

ROSWELL CHAVES COUNTY ECONOMIC DEVELOPMENT CORPORATION
(a nonprofit organization)

Audited Financial Statements

For the Years Ended June 30, 2024 and 2023

Roswell Chaves County Economic Development Corporation
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June 30, 2024 and 2023

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January 15, 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Roswell Chaves County Economic Development Corporation

P.O. Box 849

Roswell, New Mexico 88202

Opinion

I have audited the accompanying financial statements of the Roswell Chaves County Economic Development Corporation (the "Corporation"), a non-profit organization, which comprise the statements of financial position as of June 30, 2024 and 2023 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 the Corporation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 the Corporation and to meet my other ethical responsibilities in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors
Roswell Chaves County Economic Development Corporation
January 15, 2025

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 the Corporation'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 the Corporation'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.

John Jerge CPA PC

January 15, 2025

Roswell Chaves County Economic Development Corporation

Statements of Financial Position

June 30, 2024 and 2023

ASSETS	<u>2024</u>	<u>2023</u>
Current Assets		
Cash	\$ 557,215	\$ 488,997
Cash - restricted for site development projects	20,000	20,000
Accounts receivable	-	50,000
Investments - Note 2	<u>235,504</u>	<u>213,124</u>
Total Current Assets	<u>812,719</u>	<u>772,121</u>
 Custodial Funds	 <u>150,657</u>	 <u>150,220</u>
Total Assets	<u>\$ 963,376</u>	<u>\$ 922,341</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	\$ 21,176	\$ 21,361
Payroll taxes and related payables	17,920	26,133
Refundable Advances	<u>40,000</u>	<u>40,000</u>
Total Current Liabilities	<u>79,096</u>	<u>87,494</u>
 Other Liabilities		
Custodial funds - Note 3	<u>150,657</u>	<u>150,220</u>
Total Liabilities	<u>229,753</u>	<u>237,714</u>
 Commitments and Contingencies - Note 8	 -	 -
 NET ASSETS		
Net Assets without donor restrictions		
Undesignated net assets	91,055	91,659
Designated Operating Reserve - Note 5	<u>390,000</u>	<u>363,000</u>
Total Net Assets without donor restrictions	<u>481,055</u>	<u>454,659</u>
 Donor restricted net assets - Notes 2 and 5	 <u>252,568</u>	 <u>229,971</u>
Total Net Assets	<u>733,623</u>	<u>684,630</u>
Total Liabilities and Net Assets	<u>\$ 963,376</u>	<u>\$ 922,344</u>

See accompanying notes to financial statements

Roswell Chaves County Economic Development Corporation

Statements of Activities

For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:						
Government contracts	\$ 350,000	-	350,000	\$ 350,000	-	350,000
Member contributions	128,743	-	128,743	87,917	-	87,917
Other revenue and support	60,344		60,344	2,520	20,000	22,520
Investment income - Note 2	553	22,597	23,150	192	13,278	13,470
Net Assets Released from Restrictions	-	-	-	-	-	-
Total Unrestricted Revenues	539,640	22,597	562,237	440,629	33,278	473,907
EXPENSES:						
Program service	436,317	-	436,317	324,430	-	324,430
Supporting Services:						
Management and general	59,555	-	59,555	51,087	-	51,087
Fundraising	17,372	-	17,372	14,639	-	14,639
Total Expenses	513,244	-	513,244	390,156	-	390,156
Increase in Net Assets	26,396	22,597	48,993	50,473	33,278	83,751
Net Assets at the Beginning of Year	454,659	229,971	684,630	404,186	196,693	600,879
Net Assets at the End of Year	\$ 481,055	\$ 252,568	\$ 733,623	\$ 454,659	\$ 229,971	\$ 684,630

See accompanying notes to financial statements

Roswell Chaves County Economic Development Corporation
Statements of Functional Expenses
For the Years Ended June 30, 2024 and 2023

	2024				2023			
	Management and General		Fundraising	Total	Management and General		Fundraising	Total
Payroll	\$ 213,034	46,304	13,650	\$ 272,988	\$ 160,484	34,898	10,284	205,666
Payroll taxes	17,773	3,141	926	21,840	11,864	3,141	926	15,931
Employee benefits - Note 7	4,400	880	587	5,867	2,921	584	389	3,894
Payroll and benefits	235,207	50,325	15,163	300,695	175,269	38,623	11,599	225,491
Advertising - web hosting	41,803	-	-	41,803	23,722	-	-	23,722
Business recruitment	25,512	-	-	25,512	38,853	-	-	38,853
Contract services	23,535	6,277	1,567	31,379	32,286	8,610	2,152	43,048
Dues and subscriptions	2,963	-	-	2,963	4,258	-	-	4,258
Education and training	3,415	-	-	3,415	2,471	-	-	2,471
Event expense	88,310	-	-	88,310	27,097	-	-	27,097
Occupancy - Note 8	5,400	1,440	360	7,200	7,200	1,920	480	9,600
Office expenses	4,789	563	282	5,634	6,930	815	408	8,153
Travel	5,383	950	-	6,333	6,344	1,119	-	7,463
Total other expenses	201,110	9,230	2,209	212,549	149,161	12,464	3,040	164,665
Total expenses	\$ 436,317	\$ 59,555	\$ 17,372	\$ 513,244	\$ 324,430	\$ 51,087	\$ 14,639	\$ 390,156

