



FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2020

**MESILLA VALLEY CASA
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2020**

INTRODUCTORY SECTION

Official Roster	1
-----------------	---

FINANCIAL SECTION

Independent Auditor's Report	2-3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-15

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .	16-17
---	-------

SUPPLEMENTARY INFORMATION

Schedule of Findings and Responses	18
Exit Conference	19

**MESILLA VALLEY CASA
OFFICIAL ROSTER**

BOARD OF DIRECTORS

Wendy Beserra	President
Mary Ellen McKay	Vice President
Brenda J. Allred	Treasurer
Rebecca Cram	Secretary
Kristi Martin	Director
Lupe Nevarez	Director
Brent E. Shelley	Director

ADMINISTRATIVE STAFF

Doreen Gallegos	Executive Director
-----------------	--------------------

To the Board of Directors
Mesilla Valley CASA, Inc.
Las Cruces, New Mexico

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Mesilla Valley CASA, Inc., a nonprofit organization, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Report on Summarized Comparative Information

We have previously audited Mesilla Valley CASA's 2019 financial statements, and in our report dated November 7, 2019 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2021 on our consideration of Mesilla Valley CASA, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, 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 result of that testing, and not to provide an opinion on the 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 Mesilla Valley CASA, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Ollie D. Waters". The signature is written in a cursive style with a large initial "O" and a long, sweeping underline.

Ollie D. Waters, CPA, CMA
Moye, Waters and Associates, LLC
Albuquerque, New Mexico
May 4, 2021

MESILLA VALLEY CASA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)

ASSETS:

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 491,169	\$ 404,385
Grant Receivable (Note 3)	30,498	43,738
Prepaid Expenses (Note 4)	<u>2,174</u>	<u>1,468</u>
Total Current Assets	<u>523,841</u>	<u>449,591</u>
Fixed Assets		
Property & Equipment (Note 5)	23,258	16,759
Less Accumulated Depreciation (Note 5)	<u>(9,583)</u>	<u>(6,534)</u>
Net Fixed Assets	<u>13,675</u>	<u>10,225</u>
Total Assets	<u>\$ 537,516</u>	<u>\$ 459,816</u>

LIABILITIES:

Current Liabilities		
Accounts Payable	\$ 11,350	\$ 7,100
Payroll Tax Liabilities	464	453
Accrued Compensated Absences (Note 6)	22,724	15,252
Capital Lease Payable - Current Portion (Note 7)	<u>1,283</u>	<u>992</u>
Total Current Liabilities	<u>35,821</u>	<u>23,797</u>
Long-Term Liabilities:		
Capital Lease Payable - Net of current portion (Note 7)	<u>1,503</u>	<u>2,786</u>
Total Long-Term Liabilities	<u>1,503</u>	<u>2,786</u>
Total Liabilities	<u>\$ 37,324</u>	<u>\$ 26,583</u>

NET ASSETS:

Without Donor Restrictions (Note 8)	<u>500,192</u>	<u>433,233</u>
Total Net Assets	<u>500,192</u>	<u>433,233</u>
Total Liabilities & Net Assets	<u>\$ 537,516</u>	<u>\$ 459,816</u>

MESILLA VALLEY CASA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)

	<u>2020</u> <u>TOTAL</u>	<u>2019</u> <u>TOTAL</u>
REVENUE:		
Grant Income (Note 9)	\$ 305,167	\$ 294,161
Contributions	24,481	54,534
Fundraising Income	16,200	33,421
Investment Return	4,521	1,954
Other Income	3,358	2,000
In-Kind Contributions (Note 10)	<u>32,975</u>	<u>29,856</u>
Total Revenue	<u>386,702</u>	<u>415,926</u>
EXPENSES:		
Program Services	230,728	247,710
General & Administrative	70,737	54,872
Fundraising (Note 11)	<u>18,278</u>	<u>20,769</u>
Total Expenses	<u>319,743</u>	<u>323,351</u>
Change in Net Assets	66,959	92,575
Net Assets at Beginning of Year	<u>433,233</u>	<u>340,658</u>
Net Assets at End of Year	<u>\$ 500,192</u>	<u>\$ 433,233</u>

SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Intergral Part Of These Financial Statements

MESILLA VALLEY CASA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)

	<u>PROGRAM SERVICES</u>	<u>GENERAL & ADMINISTRATIVE</u>	<u>FUNDRAISING</u>	<u>2020 TOTAL</u>	<u>2019 TOTAL</u>
EXPENSES:					
Salaries	\$ 128,343	\$ 42,722	\$ 10,078	\$ 181,143	\$ 173,584
Payroll taxes	9,714	3,233	763	13,710	13,488
Employee benefits	2,959	985	232	4,176	6,200
Professional Fees	31,962	13,318	-	45,280	39,532
Occupancy	18,949	2,105	-	21,054	21,529
Advertising	12,424	-	-	12,424	10,884
Insurance	5,157	1,717	405	7,279	6,172
Fundraising expenses (Note 11)	-	-	6,265	6,265	8,817
Travel	5,826	-	-	5,826	13,404
Office expenses	3,959	1,318	311	5,588	11,872
Training	3,938	-	-	3,938	5,293
Telephone	2,692	896	212	3,800	3,282
Donations	-	2,439	-	2,439	728
Conferences and seminars	1,600	-	-	1,600	4,989
Fees	-	1,375	-	1,375	720
Interest	-	577	-	577	-
Postage	156	52	12	220	257
Depreciation (Note 5)	3,049	-	-	3,049	2,600
Total Expenses	<u>\$ 230,728</u>	<u>\$ 70,737</u>	<u>\$ 18,278</u>	<u>\$ 319,743</u>	<u>\$ 323,351</u>

MESILLA VALLEY CASA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributors	24,481	54,534
Cash received from government grants	318,407	270,160
Cash received from fundraising income	16,200	33,421
Cash received from interest	4,521	-
Cash received from other income	2,975	3,954
Cash paid to and on behalf of employees	(191,547)	(193,873)
Cash paid for expenses	<u>(80,762)</u>	<u>(91,956)</u>
Net cash provided (used) by operating activities	<u>94,275</u>	<u>76,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Fixed Assets	<u>(6,499)</u>	<u>(3,887)</u>
Net cash provided (used) by investing activities	<u>(6,499)</u>	<u>(3,887)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital leases	-	-
Principal payments on capital lease	<u>(992)</u>	<u>(767)</u>
Net cash provided (used) by financing activities	<u>(992)</u>	<u>(767)</u>
Net increase (decrease) in cash and cash equivalents	86,784	71,586
Cash and cash equivalents at beginning of year	<u>404,385</u>	<u>332,799</u>
Cash and cash equivalents at end of year	<u>\$ 491,169</u>	<u>\$ 404,385</u>

SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

MESILLA VALLEY CASA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies

A. Function of Entity

Mesilla Valley CASA (Court Appointed Special Advocates), Inc., a nonprofit organization, was incorporated under laws of the State of New Mexico on September 17, 1993. Mesilla Valley CASA was organized for the purpose of advocating for the best interests of abused and neglected children and supports the development, growth and continuation of programs which recruit and train volunteers to serve as court appointed special advocates for children involved in abuse, neglect, families in need of supervision, and juvenile dependency proceedings.

Mesilla Valley CASA is funded by Dona Ana County 3rd Judicial District, Administrative Office of the Courts 3rd Judicial District, The City of Las Cruces, Department of Justice Victims of Crime Act grant, The United Way, The National CASA Association, and The NM Community Foundation. Additional support is received from individual and corporate contributions.

Mesilla Valley CASA 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 one year.

B. Tax Exempt Status

Mesilla Valley CASA is exempt from Federal Income taxes under section 501C (3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509 (A) of the Code.

C. Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than received, and expenses are recognized when the related liability is incurred rather than when paid.

D. Financial Statement Presentation

The accompanying financial statements have been prepared following the guidance required under the Accounting Standards Codification (ASC) 958-605 “*Not for Profit Entities – Revenue Recognition*” and (ASC) 958-205, “*Not for Profit Entities – Presentation of Financial Statements*.” Under guidance expressed in these codifications, “An organization’s net assets and its revenues, expenses, gains and losses are classified based on whether they are restricted by donors. Amounts for each of these two classes of net assets; *net assets with donor restriction*, and *net assets without donor restriction*, are required to be displayed in a statement of financial position and amounts of change in each of these classes of net assets are required to be displayed in a statement of activities. Recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire is required. Expirations of restrictions that simultaneously increase one class of net assets and decrease another (reclassifications) are reported separately from other transactions in the statement of activities”.

Amounts for Mesilla Valley CASA’s total assets, liabilities and net assets are to be reported in a statement of financial position; the change in Mesilla Valley CASA’s net assets is reported in a statement of activities; and the change in its cash and cash equivalents is reported in a statement of cash flows.

MESILLA VALLEY CASA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies - continued

E. Liquidity Assessment

Mesilla Valley CASA’s financial assets available within one year of the statement of position date for general expenditure are as follows:

Cash and Cash equivalents	\$491,169
Grant Receivable	<u>30,498</u>
Total	<u>\$521,667</u>

F. Statement of Cash Flows

For purposes of the statement of cash flows, Mesilla Valley CASA considers all highly liquid investments as cash equivalents. On June 30, 2020, Mesilla Valley CASA did not own any assets considered to be cash equivalents. Cash includes cash held in checking accounts at local banking institutions.

G. Grant Receivables

Grant receivables represent the amount expended during the grant period but reimbursed by the grantor after year-end. When revenues are received in the next year, the receivable will then be reduced.

H. Fair Values Measured on Recurring Basis

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. As of July 1, 2015, Mesilla Valley CASA has adopted ASC 820.

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

Basis of Fair Value Measurement

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

MESILLA VALLEY CASA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies - continued

The following tables set forth, by level within the fair value hierarchy, Mesilla Valley CASA's assets and liabilities at fair value as of June 30, 2020. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

No assets met the criteria for disclosure on June 30, 2020.

I. Fixed Assets

Fixed assets are stated at cost. Mesilla Valley CASA capitalizes all acquisitions at cost in excess of \$500 with a useful life of more than one year. Depreciation, which includes the assets recorded under capital leases, is computed principally using the straight-line method over the estimated useful lives of individual assets. Asset lives range from three to seven years.

J. Estimates

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

K. Contribution of Services

Contributions of services are recognized in the financial statements of Mesilla Valley CASA only if the services received (a) create or enhance nonfinancial assets of (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

L. Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specified 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 restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Mesilla Valley CASA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Mesilla Valley CASA reclassifies temporarily restricted net assets to unrestricted net assets at that time.

M. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

MESILLA VALLEY CASA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies - continued

N. Restricted and Unrestricted Support and Revenue

Contributions received are recorded as *net assets without donor restriction*, or *net assets with donor restriction*, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in *net assets without donor restriction* if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in *net assets with donor restriction*. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), *net assets with donor restriction* are reclassified to *net assets without donor restriction* and reported in the Statement of Activities as net assets released from restrictions.

O. Expense Allocation

The costs of providing various programs have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

P. Prior –Year Comparative Information

The financial statements include prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with financial statements for the year ended June 30, 2019 from which the summarized information was derived.

Q. Uncertain Tax Positions

Mesilla Valley CASA annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. As of June 30, 2020 there were no uncertain tax positions noted. Mesilla Valley CASA's policy is to classify income tax penalties and interest, when applicable, according to their natural classification. Under the statute of limitations, Mesilla Valley CASA's tax returns are no longer subject to examination by tax authorities for years prior to 2017.

