

**COMMUNITY OUTREACH AND
PATIENT EMPOWERMENT PROGRAM, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

TOGETHER WITH INDEPENDENT AUDITORS' REPORT



COMMUNITY OUTREACH AND PATIENT EMPOWERMENT PROGRAM, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8

TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Outreach and Patient Empowerment
Program, Inc.
Gallup, New Mexico

Opinion

We have audited the accompanying financial statements of **Community Outreach and Patient Empowerment Program, Inc.** (a New Mexico nonprofit corporation), 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 referred to above present fairly, in all material respects, the financial position of Community Outreach and Patient Empowerment Program, Inc. as of June 30, 2023, and the changes in 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Community Outreach and Patient Empowerment Program, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

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

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 Community Outreach and Patient Empowerment Program, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Outreach and Patient Empowerment Program, Inc.'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 Community Outreach and Patient Empowerment Program, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Community Outreach and Patient Empowerment Program, Inc.'s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 17, 2023. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024, on our consideration of Community Outreach and Patient Empowerment Program, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Outreach and Patient Empowerment Program, Inc.'s internal control over financial reporting and compliance.

Taylor, Roth and Company PLLC

Taylor, Roth and Company, PLLC
Certified Public Accountants
Albuquerque, New Mexico
April 30, 2024

COMMUNITY OUTREACH AND PATIENT EMPOWERMENT PROGRAM, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 4,981,532	\$ 3,194,037
Accounts receivable	317,380	1,511,247
Grants receivable	164,193	185,088
Grants receivable - affiliate	1,688,950	451,049
Property and equipment, net (Note 4)	<u>453,091</u>	<u>460,061</u>
Total assets	<u><u>\$ 7,605,146</u></u>	<u><u>\$ 5,801,482</u></u>
<u>Liabilities and net assets</u>		
Liabilities		
Accounts payable	\$ 223,513	\$ 109,312
Accrued payroll expenses	17,202	30,670
Fiscal agency payable	-	86,203
Finance lease liability (Note 5)	<u>6,212</u>	<u>10,420</u>
Total liabilities	<u>246,927</u>	<u>236,605</u>
Net assets		
Without donor restrictions		
Undesignated	4,937,571	3,304,183
Net investment in property and equipment	<u>453,091</u>	<u>460,061</u>
	5,390,662	3,764,244
With donor restrictions		
Restricted for time and purpose (Note 6)	<u>1,967,557</u>	<u>1,800,633</u>
Total net assets	<u>7,358,219</u>	<u>5,564,877</u>
Total liabilities and net assets	<u><u>\$ 7,605,146</u></u>	<u><u>\$ 5,801,482</u></u>

The accompanying notes are an integral part of these financial statements

COMMUNITY OUTREACH AND PATIENT EMPOWERMENT PROGRAM, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>			<u>2022</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<u>Revenue and other support</u>				
Grants	\$ 1,036,887	\$ 1,137,924	\$ 2,174,811	\$ 1,144,694
Government grants	917,567	-	917,567	1,422,896
Program services	450,784	-	450,784	503,461
Contributions	29,964	-	29,964	40,265
All other	25,214	-	25,214	3,314
In-kind contributions from affiliate (Note 7)	338,189	-	338,189	209,799
Net assets released from restriction (Note 8)	971,000	(971,000)	-	-
Total revenue and support	<u>3,769,605</u>	<u>166,924</u>	<u>3,936,529</u>	<u>3,324,429</u>
<u>Expense</u>				
Program services	1,713,132	-	1,713,132	1,734,590
Supporting services				
Management and general	355,801	-	355,801	326,626
Fund-raising	74,254	-	74,254	91,974
Total expense	<u>2,143,187</u>	<u>-</u>	<u>2,143,187</u>	<u>2,153,190</u>
Change in net assets	1,626,418	166,924	1,793,342	1,171,239
Net assets, beginning of year	<u>3,764,244</u>	<u>1,800,633</u>	<u>5,564,877</u>	<u>4,393,638</u>
Net assets, end of year	<u><u>\$ 5,390,662</u></u>	<u><u>\$ 1,967,557</u></u>	<u><u>\$ 7,358,219</u></u>	<u><u>\$ 5,564,877</u></u>

