984)	-	(6,813)	-	(83,797)	-	-	(83,797)
NET EXPENSES	\$ 1,726,883	\$ 100,078	\$ 15,687	\$ 137,356	\$ 1,980,004	\$ 119,268	\$ 1,157	\$ 2,100,429

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

CENTER OF PROTECTIVE ENVIRONMENT, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	2023	2022 (Memorandum)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 70,304	233,900
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Unrealized Loss/(Gain) on Investments	(41,241)	111,073
Depreciation	90,114	72,445
Change in Operating Assets and Liabilities		
Grants Receivable	108,414	(69,307)
Deposits	250	-
Accounts Payable	2,470	(397,663)
Accrued Payroll Liabilities	931	892
Accrued Vacation	(7,155)	(10,244)
Deferred FEMA Funds	(11,179)	14,662
Cash Provided (Used) by Operating Activities	<u>212,908</u>	<u>(44,242)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Permanently Restricted investments	(12,500)	-
Purchase of Capital Assets	<u>(83,797)</u>	<u>(36,708)</u>
Cash Used by Investing Activities	<u>(96,297)</u>	<u>(36,708)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program Payable Forgiven	-	(240,700)
Cash Used by Financing Activities	<u>-</u>	<u>(240,700)</u>
NET CHANGE IN CASH	116,611	(321,650)
CASH AT BEGINNING OF YEAR	<u>275,078</u>	<u>596,728</u>
CASH AT END OF YEAR	<u><u>\$ 391,689</u></u>	<u><u>\$ 275,078</u></u>
 Reconciliation to the Statement of Financial Position	 2023	 2022
Cash and Cash Equivalents		
Unrestricted Cash	\$ 388,848	\$ 263,452
Temporarily Restricted Cash	<u>2,841</u>	<u>11,626</u>
Total Cash and Cash Equivalents	<u><u>\$ 391,689</u></u>	<u><u>\$ 275,078</u></u>
 Supplemental Cash Flow Disclosures		
In-kind Donated Services	\$ 98,197	\$ 202,513

CENTER OF PROTECTIVE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Center of Protective Environment, Inc. (Organization) operates as a not-for-profit organization incorporated under the laws in the State of New Mexico. The Organization is established to provide shelter, counseling and legal and advocacy services to individuals and families who have experienced domestic violence and other forms of abuse in the Otero and Lincoln County regions. The Organization is supported primarily through federal, state and local grants, local contributions, and volunteers.

The Organization is governed by a Board of Directors, which has the responsibility for determining policy and for the execution and evaluation of programs and activities conducted by the Organization. The Board is limited to a minimum of five members and a maximum of fifteen members. The term served by a Board member is two years.

Accounting Pronouncements Adopted - The Organization has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

The Organization has adopted the provisions of FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

Basis of Accounting - The accompanying financial statements of the Organization have been prepared on the accrual basis which is in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis, revenues are recognized when earned rather than received, and expenses are recorded when the liability is incurred, rather than when payment is made. Net assets represent the cumulative excess of revenue recognized over expenses incurred.

Income Tax Status - The Organization qualifies as an organization exempt from income taxes under Section 501 (c)(3) of the *Internal Revenue Code* and is subject to a tax on income from any unrelated business, as defined by Section 509(a)(1) of the Code. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

FASB ASC Section 740 requires extensive disclosures about uncertain tax positions. The requirements of this standard are applicable to nonprofit organizations. The Organization evaluates any uncertain tax positions using the provisions of FASB ASC 450. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management's judgment with respect to the likely outcome of each uncertain tax position. The Organization does not believe that it has engaged in any situation that would result in an uncertain tax position. As a result, management does not believe that any uncertain tax positions currently exist and therefore, no loss contingency has been recognized in the accompanying financial statements. The Organization's policy is to record any income tax related penalties and interest incurred as general and administrative expense. The Organization did not incur any income tax related penalties or interest during the year ended June 30, 2023.

Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Organization has no open examinations with the Internal Revenue Service.

CENTER OF PROTECTIVE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Net Asset Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. FASB ASC 958-210-45-1 requires the total amount for each of the two classes of net assets and the total of net assets to be presented in the statement of financial position.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be permanent in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. The Organization is reporting temporarily restricted and permanently restricted net assets restricted by the donor as of June 30, 2023.

