

A NEW DAY, INC.

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

JUNE 30, 2022 and 2021



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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
A New Day, Inc.
Albuquerque, New Mexico

I have audited the accompanying financial statements of A New Day, Inc. (a not-for-profit organization) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of A New Day, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of A New Day, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 A New Day Inc.'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

My 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 my 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, I:

- 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 A New Day 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about A New Day Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Supplementary Information

My 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 my 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 Information Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 11, 2023 on my consideration of A New Day Inc.'s internal control over financial reporting and on my 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 my 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 A New Day Inc.'s internal control over financial reporting and compliance.

James L. Hartogensis, CPA LLC

Albuquerque, New Mexico
January 11, 2023

A NEW DAY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 526,611	\$ 622,304
Grants receivable	431,416	437,149
Other accounts receivable	53,000	12,463
Promises to give - current	84,168	70,000
Prepaid expenses	24,585	121,732
Security deposit	7,368	7,368
Total current assets	1,127,148	1,271,016
Land, property and equipment		
Land	419,311	419,311
Property and equipment, net of accumulated depreciation	2,330,690	2,170,739
Total property, land and equipment, net	2,750,001	2,590,050
Other assets		
Intangibles, net of amortization	-	-
Funds held in trust for clients	17,912	10,220
Promises to give - long-term	150,000	-
Total other assets	167,912	10,220
Total assets	\$ 4,045,061	\$ 3,871,286
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 27,234	\$ 62,279
Accrued expenses	140,261	195,258
Funds held in trust for clients	17,912	10,220
Total current liabilities	185,407	267,757
Long-term Liabilities		
Loan payable	-	-
Total liabilities	185,407	267,757
Net Assets		
Without donor restrictions	1,238,242	1,228,544
With donor restrictions	2,621,412	2,374,985
Total net assets	3,859,654	3,603,529
Total liabilities and net assets	\$ 4,045,061	\$ 3,871,286

A NEW DAY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 514,277	\$ -	\$ 514,277
Grants, contracts and subsidies	-	3,266,384	3,266,384
Medicaid	-	229,862	229,862
Fundraising events	3,000	-	3,000
Other	77,689	-	77,689
Net assets released from restrictions	3,249,819	(3,249,819)	-
	<u>3,844,785</u>	<u>246,427</u>	<u>4,091,212</u>
Total revenue, gains and other support			
Expenses			
Program expenses			
Clinical	145,692	-	145,692
Housing	1,929,069	-	1,929,069
Resource Families	586,619	-	586,619
Community Connections	864,938	-	864,938
	<u>3,526,318</u>	<u>-</u>	<u>3,526,318</u>
Total program services			
Management and general	195,579	-	195,579
Fundraising	113,190	-	113,190
Total expenses	<u>3,835,087</u>	<u>-</u>	<u>3,835,087</u>
Change in net assets	9,698	246,427	256,125
Net assets, beginning of year	<u>1,228,544</u>	<u>2,374,985</u>	<u>3,603,529</u>
Net assets, end of year	<u>\$ 1,238,242</u>	<u>\$ 2,621,412</u>	<u>\$ 3,859,654</u>

A NEW DAY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 1,173,750	\$ -	\$ 1,173,750
Grants, contracts and subsidies	-	2,959,563	2,959,563
Paycheck Protection Program loan forgiven	381,805	-	381,805
Medicaid	-	102,297	102,297
Fundraising events	49,045	-	49,045
Other	33,977	-	33,977
Net assets released from restrictions	2,552,223	(2,552,223)	-
Total revenue, gains and other support	4,190,800	509,637	4,700,437
Expenses			
Program expenses			
Clinical	114,198	-	114,198
Family Supports	603,155	-	603,155
Housing	1,937,367	-	1,937,367
Community Connections	906,146	-	906,146
Total program services	3,560,866	-	3,560,866
Management and general	240,987	-	240,987
Fundraising	81,649	-	81,649
Total expenses	3,883,502	-	3,883,502
Change in net assets	307,298	509,637	816,935
Net assets, beginning of year	921,246	1,865,348	2,786,594
Net assets, end of year	\$ 1,228,544	\$ 2,374,985	\$ 3,603,529