The accompanying notes are an integral part of these financial statements

COMMUNITY OUTREACH AND PATIENT EMPOWERMENT PROGRAM, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>			<u>2022</u>	
		<u>Supporting Services</u>			
	<u>Program</u>	<u>Management</u>	<u>Fund-</u>	<u>Total</u>	<u>Total</u>
	<u>Services</u>	<u>and</u>	<u>raising</u>		
		<u>General</u>			
Salaries and wages	\$ 613,448	\$ 163,586	\$ 40,897	\$ 817,931	\$ 1,256,431
Payroll taxes and benefits	137,848	36,759	9,190	183,797	249,843
Professional services	169,388	37,183	-	206,571	156,967
Social assistance	159,675	-	-	159,675	46,690
Travel	79,092	8,788	-	87,880	24,096
Program supplies	70,000	-	-	70,000	41,179
Grants for technical assistance	62,680	-	-	62,680	1,000
Information technology	26,957	7,188	1,797	35,942	33,059
Conferences and meetings	23,053	1,471	-	24,524	3,652
Repairs and maintenance	18,282	4,875	1,219	24,376	3,500
Accounting services	-	23,247	-	23,247	14,941
Dues and subscriptions	11,351	6,385	-	17,736	17,728
Telecommunications	8,925	2,380	595	11,900	9,600
Printing and photography	8,349	628	-	8,977	5,797
Occupancy	5,356	1,428	357	7,141	6,347
Medical supplies	5,752	303	-	6,055	12,480
Insurance	4,298	805	269	5,372	7,798
Other expense	3,493	12,977	216	16,686	17,771
In-kind from affiliate (Note 7)					
Professional service contracts	275,699	39,861	16,608	332,168	208,299
Supplies	6,021	-	-	6,021	1,500
	1,689,667	347,864	71,148	2,108,679	2,118,678
Depreciation and amortization	23,465	7,937	3,106	34,508	34,512
Total	<u>\$ 1,713,132</u>	<u>\$ 355,801</u>	<u>\$ 74,254</u>	<u>\$ 2,143,187</u>	<u>\$ 2,153,190</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY OUTREACH AND PATIENT EMPOWERMENT PROGRAM, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 1,793,342	\$ 1,171,239
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	34,508	34,512
Forgiveness - SBA PPP loan	-	(203,851)
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	1,193,867	(495,237)
(Increase)decrease in grants receivable	20,895	324,019
(Increase)decrease in grants receivable - affiliate	(1,237,901)	448,201
(Increase)decrease in prepaid expenses and deposits	-	1,351
Increase(decrease) in accounts payable	114,201	(139,612)
Increase(decrease) in accrued payroll expenses	(13,468)	(10,085)
Increase(decrease) in fiscal agency payable	<u>(86,203)</u>	<u>(31,832)</u>
Net cash provided(used) by operating activities	<u>1,819,241</u>	<u>1,098,705</u>
<u>Cash flows from investing activities</u>		
(Purchases) of property and equipment	<u>(27,538)</u>	<u>-</u>
<u>Cash flows from financing activities</u>		
Payments on finance lease payable	<u>(4,208)</u>	<u>(3,857)</u>
Net increase(decrease) in cash and cash equivalents	1,787,495	1,094,848
Cash and cash equivalents, beginning of year	<u>3,194,037</u>	<u>2,099,189</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,981,532</u></u>	<u><u>\$ 3,194,037</u></u>
Noncash investing and financing transactions		
Interest expense - finance lease	<u><u>\$ 746</u></u>	<u><u>\$ 1,097</u></u>

The accompanying notes are an integral part of these financial statements

COMMUNITY OUTREACH AND PATIENT EMPOWERMENT PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Community Outreach and Patient Empowerment Program, Inc. (COPE; the Organization) began in 2009 as a formal collaboration among the Brigham and Women's Hospital, Navajo Community Health Representative Outreach Program, Navajo Area Indian Health Service, 638 Facilities, and Partners In Health. COPE incorporated in the state of New Mexico as a nonprofit corporation in March 2014, and tax-exempt status was obtained in April 2015. COPE's Board of Directors is Native-controlled and composed of at least a majority who are enrolled members of federally-recognized tribes.

The vision of COPE is to eliminate health disparities and to improve the well-being of American Indians and Alaska Natives. COPE strives to promote healthy, prosperous, and empowered Native communities through three collaborative approaches:

- Robust, community-based outreach;
- Local capacity building and system-level partnerships; and
- Increased access to healthy foods.

Governmental grants and grants from other non-profit organizations are COPE's most significant sources of support, a large portion of which is provided by Partners In Health (PIH). PIH is considered an affiliated partner entity (see Notes 2.7 and 7). In addition, Brigham and Women's Hospital (BWH), a long-standing collaborator, has a couple of employees who are co-located at COPE's office in Gallup, New Mexico. BWH collaborates with COPE on specific projects; however, BWH is not considered an affiliated entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

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

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

2. Basis of Presentation (concluded)

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

3. Cash and Cash Equivalents

Cash and cash equivalents are considered to be all unrestricted highly liquid investments with an initial maturity of three months or less.