The Organization's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

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

Measure of Operations - The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of program services, and interest income on bank balances. Nonoperating activities are limited to other income or loss activities considered to be of a more unusual or nonrecurring nature. The Organization did not engage in any reportable nonoperating activities during the years ended June 30, 2023.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments to be cash equivalents, including those deposits in interest-bearing and non-interest-bearing accounts with maturities of three months or less.

Use of Restricted Cash - When the Organization incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever the assets have to be returned if not used.

Investments - In accordance with FASB ASC 958, the Organization's investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair value in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Gains and losses recognized upon the sale or redemption of securities are based upon the difference between the purchase price and sales proceeds.

CENTER OF PROTECTIVE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Fair Value Measurements - The Organization applies the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities that are recognized at fair value in the financial statements on a recurring basis. ASC 820 defines fair value as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the pricing of the asset or liability developed based on the best information available.

The Organization has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities as of June 30, 2023, therefore no adjustment for the effect of FASB ASC 820 was made to the Organization's financial statements at June 30, 2023.

Contributions and Unconditional Promises to Give - Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. The Organization follows ASC 958-605-25, *Accounting for Contributions Received and Contributions Made*. In accordance with the codification standard, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence or nature of any donor restrictions.

Non-Cash Contributions - Donated materials and other non-cash items are recorded as contributions at their estimated market value at the date of donation. Donated services are valued and amounts recorded in the financial statements for professional and skilled donated services if the ASC 958-605-25 recognition requirements are met.

No amounts have been reflected in the statements for other donated time and services if the ASC 958-605-25 recognition requirements were not met. However, a substantial number of other volunteers have donated significant amounts of their time to the Organization's program services.

Grants Receivable - The Organization receives grant funding from state and local government agencies. Grants receivable represent receivables from the funding entities that have been recorded when the expenses to be reimbursed were incurred or the units of service under contract have been provided. No allowance for bad debts is computed as the amounts represent valid receivables from the respective agencies.

Allowance for Uncollectible Receivables - The Organization uses the direct method to determine uncollectible unconditional promises to give or grants receivable, therefore no allowance account has been set up in the financial statements.

Restricted and Unrestricted Revenue - Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Accrued Vacation - The Organization allows employees to earn annual leave based on stated policies. Annual leave is payable to the employee upon termination. These accrued amounts are shown as a liability on the statement of financial position and the related change in liability is reflected as an expense for the year in which the change occurs.

CENTER OF PROTECTIVE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Functional Allocation of Expenses - The cost of providing services as well as supporting activities is summarized on a functional expense basis in the statement of functional expenses. Expenses directly attributable to a specific program or supporting activity of the Association are reported expenses of those functional activities. Costs are allocated between program services and support services based on management's judgment considering space used, time spent or direct relation to the program or support service benefited. Costs specifically identifiable to only one function are charged 100% to that function. Expenses not directly chargeable to one functional category are allocated based upon percentage of time, purpose, square footage, or other reasonable method of allocation approved by management.

Advertising - The Organization uses advertising, promotion and community education to promote its programs. Advertising, promotion and community education expenses are expensed when incurred.

Estimates - The preparation of financial statements in conformity with 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.

Risk Management - The Organization is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization has obtained insurance through various underwriters to insure against these potential losses. The premiums are not directly related to claims filed.

Subsequent Events - FASB ASC 855-10-50-1 requires reporting entities to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or available to be issued. Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

Custodial Credit Risk - In accordance with FDIC, time deposits, savings deposits and interest bearing NOW deposits held at each financial institution will be insured up to \$250,000 in aggregate at each financial institution. The Organization uses a single local financial institution for its banking purposes.

Carrying value of the cash and cash equivalents of the Organization's deposits at the financial institution during the fiscal year and as of June 30, 2023 was above the \$250,000 maximum covered by the federal depository insurance, therefore the Organization was subject to custodial credit risk at the end of fiscal year of approximately \$141,689. However, management feels the risk is minimal as the financial institution is not at risk for collapsing.

Temporarily Restricted Cash - The Organization received a \$25,000 donation during the 2017 fiscal year from an anonymous donor to assist clients with personal expenses to aid in establishing independence. During the 2023 fiscal year, the Organization received additional \$5,000 in funds for the assistance. As of June 30, 2023, the Organization has approximately \$2,841 of the funds remaining for use in the coming fiscal year.