A NEW DAY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 256,125	\$ 816,935
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	97,787	106,228
Changes in assets and liabilities:		
Decrease (increase) in grants receivable	5,733	(159,764)
Decrease (increase) in other receivables	(40,537)	3,019
Decrease (increase) in promises to give	(164,168)	-
Decrease (increase) in prepaid expenses	97,147	(80,008)
(Decrease) increase in accounts payable	(35,045)	45,817
(Decrease) increase in accrued expenses	(54,997)	30,659
(Decrease) increase in deferred revenue	-	-
Net cash provided by (used by) operating activities	<u>162,045</u>	<u>762,886</u>
Cash Flows From Investing Activities		
Purchases of fixed assets	<u>(257,738)</u>	<u>(711,577)</u>
Net cash used by investing activities	<u>(257,738)</u>	<u>(711,577)</u>
Cash Flows From Financing Activities		
Paycheck Protection loan forgiven	-	(381,805)
Proceeds from issuance of short-term debt	-	300,000
Repayment of short-term debt	-	(300,000)
Net cash provided by (used by) financing activities	<u>-</u>	<u>(381,805)</u>
Net change in cash and cash equivalents	(95,693)	(330,496)
Cash and cash equivalents, beginning of year	<u>622,304</u>	<u>952,800</u>
Cash and cash equivalents, end of year	<u>\$ 526,611</u>	<u>\$ 622,304</u>
Supplemental cash flow data		
In-kind	<u>\$ 13,600</u>	<u>\$ -</u>

A NEW DAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services		
	Clinical	Housing	Resource Families
Salaries and related expenses			
Salaries	\$ 73,415	\$ 969,611	\$ 434,868
Payroll taxes	6,319	81,865	36,272
Employee benefits	573	50,532	27,543
Total salaries and related expenses	80,307	1,102,008	498,683
Other expenses			
Bad debts	22,766	4,489	1,497
Property taxes	-	-	-
Contract labor	21,962	9,925	40
Education, training and recruiting	377	19,887	9,797
Equipment and facility maintenance	704	50,599	8,716
Equipment rental	57	1,132	1,892
Food and entertainment	-	35,667	-
Fundraising expenses	43	999	867
Insurance	1,962	38,388	12,570
Interest and penalties	10	142	22
Miscellaneous	303	55,328	2,045
Postage and shipping	31	623	240
Professional services	257	9,073	1,666
Rent	6,184	451,667	17,477
Supplies	6,859	48,477	9,082
Telephone	1,185	24,552	8,420
Utilities	514	24,664	-
Vehicles and transportation	1	12,169	794
Expenses before depreciation and amortization	143,522	1,889,789	573,808
Depreciation and amortization	2,170	39,280	12,811
Total expenses	\$ 145,692	\$ 1,929,069	\$ 586,619

<u>Community Connections</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 539,946	\$ 2,017,840	\$ 93,132	\$ 53,551	\$ 2,164,523
46,125	170,581	8,176	4,277	183,034
43,905	122,553	(10,840)	2,979	114,692
<u>629,976</u>	<u>2,310,974</u>	<u>90,468</u>	<u>60,807</u>	<u>2,462,249</u>
-	28,752	-	-	28,752
-	-	7,227	-	7,227
733	32,660	8,968	6	41,634
18,141	48,202	4,459	481	53,142
29,846	89,865	9,896	2,379	102,140
7,485	10,566	555	52	11,173
2,126	37,793	-	-	37,793
1,079	2,988	348	41,530	44,866
20,175	73,095	21,053	1,922	96,070
66	240	1,358	3	1,601
17,677	75,353	5,117	257	80,727
327	1,221	343	91	1,655
7,835	18,831	3,035	256	22,122
19,455	494,783	12,984	1,684	509,451
49,418	113,836	2,531	643	117,010
15,339	49,496	5,444	957	55,897
12,805	37,983	-	-	37,983
12,767	25,731	77		25,808
<u>845,250</u>	<u>3,452,369</u>	<u>173,863</u>	<u>111,068</u>	<u>3,737,300</u>
<u>19,688</u>	<u>73,949</u>	<u>21,716</u>	<u>2,122</u>	<u>97,787</u>
<u>\$ 864,938</u>	<u>\$ 3,526,318</u>	<u>\$ 195,579</u>	<u>\$ 113,190</u>	<u>\$ 3,835,087</u>