See accompanying notes to financial statements

Roswell Chaves County Economic Development Corporation

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities:		
Increase (decrease) in net assets	\$ 48,993	\$ 83,751
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Realized and unrealized (gain) loss on investments	(15,854)	(7,155)
(Increase) decrease in accounts receivable	50,000	(47,300)
Increase (decrease) in accounts payable	(181)	1,141
Increase (decrease) in payroll liabilities payable	(705)	962
Increase (decrease) in vacation payable	(7,505)	2,098
Increase (decrease) in refundable advances	-	40,000
Total Adjustments	<u>25,755</u>	<u>(10,254)</u>
Net Cash Provided (Used) by Operating Activities	<u>74,748</u>	<u>73,497</u>
Cash Flows From Investing Activities:		
Purchase of investments	(65,342)	(6,119)
Proceeds from sale of investments	<u>58,812</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>(6,530)</u>	<u>(6,119)</u>
Cash Flows From Financing Activities:	-	-
Net Increase in Cash and Restricted Cash	68,218	67,378
Cash and Restricted Cash at Beginning of Year	<u>508,997</u>	<u>441,619</u>
Cash and Restricted Cash at End of Year	<u>\$ 577,215</u>	<u>\$ 508,997</u>
Reconciliation of Cash and Restricted Cash		
Cash	557,215	488,997
Cash restricted for site development projects	<u>20,000</u>	<u>20,000</u>
Total Cash	<u>\$ 577,215</u>	<u>\$ 508,997</u>

See accompanying notes to financial statements

Roswell Chaves County Economic Development Corporation
Notes to Financial Statements
June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies

Nature of Activities

The Roswell Chaves County Economic Development Corporation (the "Corporation") is a nonprofit corporation formed in the State of New Mexico. The Corporation was organized to promote and assist in the development of charitable, educational, benevolent, civic, cultural, scientific, professional, industrial, and trade service in the social, educational and economic development of Chaves County and Southeast New Mexico. Additionally, the Corporation was created to apply for, receive and administer, and redistribute governmental and private funds under Title IX of the Public Works and Economic Development Act of 1965. The Corporation is dependent on funding received from the City of Roswell and Chaves County. For the years ended June 30, 2024 and 2023, \$150,000 and \$200,000 was received from the City of Roswell and \$200,000 and \$150,000 was received from Chaves County.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. These financial statements and notes are the representation of the Corporation's management, who are responsible for their integrity and objectivity.

Basis of Presentation

Resources are classified for accounting and reporting purposes into two classes of net assets, net assets without restrictions and net asset according to donor-imposed restrictions. Net assets without donor restrictions may be expended for any purpose in performing the objectives of the Corporation and also include restricted gifts received and the donor-imposed restriction being met during the fiscal year. Donor-restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time.

Fair Value of Financial Instruments

Carrying values of certain financial instruments, including cash, accounts receivable, accounts payable and accrued expenses, approximate their fair value due to the short-term nature.

Cash and Cash Equivalents

For the purpose of cash flow presentation, the Corporation considers all demand deposits with financial institutions to be cash. Bank accounts are maintained at two financial institutions located in Roswell, New Mexico with the accounts insured by the Federal Deposit Insurance Corporation ("FDIC") to a maximum of \$250,000.

Roswell Chaves County Economic Development Corporation

Notes to Financial Statements

June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies – Continued

Restricted Cash

At June 30, 2024 and 2023, \$20,000 of cash deposited in the operating account was restricted for site development projects.

Accounts Receivable

Accounts receivable at June 30, 2023 consisted of \$50,000 due from the City of Roswell. No allowance for uncollectible accounts was recorded at June 30, 2023 as the amount was collected in full.

Property and Equipment

The Corporation capitalizes expenditures for property and equipment in excess of \$2,500. Purchased property and equipment are carried at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be utilized to acquire property and equipment are reported as increases in net with donor restrictions.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. Depreciation of property and equipment is computed using the straight-line method. There was no capitalized property or equipment as of June 30, 2024 or 2023.

Payroll Payable

Payroll payable at June 30, 2024 and 2023 was \$17,920 and \$19,864, respectively.

Income Taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization other than a private foundation. The Corporation is a not-for-profit organization under the New Mexico State Statutes and conducts no activities which result in the Corporation being subject to income tax on unrelated business income or New Mexico franchise or income tax.

Donated Services

No amounts have been reflected in the financial statements for the donated services in-as-much as no objective basis is available to measure the value of such services. The Corporation generally pays for services requiring specific expertise.

Roswell Chaves County Economic Development Corporation
Notes to Financial Statements
June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies - Continued

Revenue Recognition

Revenue from contracts and grants for economic development services are conditioned upon certain performance requirements and/or the incurrence of qualifying expenditures. Amounts received are recognized as revenue when the Corporation has provided service and incurred expenditures in compliance with contract and grant provisions. Amounts received prior to incurred qualifying expenditures are reported as refundable advances in the statement of financial position.

Economic development services are billed to grantor's either monthly or quarterly and are due within thirty days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, the Corporation has determined that a significant financing component does not exist. The primary purpose of invoicing terms is to provide grantors with simplified and predictable ways of purchasing services and not to receive financing from or provide financing to the grantor.

The Corporation does not disclose the value of unsatisfied performance obligations for contracts with terms of one year or less or for contracts for which the amount of revenue recognized this based on the amount the Corporation has the right to invoice for services performed. There were no opening contract assets or liabilities for the years ended June 30, 2024 and 2023.

Contributions and Support

Membership contributions are recorded when received. Contributions are recorded as with donor restrictions or without donor restrictions depending upon the existence and/or nature of donor restrictions. Contributions that are restricted are reported as an increase in net assets with donor restrictions. Within net assets with donor restrictions, amounts are reclassified as unrestricted when restrictions expire by passage of time or the fulfillment of the stipulated purpose. Restrictions on gifts of land, building, or equipment or contributions restricted for the purchase of those assets expire when the asset is placed in service unless the donor stipulated otherwise.

Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Roswell Chaves County Economic Development Corporation
Notes to Financial Statements
June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies - Continued

Advertising

The Corporation follows the policy of charging the cost of advertising to include web hosting to expense as incurred. For the years ended June 30, 2024 and 2023 advertising expense was \$41,803 and \$23,722, respectively.

Expense Allocation

The costs of providing program and supporting services have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Program services are described in the nature of activities section of this note. Management and general services include personnel administration and financial management. Fundraising consists of soliciting and collecting member contributions.

Note 2: Investments

Investments consist of cash, equities and exchange traded funds which are carried at fair value. The fair values of the managed funds were determined based on the publicly reported over-the-counter market prices of the respective securities. Unrealized gains and losses related to investments are recorded in net investment income. Interest and dividends earned are also reported in net investment income. Investment income and gains when restricted by donors are reported as net assets with donor restrictions.

The following is the cost and market value of investments at June 30:

Investment	2024			2023		
	Cost	Market	Gain (Loss)	Cost	Market	Gain (Loss)
Cash	\$ 13,324	\$ 13,324	\$ --	\$ 11,034	\$ 11,034	\$ --
Equities	91,685	101,928	10,243	89,015	81,640	(7,375)
Fixed Income	102,405	94,905	(7,500)	118,260	103,123	(15,137)
Other	24,036	25,346	1,310	17,565	17,327	(329)
Totals	\$ 231,449	\$ 235,504	\$ (4,053)	\$ 235,874	\$ 213,124	(22,841)

Roswell Chaves County Economic Development Corporation
Notes to Financial Statements
June 30, 2024 and 2023

Note 2: Investments - Continued

The following summarizes investment return for the years ended June 30:

	2024	2023
Interest and dividend income	\$8,246	\$7,192
Net realized gains (loss)	(10,700)	-
Net unrealized gain (loss)	26,554	7,155
Investment fees	950	877
Net investment earnings (loss)	<u>\$23,150</u>	<u>\$13,470</u>

Note 3 – Custodial Fund

During the year ended June 30, 2022 the corporation received funds from the city of Roswell which are being held in an agent capacity. At the end of June 30 2024 and 2023, custodial funds totaled \$150,657 and \$150,220, respectively.

Note 4 – Fair Value Measurements of Financial Statements

The Foundation uses a fair-value approach to value certain assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include level 1, defined as observable inputs such as quoted market prices in active markets; level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and level 3 defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

Roswell Chaves County Economic Development Corporation
Notes to Financial Statements
June 30, 2024 and 2023

Note 4 – Fair Value Measurements of Financial Statements – Continued

There has been no change in the valuation methodologies used for the years presented and there have been no transfers between levels. The following tables present the fair value measurements of assets as of June 30, 2024 reported in the accompanying statement of financial position at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

Description	Amortized Cost	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 13,324	\$ 13,324	--	--
Equities	91,685	101,928	--	--
Fixed Income	102,405	94,905	--	--
Other	24,036	25,346		
	<u>\$ 231,449</u>	<u>\$ 235,504</u>	--	--

The following tables present the fair value measurements of assets as of June 30, 2023 reported in the accompanying statement of financial position at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

Description	Amortized Cost	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 11,034	\$ 11,034	--	--
Equities	89,015	81,640	--	--
Fixed Income	118,260	103,123	--	--
Other	17,565	17,327		
	<u>\$ 235,874</u>	<u>\$ 213,124</u>	--	--

Roswell Chaves County Economic Development Corporation
Notes to Financial Statements
June 30, 2024 and 2023

Note 5: Net Assets

In a prior year, land was donated to the Corporation with the restriction that the land or proceeds from its sale be used for economic development projects and the creation of jobs. The land was sold and proceeds of \$200,00 were realized with \$50,000 subsequently spent on an economic development project. The donor restricted funds are deposited in a separate account with First American Bank, see Note 2. At June 30, 2024 and 2023, the Corporation's restricted net assets for economic development projects and creation of jobs was \$202,862 and \$183,203 respectively.

In a prior year, the Corporation received \$25,000 restricted for site development projects. During the year ended June 30, 2023, \$20,000 restricted for site development projects was received and is reported as part of cash as of June 30, 2024 and 2023. At June 30, 2024 and 2023, the Corporation's restricted net assets for site development projects was \$49,706, and \$46,768, respectively.

The changes in donor restricted funds for the years ended June 30, 2024 and 2023 are as follows:

Restricted Net Assets, July 1, 2022	\$	196,693
Investment return, net		13,278
Contribution		<u>20,000</u>
Restricted Net Assets, June 30, 2023		229,971
Investment return, net		<u>23,150</u>
Restricted Net Assets, June 30, 2024	\$	<u>252,568</u>

There were no contributions to or expenditures from the donor restricted funds held in the investment account during the years ended June 30, 2024 or 2023.

At June 30, 2024 and 2023, the Corporation's board designated cash reserves of twelve months operating expenses were \$390,000 and \$363,000 respectively.

Roswell Chaves County Economic Development Corporation

Notes to Financial Statements

June 30, 2024 and 2023

Note 6 – Restricted Net Asset Invested Funds

Interpretation of Relevant Law

With respect to the invested donor restricted funds, the Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted funds unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation retains (a) the original value of initial and subsequent gift amounts donated and (b) any accumulations to the funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts are subject to appropriation for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: the donor restriction, duration and if applicable any preservation of the fund, general economic conditions, possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Corporation and the investment policies of the Corporation.

Investment Return

Investment objectives are to create growth while preserving the restricted gift and realized accumulated earnings. Investment return is accumulated in net assets with donor restrictions until appropriated for expenditure.

Spending Policy

The Corporation has a discretionary spending policy applied to the restricted funds within prudent limits as outlined in UPMIFA. The Board is able to approve qualified projects up to the respective accumulated restricted net asset balances.

Note 7: Employee Benefits

The Corporation contributes three percent of the employee's gross pay to a Simple IRA plan and contributed \$5,867 and \$3,894, respectively for the years ended June 30, 2024 and 2023.

Note 8: Occupancy

The Corporation entered into annual lease agreement for office space.

Roswell Chaves County Economic Development Corporation
Notes to Financial Statements
June 30, 2024 and 2023

Note 9: Commitments and Contingencies

Financial awards from local government units are subject to audit to ensure compliance with laws, regulations, and provisions of funding agreements which could result in claims against the Corporation for disallowed costs or non-compliance with funding restrictions.

Note 10: Subsequent Events and Pronouncements

Management has evaluated subsequent events through January 15, 2025, the date the financial statements were available to be issued. No significant items were noted during this evaluation that would require disclosure in the financial statements or accompanying notes. Management has evaluated the accounting pronouncements issued subsequent to year end. None are expected to have any effect on the financial statements of the Corporation.

Note 11 – Liquidity and Availability

The Corporation monitors the availability of resources required to meet its operating needs and contractual commitments.

At June 30, 2024, financial assets available for general expenditure which are without donor or other restrictions limiting their use, within one year of the balance sheet date are comprised of cash totaling \$557,215. Current liabilities totaled \$79,096.

At June 30, 2023, financial assets available for general expenditure which are without donor or other restrictions limiting their use, within one year of the balance sheet date are comprised of cash totaling \$488,997 and accounts receivable totaling \$50,000. Current liabilities totaled \$87,491.