CENTER OF PROTECTIVE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE C - INVESTMENTS

Unrestricted Investments – In March 2023, the Organization changed brokerage firms to be the custodian of the investments. Substantially all of the Organization's investments were determined as Tier 1 inputs in accordance with the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. The Organization reports the investments at market value for financial statement purposes, but records the investments at cost and adjusts for market with a valuation account. The schedule below illustrates the cost, market value and unrealized gains for each investment type as of June 30, 2023.

Investment	Market	Cost	Unrealized Gain/(Loss)
Mutual Funds	\$ 532,980	\$ 588,716	\$ (55,736)
Money Market	<u>9,290</u>	<u>9,290</u>	<u>-</u>
Total Investments	<u>\$ 542,270</u>	<u>\$ 598,006</u>	<u>\$ (55,736)</u>

The Organization is reporting the following income and expenses related to the investments:

Interest and Dividends	\$ 15,527
Net Change in Investment Value	29,905
Brokerage and Investment Fees	<u>(4,632)</u>
Total Net Investment Income	<u>\$ 40,800</u>

Permanently Restricted Investment – In August, 2023, a donor's estate established a permanently restricted endowment fund in the amount of \$12,500 with a local community foundation in the Organization's name. The Organization will be able to draw against the income when the endowment fund reaches a designated balance. As of June 30, 2023, the balance of \$12,941 is below the designated balance.

NOTE D - GRANT RECEIVABLES AND REVENUE

The Organization contracts with various federal, state and local authorities to provide domestic abuse counseling and support services to the area. These grants are reimbursement type grants, whereby the Organization must first spend the necessary funds and the required matching portion and then request reimbursement from the grantor.

Detailed below are the grantors and programs for which the funds are designated.

Grantor Agency	Receivable
NM Children, Youth, & Family Department:	
Survivor Services	\$ 120,695
Domestic Violence Offender Treatment & Intervention	6,724
Children's Capacity Building Project	6,919
ARPA	1,925
NM Mortgage Finance Authority CARES Act	11,886
New Mexico Crime Victims Reparation Commission:	
Victims of Crime Act (VOCA)	71,263
Violence Against Women Act (VAWA)	<u>5,072</u>
Total Grants Receivable	<u>\$ 224,484</u>

CENTER OF PROTECTIVE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE D - GRANT RECEIVABLES AND REVENUE (Cont.)

The Organization receives multiple VOCA grants that have grant years which differ from the the Organization's fiscal year end. Below is a detail of the VOCA grants and amounts received during the fiscal year:

VOCA Grant	Total	Receivable
Grant 219	\$ 292,597	\$ 71,263
Grant 119	<u>145,954</u>	<u>-</u>
Total VOCA Grants	<u>\$ 438,551</u>	<u>\$ 71,263</u>

Contingency Risks – When the Organization participates in federal and state assisted grant programs, it is subject to program compliance audits by the grantors and/or its representatives. Compliance audits of these programs are conducted at various times during the contract year. In the case of future compliance audits, the amount of expenditures which may be disallowed and grant funds recalled, if any, is expected to be immaterial.

Concentration of Risk – Funding from governmental agencies constitute approximately 82% of the Organization revenue and support. Although there is no assurance the grant contracts with the state and local governmental agencies will be renewed in the future, management is confident in the continued funding due to the long-term relationships with these agencies. However, should the contracts be rescinded or reduced due to budget issues by the government agencies, the reduction of income would have a severe impact on the operation of the Organization.

Single Audit - The Organization followed the Uniform Guidance circular for the fiscal year ended June 30, 2023. That circular established the threshold of federal award funds needed to be expended in the fiscal year in order to conduct a Single Audit at \$750,000. The Organization's federal expenditures for the fiscal year exceeded the amount stipulated by the Uniform Guidance guidelines, and as a result, the Organization is required to conduct a Single Audit for the fiscal year.

Commitment – The Organization has approximately \$164,903 of VOCA grant funds to spend before September 30, 2023 the end of the grant's fiscal year, on operational expenses.

NOTE E – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other financial commitments. The Organization has a goal to maintain cash on hand equal to approximately three months of operating expenses. The Organization considers all expenditures related to its ongoing activities of providing domestic violence services in Otero and Lincoln Counties as well as the conduct of activities that support these program services to be general expenditures. As part of its liquidity plan, the Organization continuously evaluates the amount of cash on hand and expected to be collected within 90 days, against current financial obligations.