A NEW DAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services		
	Clinical	Family Supports	Housing
Salaries and related expenses			
Salaries	\$ 53,401	\$ 448,213	\$ 1,047,243
Payroll taxes	4,178	35,721	85,149
Employee benefits	772	27,828	69,753
Total salaries and related expenses	58,351	511,762	1,202,145
Other expenses			
Bad debts	29,482	-	10,232
Contract labor	4,409	59	31,352
Education, training and recruiting	139	8,213	8,033
Equipment and facility maintenance	1,133	7,281	41,243
Equipment rental	193	1,098	2,653
Food and entertainment	1	41	32,805
Fundraising expenses	-	8,008	-
Insurance	1,909	9,608	24,431
Interest and penalties	-	1	3
Miscellaneous	911	2,395	31,155
Postage and shipping	38	185	516
Professional services	522	2,612	13,479
Rent	6,646	12,587	348,939
Supplies	5,848	11,405	95,371
Telephone	1,313	7,487	23,286
Utilities	467	-	23,208
Vehicles and transportation	1	4,485	7,533
Expenses before depreciation and amortization	111,363	587,227	1,896,384
Depreciation and amortization	2,835	15,928	40,983
Total expenses	\$ 114,198	\$ 603,155	\$ 1,937,367

<u>Community Connections</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 576,716	\$ 2,125,573	\$ 92,006	\$ 51,869	\$ 2,269,448
44,370	169,418	7,740	4,475	181,633
42,915	141,268	6,563	577	148,408
664,001	2,436,259	106,309	56,921	2,599,489
-	39,714	-	-	39,714
219	36,039	23,280	8	59,327
24,812	41,197	16,711	124	58,032
42,550	92,207	9,472	3,110	104,789
4,663	8,607	1,307	133	10,047
2,484	35,331	62	1	35,394
618	8,626	-	13,576	22,202
13,947	49,895	12,725	1,272	63,892
6,675	6,679	6,799	221	13,699
17,150	51,611	11,063	88	62,762
437	1,176	316	262	1,754
8,898	25,511	3,968	348	29,827
18,631	386,803	16,804	1,683	405,290
44,936	157,560	4,470	1,311	163,341
12,004	44,090	5,599	247	49,936
10,629	34,304	-	-	34,304
11,386	23,405	70	-	23,475
884,040	3,479,014	218,955	79,305	3,777,274
22,106	81,852	22,032	2,344	106,228
<u>\$ 906,146</u>	<u>\$ 3,560,866</u>	<u>\$ 240,987</u>	<u>\$ 81,649</u>	<u>\$ 3,883,502</u>

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 –ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Day Youth and Family Services is a 501(c)3 nonprofit organization founded in 1976. New Day's mission is to authentically connect young people to safety, the community and themselves. Our vision is a world where all young people's unique identities and talents complete and strengthen the social fabric of our community. We believe all youth have strengths, deserve a chance at a positive future, and need supportive adult allies who believe in them. Our 10 core values are:

- *Engage in Curiosity* – Approach all situations with openness and flexibility to see beyond what we think we already know.
- *Give Grace* – Assume positive intentions in others, which creates space for deeper understanding.
- *Be Culturally Responsive* – Be willing to challenge and change your biases and relate to and learn from other people's experiences and cultural perspectives. This creates space for everyone to be safely seen and to heal, learn and grow.
- *Embrace Vulnerability* – Take the risk of being genuinely open and accessible and let yourself be seen in your own truth and available to hear the truth of others.
- *Be Assertive* – Speak directly and accurately when needed, regardless of the status or position of others, thus assuring accountability and the protection of core values.
- *Focus on Strengths* – Relentlessly focus on strengths and qualities of greatness and character which develops Inner Wealth™ and real opportunities for success.
- *Be Clear* – Provide accurate information, unambiguous statements, clear boundaries to build a kind environment where people can make safe, informed decisions that lead to greater success.
- *Build Connection & Relationship* – Support the development of authentic, positive relationships and connections, as it is vital to a sense of belonging and well-being and helps us all to grow and flourish.
- *Honor Uniqueness and Individuality* – Support and guide the process of realizing, developing and revealing the qualities of each other's unique character, thus, nurturing the full breadth of diversity and creative expression.
- *Live in Integrity* – Genuinely and consistently embody these values, in the spirit of compassionate accountability, which builds a sense of safety, trust and an environment for learning and growth.