4. Accounts Receivable

Accounts receivable consisted of amounts due from third parties for contractual work completed by COPE during the fiscal year. Management considers all amounts collectible, and no allowance is recorded as of June 30, 2023.

5. Grants and Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. If material, unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in revenue in the statement of activities.

The allowance for uncollectible receivables is based on historical experience and a review of subsequent collections. Receivables are written off when deemed uncollectible. All contributions receivable as of year-end are considered collectible, and no discount is recorded as of June 30, 2023.

The Organization is the recipient of various federal and state governmental grants and contracts, the revenue of which is recorded in these financial statements based on both cost-reimbursement and fee-for-service agreements. Specifically, the Organization has four governmental grants and contracts that were awarded prior to the end of the fiscal year with balances totaling approximately \$500,000 in revenue expected to be earned in the following fiscal year. Revenue related to these grants and contracts will be recognized when qualifying expenditures are incurred or eligible services are rendered.

6. Contributions

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

7. Services Received from Personnel of an Affiliate

In April 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-06, Not-for-Profit Entities: *Services Received from Personnel of an Affiliate* (Topic 958). The amendments apply to not-for-profit entities that receive services from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. PIH has an affiliation agreement with COPE, but PIH and COPE are separate independent entities such that PIH has no legal control of COPE.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

7. Services Received from Personnel of an Affiliate, concluded

The accounting standards update establishes that a recipient not-for-profit entity should recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost of the affiliate for the personnel providing those services.

8. Capitalization and Depreciation

COPE follows the practice of capitalizing all expenditures for land, buildings, and equipment of \$5,000 or more. The fair value of donated assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

9. Leases

The Organization accounts for leases in accordance with Accounting Standards Update (ASU) No. 2016-02, *Leases* (ASC 842), as amended. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statement of financial position. Finance leases are included in property and equipment and finance lease liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization uses its incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization may have lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

10. Revenue and Revenue Recognition

Contributions are recognized when cash or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

A significant portion of the Organization's revenue is derived from cost-reimbursable federal grants which are conditioned upon certain performance requirements and / or the incurrence of allowable qualifying expenses. Revenue is recognized when the Organization incurs expenditures in compliance with specific grant provisions. Deferred revenue is recorded for cash on-hand but not yet earned.

Program service revenue is recognized when the service is performed; funds received in advance are deferred to the applicable period in which the related services are performed.

11. 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.

12. Income Taxes

COPE is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

13. Functional Reporting of Expenses

For the year ended June 30, 2023, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of salaries and other payroll-related costs are based on time studies which established percentages of time for all staff for each functional area. Other shared expenses, such as occupancy costs, office expenses, telecommunications, information technology, and dues and subscriptions are based on management's detailed analysis of the use and benefits derived for each functional area.

14. Recently Adopted Accounting Standard

Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (ASC 842), as amended, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. It also elected not to reassess at adoption:

- expired or existing contracts to determine whether they are or contain a lease,
- the lease classification of any existing leases, or
- initial direct costs for existing leases.

The adoption of this standard did not have an effect on net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (concluded)

15. Change in Accounting Principle

The Organization changed its method of accounting for lease transactions due to adoption of the new accounting standard for leases (ASU No. 2016-02). The change has been applied as of July 1, 2022.

16. Summarized Prior-Year Information

The financial statements include certain 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 COPE's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

17. Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

18. Subsequent Events

Management has evaluated subsequent events through April 30, 2024, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2023:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 4,981,532
Accounts receivable	317,380
Grants receivable	<u>1,853,143</u>
Financial assets available at year-end	7,152,055
Less: Net assets with donor restrictions	(1,967,557)
Plus: Net assets with purpose restrictions for operational programs expected to be met in less than one year	<u>722,392</u>
Financial assets available to meet general expenditures over the next 12 months	<u><u>\$ 5,906,890</u></u>

Management's goal is generally to maintain financial assets to meet approximately 3 months of operating expenses, estimated at \$575,000, to meet operational needs and to cover operational costs in the event of unexpected circumstances, such as contracts that are slow to pay or for temporary gaps in program coverage. On June 30, 2023, the Organization had significant funding on-hand, some of which was restricted for COVID-19 pandemic programs and related support. Management considers the COVID response an operational program.

NOTE 4 - PROPERTY AND EQUIPMENT

As of June 30, 2023, property and equipment consisted of the following:

<u>Description</u>	<u>Amount</u>
Land	\$ 34,240
Building and building improvements	390,439
Furniture and equipment	<u>184,717</u>
Total	609,396
Less: accumulated depreciation	<u>(156,305)</u>
Net property and equipment	<u>\$ 453,091</u>

Included in furniture and equipment is a leased copy machine (see Note 5). Depreciation and amortization expense for fiscal year 2023 was \$34,508.