Financial Assets at Year End

Cash	\$ 391,689
Investments	555,211
Grant Receivables	<u>224,484</u>
Total Financial Assets Available to Meet General Expenditures	<u>\$ 1,171,384</u>

CENTER OF PROTECTIVE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE F - CAPITAL ASSETS

Purchased property in excess of \$5,000 and with a useful life in excess of one year is recorded at acquisition cost, while donated property is recorded at estimated fair market value at the date of donation. Depreciation shown is calculated using the straight-line method. Under this method an equal amount is charged to depreciation each year over the estimated useful life of an asset. Most grants and contracts do not require or allow an accounting for depreciation by the Organization, however, for financial statement purposes, depreciation is recorded as a separate line item under Management and General. Depreciation expense was \$90,114 for the 2023 fiscal year.

Capital assets balances as of June 30, 2023, consisted of the following:

Buildings and Improvements	\$ 1,639,697
Furniture and Equipment	134,544
Vehicles	<u>62,900</u>
Total Basis	1,837,141
Less Accumulated Depreciation	<u>(521,502)</u>
Net Capital Assets	<u>\$ 1,315,639</u>

NOTE G - RETIREMENT PLAN

The Organization participates in a defined contribution retirement plan administered by the Symetra Life Insurance Company. This plan is for the benefit of all eligible staff of the Organization who qualify under applicable participation requirements. Under the terms of the plan, contributions are made under Section 403(b) of the Code and are invested, at the discretion of the plan participant, in one or more of the investment vehicles available under the plan. The plan currently does not provide for the Organization to match participant contributions.

NOTE H - DONATED SERVICES

Donated services and other non-cash items are recorded as contributions at their estimated market value at the date of donation. Donated services are valued and amounts recorded in the financial statements for professional and skilled donated services if the ASC 958-605-25 recognition requirements are met. The Organization received approximately \$202,513 of in-kind rental and radio and television public service announcement contributions that were recognized as income during the 2021 fiscal year. The Organization used \$98,197 of the donated media services for grant matching for shelter rental expense for the City of Alamogordo.

No amounts have been reflected in the statements for other donated time and services if the ASC 958-605-25 recognition requirements were not met. However, a substantial number of other volunteers have donated significant amounts of their time to the Organization's program services.

Concentration of Risk - The Organization is heavily dependent on the in-kind donations for advertising and public exposure of its programs and related community education. The value of the in-kind advertising is also used as matching funds on state and local grants. Should the in-kind donations be reduced or discontinued, the Organization's operations could be materially impacted.

SUPPLEMENTAL INFORMATION

CENTER OF PROTECTIVE ENVIRONMENT, INC.
FUNCTIONAL EXPENSES BY GRANT
YEAR ENDED JUNE 30, 2023

	Program Services							
	New Mexico Mortgage Finance Authority CARES ACT	NMMFA Emergency Shelter	FEMA Emergency Shelter Phase 39	FEMA Emergency Shelter ARPA	Violence Against Women Legal Services	Victims of Crime Act		
						21/22	22/23	
FUNCTIONAL EXPENSES								
Salaries and Wages	\$ 61,796	\$ 31,724	\$ 7,205	\$ 18,705	\$ 20,166	\$ 96,960	\$ 207,171	
Payroll Taxes	4,727	2,427	551	1,431	1,518	7,436	16,285	
Employee Benefits	3,798	634	144	364	26	13,743	23,853	
Public Education and Advertising	-	-	-	-	-	-	-	
Direct Client Services	1,032	-	-	-	-	6,306	1,668	
Food	2,533	2,840	-	-	-	2,414	7,106	
Supplies	14,013	1,162	491	-	-	3,133	1,101	
Insurance	-	6,585	-	-	288	9,198	-	
Office Expense	-	733	-	-	365	2,481	679	
Postage	-	-	-	-	60	-	405	
Printing	-	243	-	-	-	355	1,855	
Professional Fees	655	655	-	-	-	-	-	
Alternate Housing and Shelter Rent	1,299	-	-	-	-	-	15,841	
Inkind Shelter and Office Rent	-	1,108	-	-	-	-	-	
Repairs and Maintenance	1,859	11,351	434	-	-	166	696	
Staff Training and Development	-	-	-	-	745	-	1,490	
Auto	-	4,230	-	-	-	-	-	
Travel	-	-	-	-	1,712	45	2,357	
Security	-	1,955	-	-	-	1,594	-	
Telephone and Internet	-	-	-	-	-	2,124	6,622	
Utilities	-	187	-	-	-	-	5,467	
Capital Outlay	76,984	-	-	-	-	-	-	
Other	-	251	-	-	120	-	-	
Expenses before Depreciation	168,696	66,085	8,825	20,500	25,000	145,955	292,596	
Depreciation	-	-	-	-	-	-	-	
TOTAL EXPENSES	168,696	66,085	8,825	20,500	25,000	145,955	292,596	
Less Capital Outlay Capitalized	(76,984)	-	-	-	-	-	-	
NET EXPENSES	\$ 91,712	\$ 66,085	\$ 8,825	\$ 20,500	\$ 25,000	\$ 145,955	\$ 292,596	

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

Program Services											
Children, Youth and Families Dept.				SASP Grant	SA-ARPA Grant	Local Grants	Total	Management and General	Fund-raising	Total	
Survivor Services	ARPA Grant	Children Capacity Bldg Project	DV Offender Treatment & Intervention								
\$ 727,642	\$ -	\$ 49,788	\$ 82,486	\$ 6,804	\$ -	\$ 23,124	\$ 1,333,571	\$ 18,194	\$ -	\$ 1,351,765	
55,669	-	3,809	6,310	513	-	1,791	102,467	2,835	-	105,302	
39,647	-	976	3,421	96	-	866	87,568	(5,880)	-	81,688	
2,075	-	-	108	-	-	-	2,183	507	-	2,690	
471	7,138	-	-	-	1,134	8,769	26,518	1,439	-	27,957	
26,335	104	-	-	-	-	-	41,332	325	-	41,657	
38,914	429	2,761	37	-	-	101	62,142	246	1,157	63,545	
1,629	-	-	1,374	-	-	-	19,074	2,857	-	21,931	
26,021	-	-	817	87	2,090	1,212	34,485	1,406	-	35,891	
620	-	-	60	-	-	55	1,200	548	-	1,748	
2,999	-	-	692	-	-	257	6,401	56	-	6,457	
11,093	-	110	-	-	-	-	12,513	655	-	13,168	
25,182	1,714	-	-	-	4,963	-	48,999	-	-	48,999	
536	1,250	-	128	-	-	98,197	101,219	300	-	101,519	
10,642	-	-	1,060	-	-	1,081	27,289	-	-	27,289	
2,349	-	70	550	-	-	-	5,204	375	-	5,579	
327	-	32	-	-	-	-	4,589	749	-	5,338	
16,528	-	-	64	-	-	-	20,706	-	-	20,706	
4,313	-	-	-	-	-	48	7,910	-	-	7,910	
7,149	509	-	1,374	-	-	562	18,340	-	-	18,340	
3,164	-	-	1,291	-	-	559	10,668	-	-	10,668	
-	-	-	-	-	6,813	-	83,797	-	-	83,797	
4,215	-	-	306	-	-	734	5,626	4,542	-	10,168	
1,007,520	11,144	57,546	100,078	7,500	15,000	137,356	2,063,801	29,154	1,157	2,094,112	
-	-	-	-	-	-	-	-	90,114	-	90,114	
1,007,520	11,144	57,546	100,078	7,500	15,000	137,356	2,063,801	119,268	1,157	2,184,226	
-	-	-	-	-	(6,813)	-	(83,797)	-	-	(83,797)	
\$ 1,007,520	\$ 11,144	\$ 57,546	\$ 100,078	\$ 7,500	\$ 8,187	\$ 137,356	\$ 1,980,004	\$ 119,268	\$ 1,157	\$ 2,100,429	

