

CASA MILAGRO
(A NOT-FOR-PROFIT CORPORATION)
HUD PROJECT NO. 116-HD004

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

CASE MILAGRO
(A NOT-FOR-PROFIT CORPORATION)
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BLOOM & BLOOM LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To The Board Of Directors
Casa Milagro
Santa Fe, New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Casa Milagro (Project No. 116-HD004), which comprise the balance sheet as of June 30, 2022, and the related statements of operations and changes in net deficit and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Casa Milagro (Project No. 116-HD004), as of June 30, 2022, and the results of its operations, changes in its net deficit 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Casa Milagro (Project No. 116-HD004), 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 Casa Milagro (Project No. 116-HD004)'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (Cont.)

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement 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 procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Casa Milagro (Project No. 116-HD004)'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Casa Milagro (Project No. 116-HD004)'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 13 to 20 is presented for purposes of additional analysis as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2022, on our consideration of Casa Milagro (Project No. 116-HD004)'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Casa Milagro (Project No. 116-HD004)'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Casa Milagro (Project No. 116-HD004)'s internal control over financial reporting and compliance.



BLOOM & BLOOM LLP
CERTIFIED PUBLIC ACCOUNTANTS

MILLBURN, NEW JERSEY 07041
September 15, 2022

CASA MILAGRO
(A NOT-FOR-PROFIT CORPORATION)
FHA PROJECT NO. 116-HD004

AUDITOR DISCLOSURE INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

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CASA MILAGRO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

| <u>ASSETS</u> | | |
|---|--------------------|---------------------------|
| Current Assets | | |
| Cash - Operations | \$ 21,544. | |
| Cash- Entity | 54,841. | |
| Accounts Receivable | 92,203. | |
| Employee Retention Credit | <u>158,429.</u> | |
| Total Current Assets | | \$ 327,017. |
| Restricted Deposits | | |
| Replacement Reserve | \$ 17,065. | |
| Residual Receipts | 15,561. | |
| Tenant Security Deposits | <u>2,700.</u> | |
| Total Restricted Deposits | | \$ 35,326. |
| Property & Equipment | | |
| Buildings | \$ 599,063. | |
| Building Equipment - Portable | 21,538. | |
| Furniture | <u>6,973.</u> | |
| | \$ 627,574. | |
| Accumulated Depreciation | <u>(323,598)</u> | |
| | \$ 303,976. | |
| Land | <u>\$ 171,742.</u> | |
| Property & Equipment, net | | <u>\$ 475,718.</u> |
| TOTAL ASSETS | | <u>\$ 838,061.</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Liabilities | | |
| Accounts Payable | \$ 1,395. | |
| Accrued Wages & Taxes Payable | 22,635. | |
| Tenant Security Deposits | 3,162. | |
| Prepaid Revenue | <u>1,263.</u> | |
| Total Liabilities | | \$ 28,455. |
| Long-Term Liabilities | | |
| Mortgage Payable – First Mortgage | <u>\$ 670,400.</u> | |
| Total Long-Term Liabilities | | <u>\$ 670,400.</u> |
| TOTAL LIABILITIES | | \$ 698,855. |
| Net Assets | | |
| Without Donor Restrictions | <u>\$ 139,206.</u> | |
| Total Net Assets | | <u>\$ 139,206.</u> |
| TOTAL LIABILITIES & NET ASSETS | | <u>\$ 838,061.</u> |

CASA MILAGRO
HUD PROJECT NO. 116-HD004
STATEMENT OF ACTIVITIES & CHANGES IN NET ASSETS
JUNE 30, 2022

| | | |
|--|-----------------|--------------------|
| <u>PROGRAM REVENUE</u> | | |
| Net Rent Revenue | \$ 130,488. | |
| Grant Income | 325,139. | |
| Program & Food Income | 23,641. | |
| Donations | 35,812. | |
| Other Revenue; ERC | <u>158,429.</u> | |
| TOTAL PROGRAM REVENUE | | \$ 673,509. |
| <u>PROGRAM SERVICES:</u> | | |
| <u>HOUSING SERVICES:</u> | | |
| Administrative | \$ 3,975. | |
| Utilities | 9,830. | |
| Operating & Maintenance | 37,205. | |
| Taxes & Insurance | 18,692. | |
| Salaries | 46,000. | |
| Depreciation | 15,355. | |
| Office Expenses | 12,842. | |
| Professional Fees | <u>32,192.</u> | |
| TOTAL PROGRAM SERVICES | | \$ 176,091. |
| <u>RESIDENT SERVICES:</u> | | |
| Salaries & Contract Labor | \$ 258,059. | |
| Other | <u>2,159.</u> | |
| TOTAL RESIDENT SERVICES | | \$ <u>260,218.</u> |
| Decrease In Net Assets (Without Donor Restrictions) Before Other Activity | | \$ 237,200. |
| <u>OTHER ACTIVITY</u> | | |
| Interest Income | \$ <u>19.</u> | |
| TOTAL OTHER REVENUE | | \$ <u>19.</u> |
| Increase In Net Assets (Without Donor Restrictions) | | <u>\$ 237,219.</u> |
| Net Assets (Without Donor Restrictions) Balance – June 30, 2021 | | \$(98,013) |
| Decrease In Net Assets (Without Donor Restrictions) | | <u>\$ 237,219.</u> |
| Net Assets (Without Donor Restrictions) Balance – June 30, 2022 | | <u>\$ 139,206.</u> |

CASA MILAGRO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

OPERATING ACTIVITIES:

REVENUE

| | | |
|--------------------------------|-------------|-------------|
| Rental Receipts | \$ 130,488. | |
| Grants, Programs and Donations | 317,158. | |
| Interest Receipts | <u>19.</u> | \$ 447,665. |

EXPENSES

| | | |
|----------------------------|----------------|--------------------|
| Administrative | \$ 54,040. | |
| Utilities | 9,830. | |
| Salaries, Wages, & Payroll | 305,838. | |
| Operating & Maintenance | 53,762. | |
| Insurance | <u>10,084.</u> | |
| Total Expenses Paid | | <u>\$ 433,554.</u> |

Net Cash Provided By Operating Activities \$ 14,111.

INVESTING ACTIVITIES:

| | | |
|---------------------------------------|------------|-------------------|
| Purchased Fixed Assets | \$(7,200) | |
| Net Cash Used In Investing Activities | | <u>\$(7,200)</u> |

Net Change in Cash \$ 6,911.

CASH

| | |
|-------------------------|--------------------|
| Cash, Beginning Of Year | <u>\$ 104,801.</u> |
| Cash, End Of Year | <u>\$ 111,712.</u> |

Reconciliation of Cash & Restricted Cash to the Statements of Financial Position

| | | |
|--|---------------|--------------------|
| Statement of Financial Position Presentation | | |
| Cash | \$ 21,545. | |
| Cash Entity | 54,841. | |
| Replacement Reserve | 17,065. | |
| Residual Receipts | 15,561. | |
| Tenant Security Deposits | <u>2,700.</u> | |
| Total Cash & Restricted Cash per Statement of Cash Flows | | <u>\$ 111,712.</u> |

CASA MILAGRO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

Operating Activities

Decrease In Net Assets \$ 237,219.

Adjustments To Reconcile Change In Net Assets To Net Cash
provided By Operating Activities:

Depreciation \$ 15,355.
Employee Retention Credit (158,429)

Changes In:

Accounts Receivable \$(68,678)
Accounts Payable & Accrued Liabilities (13,773)
Tenant Security Deposits 1,154.
Deferred Revenue 1,263.

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 14,111.

CASA MILAGRO

HUD PROJECT NO. 116-HD004

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED
JUNE 30, 2022

CASA MILAGRO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1: NATURE OF ORGANIZATION

Casa Milagro, a nonprofit organization (the Organization), was incorporated under the laws of the State of New Mexico on December 23, 1996 to operate a 12-bed supportive housing (the Project) designed for mentally ill adults who have unsuccessfully attempted independent living. The supportive services provided at the Organization are holistic in nature and designed to focus on physical, mental, emotional, and spiritual wellness.

The Organization is operated under Section 811 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

The Organization's major funding is provided by HUD. Initial support was provided via a Section 811 Capital Advance. Ongoing support is provided through Project Rental Assistance Contracts under Section 811 of the National Affordable Housing Act, and the Supportive Housing Assistance Program. Additional support is provided by contributions from individuals. During the year ended June 30, 2022, rental revenue from HUD totaled \$97,415 representing approximately 74 percent of net rent revenue. The rent subsidy contract with HUD expires and renews on August 1, 2023.

The Organization is governed by a Board of Directors, which has the responsibility for determining policy and for the execution and evaluation of programs and activities conducted by the Organization. Board members represent government, healthcare, business, public sector, private individuals, and organizations that serve the community. The term served by a Board member is two years.

NOTE 2: SUMMARY OF ACCOUNTING POLICIES

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TAX EXEMPT STATUS - The Organization is exempt from federal income taxes as an entity described in Section 501(c)(3) of the Internal Revenue Code. As a result, there is no provision for federal income taxes in these financial statements and no federal income taxes were paid. Management believes that the Organization has adequately addressed all relevant tax positions and there are no unrecorded tax liabilities. Generally, the Organization's tax returns remain open for three years for federal and state income tax examination.

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

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

CASA MILAGRO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - For the purpose of the statement of cash flows, the Organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents. As of June 30, 2022, there were no cash equivalents.

CAPITALIZATION AND DEPRECIATION – Fixed assets are stated at cost. The Organization capitalized all acquisitions at cost in excess of \$5,000 with a useful life of more than one year. Depreciation, which includes the assets recorded under capital leases, is computed principally using the straight-line method over the estimated useful lives of individual assets. The estimated useful lives of assets are as follows:

| | |
|------------------------|-----------|
| Building | 39 years |
| Furniture and fixtures | 5-7 years |
| Equipment | 5 years |

PROGRAM EXPENSES – As this is an operating facility, all expenses are considered program expenses. There are two programs, the first is housing and the second is resident services.

DONATIONS IN-KIND – Donations in-kind are recorded as revenue in the year received. There were no in-kind donations during 2022.

CONTRIBUTION OF SERVICES – Contributions of services are recognized in the financial statements by the Organization only if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

CONTRIBUTIONS – Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction period expires or the purpose of the restriction is accomplished, 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. When restrictions imposed on contributions received are met in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

DONATED PROPERTY AND EQUIPMENT – Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specified purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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

CASA MILAGRO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

ALLOWANCE FOR DOUBTFUL ACCOUNTS – The Organization uses the allowance method to account for uncollectible tenant receivables. The Organization provides an allowance for uncollectible accounts equal to the estimated uncollectible portion of tenant receivable. Management’s estimate is based on historical experience and its evaluation of the current status of the tenant receivable.

RECLASSIFICATION – Certain amounts as previously presented have been reclassified to conform with the current year presentation.

SUBSEQUENT EVENT – Management of the Organization has evaluated events and transactions occurring after June 30, 2020, through May 14, 2022, the date the financial statements were available for issuance, for recognition or disclosure in the financial statements. There were no events and transactions that required recognition and disclosures in the financial statements.

NET ASSETS - The Corporation is required to report information regarding its financial positions and activities according to the following classes of net assets:

Without Donor Restrictions – include resources for which there are no donor restrictions. Such amounts are available to Support the Organization’s operations and programs. A portion of these net assets may be designated by the Board of Directors for specific purposes.

With Donor Restrictions – defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Donor-imposed restricted contributions whose restrictions are met in the same reporting period, are reported as without donor-imposed restricted revenue on the statements of activities and changes in net assets.

All net assets are currently classified as net assets without donor restrictions.

NOTE 3: CAPITAL ADVANCE – In January 2000, the Organization received their final Section 811 Capital Advance from HUD. The total amount of advances received for the renovation and construction of the Project totaled \$670,400. The terms of the Capital Advance agreement do not require repayment of the advance as long as the property financed is used solely as rental housing for very low-income elderly or disabled persons. The term of the agreement is forty years with a final maturity date of January 1, 2040.

NOTE 4: RESTRICTED DEPOSITS

REPLACEMENT RESERVE – In accordance with the regulatory agreement with HUD, the Organization is required to make monthly deposits to a federally insured bank account. Monthly deposits total \$943. The balance is to be used for the repair and replacement of property and withdrawals may not be made without the prior written approval from HUD. As of June 30, 2022, the balance in the replacement reserve account totaled \$17,065.

| | |
|----------------------------|-------------------|
| Balance, beginning of year | \$ 29,415. |
| Deposits | 12,259. |
| Interest income | 6. |
| Withdrawals | <u>(24,615)</u> |
| Balance, end of year | <u>\$ 17,065.</u> |

CASA MILAGRO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

RESIDUAL RECEIPTS RESERVE – In accordance with the regulatory agreement with HUD, the Organization is required to deposit surplus cash from the prior year into the residual receipts reserve. During 2022, there was no required deposits per schedule of surplus cash as of June 30, 2021. As of June 30, 2022, the residual receipts reserve totaled \$15,561.

| | |
|----------------------------|-------------------|
| Balance, beginning of year | \$ 15,560. |
| Deposits | 0. |
| Interest income | 1. |
| Withdrawals | (0) |
| Balance, end of year | <u>\$ 15,561.</u> |

NOTE 5: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – The following reflects the Organization’s financial assets as of June 30, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted sources. The Organization’s financial assets available within one year of the statement of financial position for general expenditure are as follows:

| | |
|---------------------|--------------------|
| Cash | \$ 76,385. |
| Accounts receivable | <u>92,203.</u> |
| | <u>\$ 168,588.</u> |

NOTE 6: DISTRIBUTIONS – The Organization’s regulatory agreement with HUD stipulates, among other things, that the Project will not make distributions of assets or income to any of its officers or directors.

NOTE 7: RENTAL INCOME – Tenant charges for apartment rentals range from \$0 to \$645 per month. The difference between the amounts the tenant pays and the HUD approved operating cost is covered under the Project Rental Assistance Contract. From August 1, 2021 through June 30, 2022, the HUD approved rental charge per apartment was \$1.077 per month. The Organization’s complex maintained an average occupancy rate of 84 percent for the year ended June 30, 2022.

NOTE 8: GRANT INCOME – Grant income represents support received by the Organization from the following funding sources:

| | |
|-----------------------------------|--------------------|
| HUD Supportive Housing Program | \$ 102,120. |
| ERA Program-Santa Fe | 89,258. |
| Santa Fe Community | 42,250. |
| Santa Fe County | 25,104. |
| MFA Grant | 6,407. |
| Community Health Funders Alliance | <u>60,000.</u> |
| | <u>\$ 325,139.</u> |

NOTE 9: EMPLOYEE RETENTION TAX CREDIT RECEIVABLE – Employee Retention Tax Credit Receivable Under the recently enacted American Rescue Plan Act and previously under the Consolidated Appropriations Act, the Organization became eligible to apply for the employee retention tax credits (ERTC), a provision of the CARES Act. It can be claimed through December 31, 2021, by eligible employers who retained employees during the COVID-19 pandemic. Employers are eligible for the credit if they experienced either a full or partial suspension of operations during any calendar quarter because of governmental orders due to the pandemic or a significant decline in gross receipts based on comparing quarterly revenue results for 2020 and/or 2021 with the comparable quarter in 2019. The ERTC is a refundable credit that the Organization can claim on qualified wages paid to employees, including certain health insurance costs. The Organization calculated the credit to be claimed for \$158,429 with the Internal Revenue Service for the year over the future payroll reporting periods.

CASA MILAGRO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 10: GRANT CHFA AND SUBSEQUENT EVENT – During 2020, the Organization received grant funds from Community Health Funder Alliance (CHFA). The Community Health Funder Alliance Health Impact Grant is a unique multi-year grant awarded to community organizations who demonstrate capacity to influence community health outcomes and provide collaborative leadership to address community needs. The Award reflects the intention to provide a restricted, multi-year award that will span thirty-six (36) consecutive months. The award will be divided equally into 12-month terms: (1) Term 1 – The first 12-month grant term will encompass July 1, 2020 through June 30, 2021, and will include funding of \$60,000. (2) Term 2 – Upon grantors certification that all conditions of Term 1 have been met, the second 12-month grant term will encompass July 1, 2021 through June 30, 2022, and will include funding of \$60,000. (3) Term 3 – The final 12-month grant term will encompass July 1, 2022 through June 30, 2023, and will include funding of \$60,000. Subsequent to year-end, Casa Milagro has received the first terms of the grant.

NOTE 11: SUBSEQUENT EVENTS – In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 15, 2022, the date the financial statements were issued.

CASA MILAGRO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

CURRENT ASSETS:

| | | |
|----------------------|----|----------------|
| 1120 Cash-Operations | \$ | 21,544. |
| 1125 Cash-Entity | | <u>54,841.</u> |
| | \$ | 76,385. |

| | | |
|--------------------------|----|---------|
| 1140 Accounts Receivable | \$ | 92,203. |
|--------------------------|----|---------|

| | | |
|----------------------|--|-------------|
| TOTAL CURRENT ASSETS | | \$ 168,588. |
|----------------------|--|-------------|

DEPOSITS HELD IN TRUST-FUNDED

| | | |
|-------------------------------|----|--------|
| 1191 Tenant Security Deposits | \$ | 2,700. |
|-------------------------------|----|--------|

RESTRICTED DEPOSITS-INTEREST BEARING:

| | | |
|--------------------------|----|----------------|
| 1320 Replacement Reserve | \$ | 17,065. |
| 1340 Residual Receipts | | <u>15,561.</u> |

| | | |
|---------------------------|--|------------|
| TOTAL RESTRICTED DEPOSITS | | \$ 32,626. |
|---------------------------|--|------------|

FIXED ASSETS

| | | |
|---------------------------------------|-----|-----------------|
| 1410 Land | \$ | 171,742. |
| 1420 Buildings | | 599,063. |
| 1440 Building Equipment – Portable | | 21,538. |
| 1450 Furniture For Project/Tenant Use | | <u>6,973.</u> |
| Total | \$ | 799,316. |
| Less Accumulated Depreciation | \$(| <u>323,598)</u> |

| | | |
|--------------------------|--|-------------|
| NET PROPERTY & EQUIPMENT | | \$ 475,718. |
|--------------------------|--|-------------|

| | | |
|--------------------------------------|--|--------------------|
| 1590 Miscellenaous Other Asset (ERC) | | \$ <u>158,429.</u> |
|--------------------------------------|--|--------------------|

| | | |
|--------------|--|--------------------|
| TOTAL ASSETS | | \$ <u>838,061.</u> |
|--------------|--|--------------------|

CASA MILAGRO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

| | |
|----------------------------|---------------|
| 2110 Accounts Payable | \$ 1,395. |
| 2120 Accrued Wages Payable | 17,594. |
| 2121 Accrued Payroll Taxes | 5,041. |
| 2121 Deferred Revenue | <u>1,263.</u> |

TOTAL CURRENT LIABILITIES \$ 25,293.

DEPOSITS AND PREPAYMENTS LIABILITIES

2191 Tenant Security Deposits \$ 3,162.

LONG TERM LIABILITIES

2320 Mortgage Payable (Long-Term) \$ 670,400.

TOTAL LONG TERM LIABILITIES \$ 670,400.

TOTAL LIABILITIES \$ 698,855.

NET ASSETS

3131 Without Donor Restrictions (Deficit) \$ 139,206.

TOTAL NET ASSETS \$ 139,206.

TOTAL LIABILITIES & NET ASSETS \$ 838,061.

CASA MILAGRO
HUD PROJECT NO. 116-HD004
STATEMENT OF ACTIVITIES & CHANGES IN NET ASSETS
JUNE 30, 2022

RENTAL REVENUE

| | | |
|---------------------------------------|----------------|-------------|
| 5120 Rental Revenue - Gross Potential | \$ 57,673. | |
| 5121 Tenant Assistance Payments | <u>97,415.</u> | |
| TOTAL RENTAL REVENUE | | \$ 155,088. |

VACANCIES

| | | |
|-----------------|-------------|--------------------|
| 5220 Apartments | \$(24,600) | |
| TOTAL VACANCIES | | <u>\$(24,600)</u> |

| | | |
|--|--|-------------|
| NET RENTAL REVENUE (RENTAL REVENUE LESS VACANCIES) | | \$ 130,488. |
|--|--|-------------|

FINANCIAL REVENUE

| | | |
|--|-----------|---------------|
| 5410 Financial Revenue – Project Operations | \$ 12. | |
| 5430 Income from Investments – Residual Receipts | 1. | |
| 5440 Income from Investments – Reserve For Replacement | <u>6.</u> | |
| TOTAL FINANCIAL REVENUE | | <u>\$ 19.</u> |

| | | |
|---------------|--|-------------|
| TOTAL REVENUE | | \$ 130,507. |
|---------------|--|-------------|

ADMINISTRATIVE EXPENSES

| | | |
|---|-------------|------------|
| 6204 Management Consultants | \$ 3,240. | |
| 6210 Advertising | 35. | |
| 6311 Office Expenses | 12,842. | |
| 6330 Manager or Superintendent Salaries | 47,505. | |
| 6350 Audit | 11,200. | |
| 6351 Bookkeeping Fees/Accounting Services | 20,992. | |
| 6390 Miscellaneous Administrative | <u>700.</u> | |
| TOTAL ADMINISTRATIVE EXPENSES | | \$ 96,514. |

UTILITY EXPENSES

| | | |
|------------------------|-----------|-----------|
| 6450 Electricity | \$ 9,830. | |
| TOTAL UTILITY EXPENSES | | \$ 9,830. |

OPERATING & MAINTENANCE EXPENSES

| | | |
|---|-------------|------------|
| 6510 Contracts | \$ 20,709. | |
| 6590 Miscellaneous Operating & Maintenance Expenses | <u>330.</u> | |
| TOTAL OPERATING & MAINTENANCE EXPENSES | | \$ 21,039. |

CASA MILAGRO
HUD PROJECT NO. 116-HD004
STATEMENT OF ACTIVITIES & CHANGES IN NET ASSETS
JUNE 30, 2022

TAXES & INSURANCE

| | | |
|--|-------------|------------|
| 6711 Payroll Taxes | \$ 4,600. | |
| 6720 Property & Liability Insurance | 10,084. | |
| 6722 Workman's Compensation | 3,615. | |
| 6723 Health Insurance & Other Employees Benefits | 235. | |
| 6790 Misc. Taxes, Licenses, Permits & Insurance | <u>158.</u> | |
| TOTAL TAXES & INSURANCE | | \$ 18,692. |

6000T Total Cost of Operations Before Depreciation \$ 146,075.

5060T Change In Net Assets (Without Donor Restrictions) \$(15,568)

DEPRECIATION \$ 15,355.

5060N Change in Net Assets (Deficit) From Operations \$(30,923)

CORPORATE OR MORTGAGOR REVENUE & EXPENSES

| | |
|---------------------|-----------------|
| 7105 Entity Revenue | \$(543,021) |
| 7190 Other Expenses | <u>274,879.</u> |

Detail – Other Expenses:

| | <u>Description</u> | | <u>Amount</u> |
|----------|--------------------|----------|---------------|
| 7190-010 | Contract Labor | 7190-020 | 256,554. |
| 7190-010 | Food Costs | 7190-020 | 16,166. |
| 7190-010 | Education | 7190-020 | 563. |
| 7190-010 | Prescriptions | 7190-020 | 46. |
| 7190-010 | Animal Care | 7190-020 | <u>1,550.</u> |

7100T Net Entity Expenses \$ 268,142.

3250 Change In Net Assets (Without Donor Restrictions) \$ 237,219.

S1000-010 Total First Mortgage (on bond) principal payments required during the audit period (usually 12 months). This applies to all direct loan, HUD-Held and HUD-Insured first mortgages \$ 0.

S1000-020 The total of all months reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended \$ 11,316.

S1000-030 Replacement reserves or residual receipts releases which are included as expense items on this profit and loss statement. \$ 0.

S1000-040 Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement. \$ 0.

CASA MILAGRO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

OPERATING ACTIVITIES:

REVENUE

| | | |
|--|-----------------|-------------|
| S1200-010 Rental Receipts | \$ 130,488. | |
| S1200-020 Interest Receipts | 19. | |
| S1200-035 Entity/Construction Receipts | <u>317,158.</u> | |
| TOTAL RECEIPTS | | \$ 447,665. |

EXPENSES

| | | |
|---|-----------------|---------------------|
| S1200-050 Administrative | \$ 50,040. | |
| S1200-090 Utilities | 9,830. | |
| S1200-100 Salaries, Wages, Payroll | 56,103. | |
| S1200-110 Operating & Maintenance | 42,882. | |
| S1200-140 Property Insurance | 10,084. | |
| S1200-160 Tenant Security Deposits | (1,154) | |
| S1200-225 Entity/Construction Disbursements | <u>266,637.</u> | |
| TOTAL DISBURSEMENTS | | <u>\$(434,422)</u> |

NET CASH PROVIDED BY OPERATING ACTIVITY \$ 13,243.

INVESTING ACTIVITIES

| | | |
|---|-----------------|------------------|
| S1200-250 Net Deposits to Reserve For Replacement | \$ 12,350. | |
| S1200-260 Net Withdrawal From Residual Receipts Reserve | (1) | |
| S1200-330 Purchased Fixed Assets | <u>(7,200)</u> | |
| NET CASH USED IN INVESTING ACTIVITIES | | <u>\$ 5,149.</u> |

S1200-470 NET INCREASE IN CASH \$ 18,392.

S1200-480 CASH BEGINNING OF THE YEAR \$ 57,993.

S1200T CASH END OF YEAR \$ 76,385.

CASA MILAGRO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

Reconciliation Of Change In Net Assets To
Net Cash Provided By Operating Activities:

| | |
|---------------------------|------------|
| 3250 Change In Net Assets | \$ 237,219 |
|---------------------------|------------|

Adjustments To Reconcile Change In Net
Assets To Net Cash Provided By
Operating Activities:

| | |
|-------------------------------------|------------|
| 6600 Depreciation | \$ 15,355. |
| S1200-600 Employee Retention Credit | (158,429) |

Changes In Operating Assets
And Liabilities:

| | |
|---|---------------|
| S1200-490 Accounts Receivable | \$(68,678) |
| S1200-530 Tenants Security Account | (867) |
| S1200-540 Accounts Payable | (16,595) |
| S1200-580 Tenants Security Account | 1,154. |
| S1200-600 Accrued Wages Payable | 5,102. |
| S1200-600 Accrued Taxes Payable | (2,281) |
| S1200-600 Miscellaneous Current Liabilities | <u>1,263.</u> |

| | |
|--|-------------------|
| S1200-610 NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ <u>13,243.</u> |
|--|-------------------|

CASA MILAGRO
HUD PROJECT NO. 116-HD004
SUPPLEMENTARY DATA REQUIRED BY HUD
FOR THE YEAR ENDED JUNE 30, 2022

COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS AND RECEIPTS

| | | |
|---|---------------|------------------------|
| S1300-010 Cash | \$ 24,244. | |
| S1300-040 Total Cash | | \$ 24,244. |
| <u>OTHER CURRENT OBLIGATIONS</u> | | |
| S1300-075 Accounts Payable | \$ 1,395. | |
| S1300-100 Accrued Expenses | 22,635. | |
| 2191 Tenant Security Deposits | <u>3,162.</u> | |
| S1300-140 TOTAL CURRENT OBLIGATIONS | | \$ <u>27,192.</u> |
| S1300-150 SURPLUS CASH | | \$(<u>2,948</u>) |
| DEPOSIT DUE RESIDUAL RECEIPTS | | \$ <u>0.</u> |

SCHEDULE OF ESCROWS, RESERVE FOR REPLACEMENTS, & RESIDUAL RECEIPTS

In accordance with the provisions of the regulatory agreement, restricted cash is held by the corporation to be used for replacement of property, or operations with the approval of HUD and future expenditures as follows:

SCHEDULE OF RESERVE FOR REPLACEMENT

| | |
|---|-------------------|
| 1320P Balance at beginning of year | \$ 29,415. |
| 1320DT Total deposits | 12,259. |
| 1320INT Interest on replacement revenue accounts | 6. |
| 1320WT Approved withdrawals | <u>(24,615)</u> |
| 1320 Balance at end of year – confirmed by mortgage | <u>\$ 17,065.</u> |

SCHEDULE OF RESIDUAL RECEIPTS

| | |
|---|-------------------|
| 1340P Balance at beginning of year | \$ 15,560. |
| 1340DT Total Annual Deposits | 0. |
| 1340INT Interest on Residual Receipt Accounts | 1. |
| 1340WT Withdrawals | <u>(0)</u> |
| 1340 Balance at end of year | <u>\$ 15,561.</u> |

CASA MILAGRO
HUD PROJECT NO. 116-HD004
SUPPLEMENTARY DATA REQUIRED BY HUD
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>ASSETS</u> | | | <u>ACCUMULATED DEPRECIATION</u> | | | |
|-------------------------------------|-------------------------------------|------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| | <u>BALANCE</u> <u>07/01/2021</u> | <u>ADDITIONS</u> | <u>BALANCE</u> <u>06/30/2022</u> | <u>BALANCE</u> <u>07/01/2021</u> | <u>CURRENT</u> <u>PROVISIONS</u> | <u>BALANCE</u> <u>06/30/2022</u> | <u>NET</u> <u>BOOK</u> <u>VALUE</u> <u>BALANCE</u> <u>06/30/2022</u> |
| LAND | \$ 171,742. | \$ 0. | \$ 171,742. | \$ 0. | \$ 0. | \$ 0. | \$ 171,742. |
| BUILDINGS | \$ 591,863. | \$ 7,200. | \$ 599,063. | \$ 282,904. | \$ 15,339. | \$ 298,243. | \$ 300,820. |
| BUILDING EQUIPMENT (PORTABLE) | \$ 21,538. | \$ 0. | \$ 21,538. | \$ 18,366. | \$ 16. | \$ 18,382. | \$ 3,156. |
| MAIN. EQUIP | \$ 6,973. | \$ 0. | \$ 6,973. | \$ 6,973. | \$ 0. | \$ 6,973. | \$ 0. |
| TOTAL | <u>\$ 792,116.</u> | <u>\$ 7,200.</u> | <u>\$ 799,316.</u> | <u>\$ 308,243.</u> | <u>\$ 15,355.</u> | <u>\$ 323,598.</u> | <u>\$ 475,718.</u> |

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*

To The Board Of Directors
Casa Milagro
Santa Fe, New Mexico

To the Board of Directors

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Casa Milagro, which comprise the balance sheet as of June 30, 2022, and the related statements of income and expenses, changes in partner's capital, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Casa Milagro's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Casa Milagro's internal control. Accordingly, we do not express an opinion on the effectiveness of Casa Milagro's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Casa Milagro's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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*
PAGE 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BLOOM & BLOOM LLP
CERTIFIED PUBLIC ACCOUNTANTS
MILLBURN, NEW JERSEY
September 15, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To The Board Of Directors
Casa Milagro
Santa Fe, New Mexico

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Casa Milagro'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 the Corporation's major federal program for the year ended June 30, 2022. The Corporation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Casa Milagro complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditors' Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of Casa Milagro and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Corporation'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 controls over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to Casa Milagro's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Casa Milagro's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Casa Milagro's compliance with the requirements of the major federal program as a whole.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

PAGE 2

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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 Casa Milagro's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Casa Milagro'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 Casa Milagro's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, non-compliance with a compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditors' Responsibilities for the Audit of Compliance" section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



BLOOM & BLOOM LLP
CERTIFIED PUBLIC ACCOUNTANTS
MILLBURN, NEW JERSEY
September 15, 2022

CASA MILAGRO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARD
FOR THE YEAR ENDED JUNE 30, 2022

| <u>PROGRAM</u> | <u>CFDA</u> | <u>PROJECT OR GRANT NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|------------------------------------|-------------|------------------------------------|---------------------------------|
| FEDERAL: | | | |
| U.S. Department Of HUD | | | |
| Section 811 Capital Advance | 14.181 | 116-HD004 | \$ 670,400. |
| Project Rental Assistance Contract | 14.181 | 116-HD004 | 97,415. |
| Continuum of Care Program | 14.267 | 116-HD004 | <u>102,120.</u> |
| Total federal expenditures | | 116-HD004 | <u>\$ 869,935.</u> |

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Casa Milagro which operates HUD Project No. 116-HD004 under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Casa Milagro, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Casa Milagro.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Casa Milagro has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3- CAPITAL ADVANCE

At June 30, 2022, Casa Milagro had the following capital advance which is presented as a mortgage payable. The capital advance is also included in the federal expenditures presented.

| <u>PROGRAM</u> | <u>CFDA</u> | <u>AMOUNT OUTSTANDING</u> |
|-----------------------------|-------------|-------------------------------|
| Section 811 Capital Advance | 14.181 | \$ 670,400. |

NOTE 4- SUBRECIPIENTS

The Organization provided no federal awards to subrecipients.

CASA MILAGRO
FHA PROJECT NO. 116-HD004
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

(A)SECTION 1 – SUMMARY OF AUDITOR’S RESULTS
FINANCIAL STATEMENTS

| | |
|---|---------------|
| Type of auditor’s report issued: | |
| Internal control over financial reporting: | Unmodified |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not Considered to be material weakness(es)? | None reported |
| Noncompliance material to financial statements noted | No |

FEDERAL AWARDS

| | |
|---|---------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not Considered to be material weakness(es)? | None reported |

| | |
|--|------------|
| 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 section 200.516(a)? | No |
|---|----|

IDENTIFICATION OF MAJOR PROGRAMS:

NAME OF FEDERAL
CFDA NUMBERS

PROGRAM OR CLUSTER

| | |
|--------|--|
| 14.181 | Supportive Housing for Persons with Disabilities (Section 811) |
|--------|--|

| | |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
|---|-----------|

| | |
|--|----|
| Auditee qualified as low-risk auditee? | No |
|--|----|

CASA MILAGRO
FHA PROJECT NO. 116-HD004
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
YEAR ENDED JUNE 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

(B) Findings – None, our audit disclosed no findings that are required to be reported by Government Auditing Standards.

SECTION III – FEDERAL AWARDS FINDINGS

(B) Findings – None, our audit disclosed no findings that are required to be reported by Uniform Guidance.

CASA MILAGRO
HUD PROJECT NO. 116-HD004
SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

Details – Prior Audit Findings

To the best of our knowledge, the Organization did not have prior audit findings.

CASA MILAGRO
HUD PROJECT NO. 116-HD004
SUPPORTING DATA REQUIRED BY HUD
CERTIFICATION OF OFFICER
YEAR ENDED JUNE 30, 2022

I hereby certify that I have examined the accompanying financial statements and supplemental data of Casa Milagro FHA Project No. 116-HD004 and, to the best of my knowledge and belief, the same is complete and accurate. We also certify, to the best of our knowledge and belief, the Project complied with U.S. Department of Housing and Urban Development regulations.

Desiree Bernard

MS. DESIREE BERNARD, EXECUTIVE DIRECTOR

SEPTEMBER 15, 2022
DATE

IDENTIFICATION NUMBER
NAME OF SIGNATORY #1:
TITLE OF CERTIFYING OFFICIAL

#85-0443188
Ms. Desiree Bernard
Executive Director

TELEPHONE NUMBER:

(505) 474-7684

NAME OF DEVELOPMENT:
ADDRESS:

Casa Milagro
49 Camino Bajo
Santa Fe, NM 87508