Our continuum of programs work together and in tandem with community resources to serve youth and shift their sense of who they, help them develop a purpose and support them in reaching their dreams. Our continuum includes:

Housing Department: Safe Home- – A shelter that provides refuge for youth (ages 11-18) who have no safe place to live. During their stay, youth receive a thorough assessment, therapeutic and case management services, entry into the Life Skills Academy, and assistance in arranging safe and secure long-term housing. The Safe Home also provides outreach to young people who

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022 and 2021

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

are experiencing homelessness, detention diversion for young people who have committed minor offences and aftercare support to young people and their families. The Safe Home serves 150- 200 youth per year and serves young people from across the state of New Mexico.

Transitional Housing and Supports (THS) – THS has four primary components: comprehensive housing support; specialized navigation between youth and adult systems; and therapeutic support. The focus of this division is to provide support to young people who are making the transition from adolescence to adulthood (16-24). This support includes subsidized housing, development of a team, social engagement, and life skills instruction. The goal is to engage youth to be proactive in creating a meaningful and realistic life for themselves within the community. The Transitional Living Program (TLP) Transition Housing Supports (TSH) work with young people from around the state, but all services are provided in the City of Albuquerque. The Young Adult Supportive Housing and Bridge Program are for young people who live in the City of Albuquerque. The Transitional Housing and Supports Unit serves 70-90 youth per year.

Community Connections- Life Skills Academy (LSA) – The LSA has five components: individual classes; courses; one-on- one coaching; employment and career readiness; and youth leadership development. The LSA works with varying age groups with a span from ages 11-24. The LSA provides practical life skills that increase young people’s functional intelligence, emotional intelligence and social capital. These classes include such topics as food and nutrition, job readiness, community involvement, financial literacy, relationships, communication, etc. When appropriate, courses are followed with opportunities for job mentorships, job placement, educational support and advocacy, etc. Young people who would like individualized support around developing life skills, receiving one-on-one coaching. The First Jobs Opportunity includes employment skills development, paid internship opportunities and career exploration. The Life Skills Academy serves 200-300 youth per year and primarily serves those who live in Bernalillo County.

Drop-in Center and Street Outreach- provides a low barrier opportunity for homeless and disconnected young people to have a safe place to rest, develop positive relationships, and begin to build a personal plan for their future. This work is done with the utilization of peer supports (young people who have had their own lived experience) and strong collaboration with our community partners. Street Outreach works in tandem with the Drop-in Center and does walking and pop-up outreaches to connect with young people who are currently on the streets. Young people are provided resources, hygiene products and an invitation to come to the Drop-In Center. Drop-in Center and Street outreach serve between 300-400 young people per year. The Drop-in Center supports young people who are 16-22 and Street Outreach supports young people ages 12-21.

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022 and 2021

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

Youth and Family Supports: High Fidelity Wraparound- is a comprehensive care coordination model that works with young people who are between the ages of 16-25 and are systems involved to build a plan for them to reach their vision through intensive team collaboration and focusing on strengths and authentic youth centered-conversations. High Fidelity Wraparound supports 30-50 young people per year all in Bernalillo County. Resource Families- Provides recruitment, home studies, license-navigation, training and support to families who open their homes to young people who are in the custody of the State of New Mexico, with a focus on families that are housing teenagers. This program does not provide any direct service to young people. It supports 30-50 resources families each year.