CENTER OF PROTECTIVE ENVIRONMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Program or Grant Number	Pass-through Identifying Number	Program or Award Amount	Expenditures
<u>US Department of Housing and Urban Development</u>					
Passed Through the New Mexico Mortgage Finance Authority					
Emergency Shelter Grants Program	14.231	-	22-02-COP-EHA-001	\$ 66,086	\$ 66,086
CARES Act Grant	14.231	-	20-02-COP-CAE-001	752,929	168,697
Total US Department of Housing and Urban Development				819,015	234,783
<u>US Department of Homeland Security</u>					
Passed Through United Way of America					
Emergency Food and Shelter Program	97.024	39-6086-00	LRO 608600-007	8,825	8,825
Emergency Food and Shelter Program	97.024	ARPAR-6086-00	LRO 608600-007	20,500	20,500
Total US Department of Homeland Security				29,325	29,325
<u>US Department of Health and Human Services</u>					
Passed Through New Mexico Children, Youth and Family Department/Falling Colors					
Family Violence Prevention and Services Act	93.671	HHS-2021-ACF-ACYF-FVPS-1962	DV-FVSA10 (8583)	21,200	21,200
Family Violence Prevention and Services Act	93.671	HHS-2021-ACF-ACYF-FVPS-1962	DV-FVSA10 (8582)	47,800	47,800
ARPA COVID Testing	93.671	N/A	2201NMFSC6	73,111	11,145
ARPA Sexual Assault	93.671	N/A	2201NMFSC6	15,000	15,000
Total US Department of Health and Human Services				157,111	95,145
<u>US Department of Justice</u>					
Passed Through New Mexico Crime Victims Reparation Committee					
Violence Against Women Act	16.588	15JOVW-21-GG-00538-STOP	2023-WF-905	25,000	25,000
Violence Against Women Act	16.019	20-KF-0013	Fed VAWA SASP V-801 COPE	7,500	7,500
Victims of Crime Act	16.575 *	2019-V2-GX-0008	2022-VA-119	574,244	145,954
Victims of Crime Act	16.575 *	2019-V2-GX-0008	2023-VA-219	457,500	292,597
Total US Department of Justice				1,064,244	471,051
Totals for Federal Assistance				\$ 2,069,695	\$ 830,304

* Indicates major federal assistance award

CENTER OF PROTECTIVE ENVIRONMENT, INC.
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended and does not present the financial position or changes in net position of the Organization.

Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients of Grant Awards – The Organization did not provide any federal awards to subrecipients during the fiscal year.

INTERNAL CONTROL AND COMPLIANCE



SCOTT NORTHAM, CPA, PC
Certified Public Accountants

**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
Center of Protective Environment, Inc.
Alamogordo, New Mexico

We have audited, 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, the financial statements of Center of Protective Environment, Inc.. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 May 2, 2024.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Center of Protective Environment, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Center of Protective Environment, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Center of Protective Environment, Inc.'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 may exist that have not been identified.

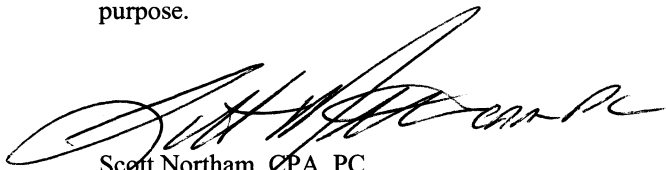
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Center of Protective Environment, Inc.'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

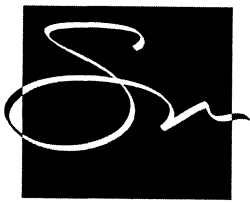
1035 Mechem Drive
Ruidoso, NM 88345

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.

A handwritten signature in black ink, appearing to read "Scott Northam", is written over the printed name.

Scott Northam, CPA, PC
Ruidoso, New Mexico
May 2, 2024



SCOTT NORTHAM, CPA, PC
Certified Public Accountants

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

Board of Directors
Center of Protective Environment, Inc.
Alamogordo, New Mexico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Center of Protective Environment, Inc.'s (the Organization) 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 the Organization's major federal programs for the year ended June 30, 2023. The Organization'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, the Organization 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 June 30, 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 the Organization 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 the Organization'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 the Organization'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 the Organization'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 that 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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.

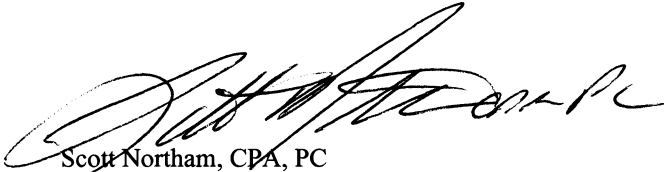
Report on Internal Control over Compliance

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.

A handwritten signature in black ink, appearing to read "Scott Northam", is written over the printed name.

Scott Northam, CPA, PC
Ruidoso, New Mexico
May 2, 2024

**CENTER OF PROTECTIVE ENVIRONMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

SECTION I - SUMMARY RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control of financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|---|------------------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| 2. Type of auditor's report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516(a)? | No |
| 4. Identification of major program | |
| CFDA | Federal Program |
| 16.575 | Victims of Crime Act |
| | Funding Source |
| | US Dept of Justice |
| 5. Dollar threshold to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS:

NONE

PRIOR YEAR FINDINGS:

NONE