R. Subsequent Events

Management has evaluated subsequent events through May 4, 2021, the date which the financial statements were available to issue.

MESILLA VALLEY CASA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 2. Cash Balances

Mesilla Valley CASA's cash balance on the Statement of Financial Position consists of the following on June 30, 2020:

	<u>Bank Statement Balance</u>	<u>Reconciled Balance</u>
Checking	244,914	183,171
Savings	<u>308,273</u>	<u>307,998</u>
Total	<u>\$553,187</u>	<u>\$491,169</u>

On June 30, 2020, the total bank balance in the bank accounts were \$553,187 of which \$502,820 was insured by federal depository insurance leaving \$50,367 uninsured and uncollateralized. Mesilla Valley CASA has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk.

Note 3. Grant Receivable

Grant receivables represent the following amounts due to Mesilla Valley CASA on June 30, 2020:

<u>Grantor</u>	<u>Amount</u>
VOCA	20,787
AOC 3 rd Judicial	9,137
City of Las Cruces	<u>574</u>
Total	<u>\$30,498</u>

Note 4. Prepaid Expense

Prepaid expense represents amounts paid in advance for the following.

Insurance	<u>2,174</u>
Total	<u>\$2,174</u>

Note 5. Property & Equipment

The component of property and equipment on June 30, 2020 are as follows:

Computer equipment	20,054
Furniture and fixtures	<u>3,204</u>
Total property & equipment	23,258
Less accumulated depreciation	<u>9,583</u>
Net property & equipment	<u>\$13,675</u>

Depreciation expense for the year ended June 30, 2020 was \$3,049.

Note 6. Accrued Compensated Absences

Employees of Mesilla Valley CASA 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.

**MESILLA VALLEY CASA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Note 7. Capital Lease Payable

Mesilla Valley CASA leases a copier from Wells Fargo Leasing Services under a non-cancelable lease that is classified as a capital lease expiring in 2022. The obligations carry an average interest rate of 26% and is payable in monthly installments of \$155 to Wells Fargo Leasing.

Future minimum lease payments under capital leases are as follows:

Year Ending June 30,	
2021	1,860
2022	<u>1,705</u>
Total minimum lease payments	3,565
Less executory costs and related profit	<u>-</u>
Net minimum lease payments	3,565
Less amount representing interest	<u>779</u>
Present value of minimum lease payments	<u>\$2,786</u>

Note 8. Net Assets

Mesilla Valley CASA classifies its net assets into the following categories:

Without Donor Restrictions – net assets that are not subject to donor-imposed stipulations. This includes certain amounts designated by the Board for grants, endowments, and other purposes.

With Donor Restrictions – net assets subject to donor-imposed stipulations that may or will be met either by actions of Mesilla Valley CASA and/or the passage of time or are subject to donor-imposed restrictions that Mesilla Valley CASA permanently maintain them.

Note 9. Grant Income

Grant income represents support received by Mesilla Valley CASA from the following funding sources:

<u>Grant Name</u>	<u>Amount</u>
VOCA	107,176
AOC 3 rd Judicial	109,600
City of Las Cruces	56,300
Doña Ana County – 3 rd Judicial	18,391
National CASA Association	<u>13,700</u>
Total Grant Income	<u>\$305,167</u>

Note 10. In-Kind Contributions

During the year ended June 30, 2020, Mesilla Valley CASA received advocacy services for kids in foster care in the amount of \$31,962.

Note 11. Fundraising

Mesilla Valley CASA sponsors events in order to raise awareness for their mission, to raise funds for the organization and to persuade potential donors to make contributions. For the year ended June 30, 2020, fund raising expense was \$18,278. Funds raised as a result of these expenses were approximately \$40,681. This resulted in a fundraising ratio of 45% (\$18,278 in expenses divided by \$40,681 in revenue).

MESILLA VALLEY CASA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 12. New Accounting Standards

Revenue Recognition

In May 2014, the FASB has recently issued Accounting Standards Update (ASU) 2014-09, (Topic 606): *Revenue from Contracts with Customers* that was designed to develop a common revenue standard for U.S. Generally Accepted Accounting Principles (US GAAP) and international standards. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Steps to apply the core principle are as follows:

1. Identify the contract(s) with the customer
2. Identify the separate performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognize revenue when a performance obligation is satisfied

Several new disclosures will also be required to include sufficient information to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This ASU will be effective for annual periods beginning after December 15, 2019.

Leases

In February 2016, the FASB issued ASU 2016-02 *Leases* (FASB Codification Topic 842) which significantly changes the accounting for leases in the financial statements of lessees and supersedes FASB Codification Topic 840. With this update, GAAP now will require lessees under operating leases to recognize a liability in the statement of financial position and an asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting election not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. Cash flows related to operating leases will continue to be reported within operating activities on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2021.

Contributions and Exchange Transactions

In June 2018, the FASB issued ASC 958-605 *Not-for-Profit Entities* (FASB Codification Topic 958) to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendment in this update clarifies the criteria for evaluating whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional.

The amendments in this ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2018 with respect to contributions received and fiscal years beginning after December 15, 2019 with respect to contributions made. Early adoption is permitted.

As of the date of these financial statements, management has evaluated these new ASUs and is working to implement the applicable guidance and requirements in the period the ASUs become effective.

MESILLA VALLEY CASA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 13. Contingency

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization had declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting operations across a range of industries. The extent of the impact of COVID-19 on Mesilla Valley CASA’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the services provided, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent of which COVID-19 may impact Mesilla Valley CASA’s financial condition or results of operations is uncertain.

Note 14. Concentrations of Risk

Funding from government agencies constitute 75% of Mesilla Valley CASA’s support. This funding is vulnerable to changes in the legislative priorities of the federal, state, and local governments. The management of Mesilla Valley CASA does not expect that the support from these sources will be lost in the near term.

**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***

To the Board of Directors
Mesilla Valley CASA, Inc.
Las Cruces, New Mexico

INDEPENDENT AUDITOR'S REPORT

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 Mesilla Valley CASA, Inc., as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated May 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mesilla Valley CASA's internal control over financial reporting as a basis for designing the 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 Mesilla Valley CASA's internal control. Accordingly, we do not express an opinion on the effectiveness of Mesilla Valley CASA'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 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 Mesilla Valley CASA'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*.

**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*-continued**

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ollie D. Waters, CPA, CMA
Moye, Waters and Associates, LLC
Albuquerque, NM
May 4, 2021

**MESILLA VALLEY CASA, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
1. Material Weaknesses identified?	No
2. Significant Deficiencies identified that are not considered to be Material Weaknesses?	None Reported
3. Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
1. Material Weaknesses identified?	N/A
2. Significant Deficiencies identified that are not considered to be Material Weaknesses?	N/A

Type of auditor's report issued on compliance for major programs	N/A
--	-----

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	N/A
---	-----

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
N/A	N/A
Dollar threshold used to distinguish between Type A and Type B programs	N/A
Auditee qualified as low risk	N/A

SECTION II –FINANCIAL STATEMENT FINDINGS

PRIOR YEAR FINDINGS:

No matters were noted

CURRENT YEAR FINDINGS:

No matters were noted

SECTION III – FEDERAL AWARDS FINDINGS

N/A

**MESILLA VALLEY CASA, INC.
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2020**

An exit conference was held with the management of Mesilla Valley CASA, Inc. on May 13, 2021. In attendance were the following:

Representing Mesilla Valley CASA, Inc.

Wendy Beserra	President
Brenda J. Allred	Treasurer
Rebecca Cram	Secretary
Kristi Martin	Director
Lupe Nevarez	Director
Brent Shelly	Director
Doreen Gallegos	Executive Director
Brandie White	Program Director
Amy Borunda	Accountant

Representing the Auditors

Ollie D. Waters, CPA, CMA	Auditor
---------------------------	---------