Clinical Services – Professional therapy services within New Day programs and Albuquerque and Rio Rancho schools. Clinical services include individual, family, group, and experiential counseling geared to empower youth and families to develop skills to better deal with life's emotional challenges. Our Clinical Services serve over 50-75 youth per year.

Basis of Presentation

The accompanying financial statements are presented in accordance with the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205, Not-for-Profit Entities, Presenting Financial Statements. Under the financial reporting standards New Day is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Accordingly, net assets are classified and reported as follows:

A. Net assets without donor restrictions

Net assets that are not subject to donor-imposed stipulations. Net assets without restrictions may be designated for a specific purpose by action of the board of directors.

B. Net assets with donor restrictions

Net assets that are subject to donor-imposed stipulations that may or will be met by the occurrence of a specific event or the passage of time. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The balances of unconditional promises to give, if any, are shown as net assets with donor restrictions. As payments are made by the donor, they are released from restriction.

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022 and 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Property and equipment

It is New Day’s policy to capitalize property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, New Day reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. New Day reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Buildings	35-39
Improvements	15
Furniture and equipment	5-7
Vehicles	5
Software	3

D. Revenue

New Day has adopted ASC 606 “Revenue from Contracts with Customers” and ASU 2018-08 “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made” in accordance with accounting principles generally accepted in the United States of America.

The following summarizes the revenue recognition policies for major classifications of revenue:

Grants and Contributions—Grants and contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Grants and contributions received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Grants and contributions received with donor stipulations that are met in the same year will be initially identified as restricted and then released. There may be other donor restricted funds with donor stipulations that are met in the same year in which the contributions are received; these are classified as revenue and net assets without donor restrictions.

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022 and 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donated Materials and Services—Donated services and materials are recorded as both revenue and expense in the accompanying statement of activities at their estimated values. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

Contract Revenue—Contract revenue is recorded at the time the services are provided and the performance obligation is satisfied. The performance obligation is the delivery of the services supplied to the customer. The transaction price is established by New Day and the contracting entity per an agreement. No allocation of the transaction price of the services is necessary. Some contracts are on a reimbursement basis. Specifically, when New Day has incurred expenses in compliance with the general and specific requirements of the funding source, both the receivable from the government agency and offsetting contract revenue are recorded. Medicaid and other contracts are fee-per-service.

E. Use of estimates

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

F. Income taxes

New Day is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the fiscal years ending June 30, 2020, 2021 and 2022 are subject to examination by the Internal Revenue Service. ASC 740-10 requires an organization to measure, recognize, present and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. New Day does not believe it has any uncertain tax positions.

G. Functional allocation of expenses

The costs of providing services and various programs and supporting services have been allocated to functions in the statements of functional expenses based on relative costs in each program or project. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022 and 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Receivables

Receivables represent monies due from federal, state and local grant agencies, Medicaid and other private donors. Accounts receivable are stated at their realizable value. New Day records losses, if any, on accounts receivable using the direct write-off method.

I. Cash and Cash Equivalents

For the purposes of the statements of cash flows, New Day considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

J. Accrued Vacation

It is New Day's policy to permit employees to accumulate earned but unused vacation leave benefits. Vacation leave is earned and accrued based on length of service. A maximum of 216 hours may be accrued with a maximum carryover of 270 hours. Upon termination, New Day will compensate an employee for unused accrued vacation leave up to the maximum allowed carryover. Starting in the fiscal year ending June 30, 2013, New Day allows employees to buy back vacation at 80% of base salary. This buy back is offered twice a year, December and June. All accrued vacation is shown as current.

NOTE 2 – GRANTS RECEIVABLE

Grants receivable at June 30, consist of the following:

	<u>2022</u>	<u>2021</u>
City of Albuquerque	\$ 44,075	\$ 61,820
Bernalillo County	77,209	80,603
NM Children, Youth and Families Department	156,240	219,446
NM Department of Health	100,000	-
Health and Human Services	35,391	45,197
USDA	1,871	2,117
NM State University	-	17,710
Other	16,630	10,256
	<u>\$ 431,416</u>	<u>\$ 437,149</u>

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022 and 2021

NOTE 3 – OTHER ACCOUNTS RECEIVABLE

Other accounts receivable at June 30, consist of the following:

	<u>2022</u>	<u>2021</u>
Medicaid receivable	\$ -	\$ 12,463
Contributions receivable	<u>53,000</u>	<u>-</u>
Total other accounts receivable	<u>\$ 53,000</u>	<u>\$ 12,463</u>

NOTE 4 – LAND, PROPERTY AND EQUIPMENT

Land, property and equipment at June 30, consists of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 419,311	\$ 419,311
Buildings	3,010,773	2,634,628
Improvements	97,092	230,124
Furniture and equipment	106,845	106,845
Vehicles	75,114	62,114
Software	<u>30,556</u>	<u>28,931</u>
Total land, property and equipment	3,739,691	3,481,953
Less accumulated depreciation	<u>(989,690)</u>	<u>(891,903)</u>
Net land, property and equipment	<u>\$ 2,750,001</u>	<u>\$ 2,590,050</u>

Depreciation expense for the years ending June 30, 2022 and 2021 was \$97,787 and \$106,228, respectively.

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022 and 2021

NOTE 5 – ACCRUED EXPENSES

Accrued expenses at June 30, consists of the following:

	2022	2021
Accrued compensated absences	\$ 59,239	\$ 84,945
Accrued payroll liabilities	81,022	110,313
Total accrued expenses	\$ 140,261	\$ 195,258

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On May 6, 2020, New Day received loan proceeds in the amount of \$381,805 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for 6 months after the end of the covered period. New Day used PPP loan proceeds for purposes consistent with the PPP and received forgiveness in January 2021.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

In 2021, New Day received a capital grant from Bernalillo County for \$750,000 to purchase and remodel a drop-in center to help serve disconnected, homeless and marginalized young people ages 16-22. The County provided the funds as part of their program to expand the behavioral health continuum. New Day agreed to the following conditions in regards to the center. 1) New day will create and submit performance reports to enable the County to monitor and evaluate program services. 2) The County required a mortgage or security interest in the property as security for the performance of New day’s obligations under the agreement. The term of the agreement is 36 months, during which time the property is classified as a net asset with donor restrictions. As of June 30, 2022, \$715,736 was received from the County, all of which is restricted, less applicable depreciation.

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022 and 2021

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

New Day has 2.5 acres of land received from the U.S. Department of Health and Human Services (DHHS) in 1991. New Day agreed to six conditions in regards to the land. 1) The property will be used continuously for health purposes as set forth in its application; 2) for 30 years New Day will not resell, lease, mortgage, or dispose of the property; 3) the property had to be placed into use within 12 months from the deed date; 4) annually for 30 years, New Day will file reports on operations and maintenance of the property and data evidencing continuous use of the property for health purposes; 5) New Day will remain a 501(c)(3) organization; and 6) New Day will comply with the Fair Housing Act and other regulations noted in the deed. In a 2012 Memoranda of Agreement, DHHS agreed to a loan agreement between New Day and the City of Albuquerque (City) for the Transitional Living building. In the event of default, DHHS and the City have to work together to exercise their right of reverter or other rights and remedies. See Note 11 – Commitments and Contingencies.

In 2012 New Day entered into an agreement and executed a promissory note with the City of Albuquerque (City), which included federal Community Development Block Grant money, to build a transitional living facility comprised of 6 one-bedroom apartment-style living quarters to be used for a term of 30 years to provide housing to an estimated 8 youth, ages 17 to 21, that are homeless, and/or aging out of the foster care system and provide a Life Skills Academy to an estimated 50 youth and provide supportive services geared towards the development of independence. The maximum compensation of the agreement was \$1,625,274. The building was completed in January 2014 and was placed in service on or about June 30, 2014.

Net assets with donor restrictions at June 30, consists of the following:

	<u>2022</u>	<u>2021</u>
Building and land restricted by time and purpose-Ridgecrest SE	\$ 453,202	\$ 466,964
Building restricted by time and purpose	1,233,938	1,274,280
Building and land restricted by time and purpose-Truman NE	700,104	563,741
Promises to give	<u>234,168</u>	<u>70,000</u>
Total net assets with donor restrictions	<u>\$ 2,621,412</u>	<u>\$ 2,374,985</u>

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022 and 2021

NOTE 8 – OPERATING LEASES

New Day rents office space for their administrative offices under a lease that began March 1, 2018 and runs through May 31, 2023. Monthly payments were abated for the initial three months. From June 1, 2018 through May 31, 2019, required monthly payments were \$4,683 per month. From June 1, 2019 through May 31, 2020, required monthly payments were \$4,777. From June 1, 2020 through May 31, 2021, required monthly payments are \$4,873. From June 1, 2021 through May 31, 2022, required monthly payments are \$4,970. From June 1, 2022 through May 31, 2023, required monthly payments are \$5,069.

Starting June 15, 2018, New Day acquired additional office space under the following terms: Monthly payments were abated through August 31, 2018. From September 1, 2018 through May 31, 2019, required monthly payments were \$1,020 per month. From June 1, 2019 through May 31, 2020, required monthly payments were \$1,040. From June 1, 2020 through May 31, 2021, required monthly payments are \$1,061. From June 1, 2021 through May 31, 2022, required monthly payments are \$1,082. From June 1, 2022 through May 31, 2023, required monthly payments are \$1,104.

Starting February 1, 2020, a second lease amendment for additional office space was executed. The amendment requires monthly payments of \$965 through May 31, 2023.

New Day also leases office space for their clinical program with monthly payments of \$350. The lease expired on July 31, 2016 and is currently on a month-to-month basis.

Under the Transitional Living Program, New Day places some of their youth in apartments throughout the City of Albuquerque. These short-term leases are typically for no longer than one year.

As of June 30, 2022, minimum future lease payments for the next five years, under all non-cancelable operating leases are as follows:

Year ending June 30,	
2023	<u>\$ 78,520</u>
	<u><u>\$ 78,520</u></u>

Rent and lease expense for the years ended June 30, 2022 and 2021 was \$509,451 and \$405,290, respectively.

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022 and 2021

NOTE 9 – PENSION PLAN

New Day has a 403(b) tax deferred annuity non-contributory plan created during the year ended June 30, 2000. All full-time employees are eligible to participate at date of hire.

NOTE 10 – IN-KIND REVENUES

New Day receives various contributed goods and services used by program, fundraising and management functions, in addition to interest expense. Total contributed goods and services recognized as revenue during fiscal year ending June 30, 2022 and 2021 was \$13,600 and \$-0-, respectively. In-kind revenues, if any, are recorded as contributions.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grants received from outside agencies expended by New Day are subject to fiscal and/or program compliance audits by the grantors, which may result in disallowed expenditures. At June 30, 2022 and 2021, there were no material claims pending for disallowed expenditures.

In 2012 New Day entered into an agreement and executed a promissory note with the City of Albuquerque (City). In consideration of the assistance given by the City for the benefit of New Day, the agreement grants a security interest in 1) land described in Note 4 – Land, Property and Equipment, 2) all buildings and improvements on the property, and 3) all personal property attached to the buildings, and other items listed in the promissory note and security agreement. The agreement also placed restrictive covenants on the use of the property. The covenants expire in October 2042. Payments are not required as long as New Day performs its obligations under the restrictive covenants. If New Day defaults on their obligations under this agreement, they may, at the discretion of the City, be required to pay all amounts secured by the agreement, including accrued interest at 8%.

Management of New Day believes they are performing their obligations in accordance with the agreement and restrictive covenants, and will continue to do so for the term of the agreement. The restrictive covenants placed on the property are closely aligned with the core mission of New Day. The building purchased under this agreement has been recorded as a net asset with donor restrictions and, accordingly, no liability has been accrued.

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022 and 2021

NOTE 12 – CONCENTRATIONS OF CREDIT RISK

New Day receives a substantial amount of support from the NM Children, Youth and Families Department. The percentage of this funding for years ending June 30, 2022 and 2021 was 38% and 31%, respectively. Accounts receivable from the NM Children, Youth and Families Department represented approximately 36% and 49% of total grants receivable at June 30, 2022 and 2021, respectively. Should these funding sources be discontinued, New Day’s ability to continue as a going concern could be impaired.

New Day maintains various demand and savings deposits in financial institutions which throughout the year have exceeded federal insured limits. Deposits in demand and savings accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution per account type for the year ending June 30, 2022 and 2021. Cash and cash equivalents at June 30, 2022 and 2021 in excess of federally insured limits were \$-0- and \$136,849, respectively.

NOTE 13 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$526,611	\$622,304
Grants receivable	431,416	437,149
Other accounts receivable	53,000	12,463
Promises to give	84,168	70,000
	<u>\$1,095,195</u>	<u>\$1,141,916</u>

NOTE 14 – FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, insurance, and supplies which are allocated on a square footage basis, as well as salaries and wages, benefits, and payroll taxes, which are allocated on the basis of time and effort. Depreciation is allocated as follows: Furniture and equipment depreciation are allocated based on budgeted payroll. Building depreciation is allocated based on square footage. Vehicle depreciation and related costs are allocated uniformly between all vehicles owned.

A NEW DAY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022 and 2021

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. New Day recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the balance sheet date, including estimates inherent in the process of preparing the financial statements. New Day's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the balance sheet date.

New Day has evaluated subsequent events through January 11, 2023, the date the financial statements were available to be issued. No additional items are required to be disclosed.

SUPPLEMENTARY INFORMATION

A NEW DAY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

<u>Federal Agency and Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor Number</u>	<u>Federal Expenditures</u>
Direct:			
U.S. Department of Health and Human Services			
Basic Center Grant	93.623	90CY6775-03-00	\$ 136,877
Transitional Living for Homeless Youth	93.550*	90CX7143-01-00	189,555
Transitional Living for Homeless Youth	93.550*	90CX7038-05-00	40,234
Total Transitional Living			<u>229,789</u>
RHYA Street Outreach	93.557		125,380
HTEP	93.254	5H79SM082000-02	226,830
Resource Families	93.558	90CY6775-03-00 C3	<u>109,327</u>
Total direct programs			<u>828,203</u>
Pass-through:			
U.S. Department of Health and Human Services			
Passed through the New Mexico			
Children, Youth and Families Department			
II Chafee Foster Care grant	93.674		<u>155,077</u>
Total pass-through programs			<u>155,077</u>
Total expenditures of federal awards			<u><u>\$ 983,280</u></u>

* - Denotes major program

A NEW DAY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

1. This Schedule of Expenditures of Federal Awards includes the federal grant activity for New Day, Inc. and is presented on the accrual basis of accounting. The information included in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
2. No non-cash federal assistance was received during the year ended June 30, 2022.
3. The Organization did not have any sub-recipients during the year ended June 30, 2022.

SUPPLEMENTAL INFORMATION



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

Board of Directors and Management
A New Day, Inc.
Albuquerque, New Mexico

I 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 A New Day, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated January 11, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered A New Day, 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of A New Day, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the A New Day, 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether A New Day, Inc.'s financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

James L. Hartogensis, CPA LLC

January 11, 2023
Albuquerque, New Mexico



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

Board of Directors and Management
A New Day, Inc.
Albuquerque, New Mexico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited A New Day, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of A New Day, Inc.'s major federal programs for the year ended June 30, 2022. A New Day, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, A New Day, Inc. 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, 2022.

Basis for Opinion on Each Major Federal Program

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of A New Day, Inc. and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of A New Day, Inc.'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 A New Day, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

My 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 A New Day, Inc.'s compliance based on my 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 A New Day, Inc.'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, I:

- 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 A New Day, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of A New Day, Inc.'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 A New Day, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my 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.

James L. Hartogensis, CPA LLC

Albuquerque, New Mexico
January 11, 2023

A NEW DAY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

A. SUMMARY OF AUDITOR RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified not considered to be material weaknesses? No

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.550	Transitional Living for Homeless Youth

The dollar threshold used for distinguishing Type A and Type B programs was \$750,000.

Auditee qualified as a low-risk auditee? X Yes No

A NEW DAY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Current Year Findings

None.

Prior Year Findings

None.