NOTE 5 - FINANCE LEASE LIABILITY

In November 2019, the Organization signed a lease with an unrelated third party for a copy machine. The lease qualifies as a capital lease, and the asset was capitalized. The lease term is 60 months, and monthly lease payments are \$413. The imputed interest rate of the agreement is 8.75%.

Future minimum lease payments are as follows:

<u>Fiscal years ending June 30:</u>	<u>Amount</u>
2024	\$ 4,953
2025	<u>1,653</u>
Total	6,606
Amount representing interest	<u>(394)</u>
Net property and equipment	<u>\$ 6,212</u>

Interest expense related to the capital lease was \$746 during the year ended June 30, 2023.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2023, included:

<u>Description</u>	<u>Amount</u>
Health equity	\$ 816,804
COVID response	722,392
Diabetes and COVID	346,065
FVRx	62,140
Youth programs	16,873
Other	<u>3,283</u>
Total	<u>\$ 1,967,557</u>

NOTE 7 - IN-KIND CONTRIBUTIONS FROM AFFILIATE

During the year ended June 30, 2023, COPE benefited from in-kind contributions from Partners In Health (PIH). PIH is a not-for-profit organization founded in 1987 to deliver health care to residents of poverty-stricken areas around the world. COPE was intentionally built to apply the PIH core principles of social justice and solidarity with under-resourced communities. COPE has applied the PIH strategic plan, incorporating adaptation to the context of tribal communities. PIH provides support and infrastructure to COPE in the areas of administration, human resources, finance, development, and communications.

Through January 2017, the program activities of COPE were exclusively performed by approximately 30 persons employed by PIH. The primary funding sources that supported these activities included private grants and contributions, and most of the funding was received by and administered by PIH. In February 2017, COPE became an employer when PIH transferred the administrative responsibilities and much of the related funding of COPE-related programs to COPE.

COPE's management has determined programs represented in COPE's financial statements, and exclusive to COPE, are those activities funded by amounts received directly by COPE, in addition to those privately-funded programs intended to support COPE activities where the funds were received by PIH. *FASB ASU No. 2013-06* requires that services received by a not-for-profit entity from an affiliated entity for which the not-for-profit is not charged be recognized in the financial statements.

The estimated value of in-kind services provided by PIH and represented in COPE's financial statements during the year ended June 30, 2023, was \$338,189. In addition, during the year, COPE received funding from PIH totaling \$2,308,916. In total, PIH provided 67% of all revenue recorded by COPE for the year ended June 30, 2023 (including in-kind contributions).

The values of donated services and goods from PIH and included in the financial statements and the corresponding expenses for the year are as follows:

Description	Revenue Recognized	Utilization in Program/ Activities	Donor Restriction	Valuation Techniques and Inputs
Professional service contracts	\$332,168	Programs, management and general, and fund- raising	No associated donor restrictions	Contributed services are valued at the estimated fair value based on current rates for similar services
Supplies	6,021	Programs, management and general, and fund- raising	No associated donor restrictions	Estimate of the fair market value of goods
Total	<u>\$338,189</u>			

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted program purposes, including:

<u>Description</u>	<u>Amount</u>
Health equity	\$ 440,109
Food access / FVRx	208,158
COVID response	159,531
Strategic planning	65,612
Mental health	41,230
Citizen scientists project / water	21,312
Youth programs	17,164
Diabetes and COVID	17,074
Other	810
Total	<u>\$ 971,000</u>

NOTE 9 - CONCENTRATIONS OF RISK

Revenue and Support

As described in Note 7, COPE receives significant support from Partners In Health (PIH), which is considered an affiliated entity. Management of COPE expects this support to continue into the foreseeable future. However, if support from PIH was reduced or not continued, COPE's ability to continue programming would be adversely affected.

Receivables

At year end, of all of the receivables that were pending, approximately 93% were due from PIH (78%) and the New Mexico Department of Health (15%).

Bank Deposits

At June 30, 2023, COPE maintained cash assets in a banking institution that exceeded the coverage offered by the Federal Deposit Insurance Corporation. The uninsured balance was \$4,736,701.

NOTE 10 - RETIREMENT PLAN

Effective March 1, 2017, COPE adopted a 401(k) plan (the Plan). Employees aged 21 and over are eligible to participate in the Plan after 3 months of employment, and COPE matches contributions up to 3% of eligible compensation. Employees are fully vested immediately. COPE's retirement expense for the year ended June 30, 2023, was \$8,333.

NOTE 11 - COMPLIANCE

During the normal course of operations, the Organization receives grants from federal, state, and local governmental entities, grants which are subject to review and audit by grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency.