

THINK NEW MEXICO and THINKNMRE, LLC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

THINK NEW MEXICO
A Results-Oriented Think Tank Serving New Mexicans



THINK NEW MEXICO and THINKNMRE, LLC
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

Independent Auditors' Report

Board of Directors
Think New Mexico and ThinkNMRE, LLC
Santa Fe, NM

Opinion

We have audited the accompanying consolidated financial statements of **Think New Mexico** (a New Mexico nonprofit corporation), and its controlled affiliate, **ThinkNMRE, LLC** (collectively referred to as “Think New Mexico” or the Organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Think New Mexico as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Think New Mexico 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Think New Mexico's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Think New Mexico's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Think New Mexico's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company PLLC

Taylor, Roth and Company, PLLC
Certified Public Accountants
Albuquerque, New Mexico
September 12, 2024

THINK NEW MEXICO and THINKNMRE, LLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
<u>Assets</u>		
Cash and cash equivalents	\$ 1,269,287	\$ 365,499
Contributions and grants receivable	-	40,464
Investments (Note 4)	2,406,833	2,164,793
Prepaid expenses	1,329	48,866
Land held for sale (Note 5)	-	840,000
Property and equipment, net (Note 6)	2,635,090	1,670
Operating lease right-of-use asset (Note 8)	18,676	55,775
Endowment (Notes 4, 7 and 11)		
Cash	150,000	-
Beneficial interest in assets held by others	-	114,783
Investments	130,765	117,850
Total assets	\$ 6,611,980	\$ 3,749,700
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 14,988	\$ 18,986
Deposits held for others	11,000	-
Operating lease liability (Note 8)	18,676	55,775
Note payable (Note 9)	1,753,629	-
Total liabilities	1,798,293	74,761
<u>Net assets</u>		
Without donor restrictions		
Undesignated	4,417,922	3,401,842
Board-designated endowment	-	62,829
	4,417,922	3,464,671
With donor restrictions (Notes 10 and 11)	395,765	210,268
Total net assets	4,813,687	3,674,939
Total liabilities and net assets	\$ 6,611,980	\$ 3,749,700

The accompanying notes are an integral part of these financial statements

THINK NEW MEXICO and THINKNMRE, LLC

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			2022
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
OPERATING ACTIVITIES				
<u>Revenues and other support</u>				
Contributions	\$ 739,444	\$ 131,650	\$ 871,094	\$ 746,377
Grants	417,429	276,500	693,929	409,989
Rental income (Note 12)	90,765	-	90,765	-
All other	1,606	-	1,606	483
In-kind contributions (Note 13)	103,347	-	103,347	15,147
Net assets released from restrictions (Note 14)	239,988	(239,988)	-	-
Total revenue and other support	<u>1,592,579</u>	<u>168,162</u>	<u>1,760,741</u>	<u>1,171,996</u>
<u>Expense</u>				
Program services	709,627	-	709,627	626,224
Supporting services				
General and administrative	56,358	-	56,358	49,478
Fund-raising	93,630	-	93,630	75,659
Enterprise	104,285	-	104,285	-
Total expense	<u>963,900</u>	<u>-</u>	<u>963,900</u>	<u>751,361</u>
Change in net assets from operations	<u>628,679</u>	<u>168,162</u>	<u>796,841</u>	<u>420,635</u>
NONOPERATING ACTIVITIES				
Change in beneficial interest (Note 7)	(844)	(993)	(1,837)	(21,848)
Loss on land held for sale (Note 5)	(6,231)	-	(6,231)	(100,000)
Investment income(losses), net (Note 4)	331,647	18,328	349,975	(307,466)
Total nonoperating activities	<u>324,572</u>	<u>17,335</u>	<u>341,907</u>	<u>(429,314)</u>
Change in net assets	953,251	185,497	1,138,748	(8,679)
Net assets, beginning of year	<u>3,464,671</u>	<u>210,268</u>	<u>3,674,939</u>	<u>3,683,618</u>
Net assets, end of year	<u>\$ 4,417,922</u>	<u>\$ 395,765</u>	<u>\$ 4,813,687</u>	<u>\$ 3,674,939</u>

The accompanying notes are an integral part of these financial statements

THINK NEW MEXICO and THINKNMRE, LLC
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

<u>Description</u>	2023				2022		
	Program Services	Supporting Services		Enterprise		Total	Total
		General and Administrative	Fund- raising	Office rental	Total		
Salaries and wages	\$ 401,329	\$ 28,021	\$ 40,675	\$ -	\$ 470,025	\$ 406,779	
Payroll taxes and benefits	116,133	8,199	12,296	-	136,628	130,064	
Occupancy	34,683	2,449	3,672	52,144	92,948	40,031	
Interest expense	-	-	-	66,501	66,501	-	
Printing	31,192	71	8,020	-	39,283	69,073	
Depreciation	888	63	94	32,926	33,971	838	
Research	19,130	-	-	-	19,130	206	
Office expenses	14,395	1,016	1,524	-	16,935	2,787	
Insurance	3,144	222	333	8,516	12,215	2,791	
Postage	8,632	274	3,069	-	11,975	19,881	
Accounting and audit services	-	11,757	-	-	11,757	12,230	
Data services	1,437	-	5,750	-	7,187	6,935	
Meeting expense	3,560	-	3,559	-	7,119	6,087	
Marketing	3,820	-	3,126	-	6,946	-	
Graphic design and art	5,811	-	306	-	6,117	10,483	
Educational outreach	3,680	-	920	-	4,600	4,450	
Telephone and internet	3,604	254	382	-	4,240	4,130	
All other	10,459	663	4,850	351	16,323	34,596	
Total before enterprise allocation	661,897	52,989	88,576	160,438	963,900	751,361	
Enterprise allocation (Note 15)	47,730	3,369	5,054	(56,153)	-	-	
Total expenses	<u>\$ 709,627</u>	<u>\$ 56,358</u>	<u>\$ 93,630</u>	<u>\$ 104,285</u>	<u>\$ 963,900</u>	<u>\$ 751,361</u>	

The accompanying notes are an integral part of these financial statements

THINK NEW MEXICO and THINKNMRE, LLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 1,138,748	\$ (8,679)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Gains)losses on investments and land held for sale	(263,672)	458,085
Donated stock	(15,118)	(981)
In-kind services capitalized	(82,313)	-
Depreciation expense	33,971	838
(Gains)losses on beneficial interest in assets held by others	1,837	21,348
Contributions restricted for long-term investment	(150,000)	-
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in contributions and grants receivable	40,464	2,036
(Increase)decrease in prepaid expenses	47,537	(48,866)
Increase(decrease) in accounts payable	(3,998)	8,104
Increase(decrease) in deposits held for others	11,000	-
Net cash provided by operating activities	758,456	431,885
<u>Cash flows from investing activities</u>		
Proceeds from sales of investments and land held for sale	2,017,441	350,381
(Reinvestment) of investment income and acquisitions of investments	(1,251,336)	(870,267)
Investment in property and equipment	(712,348)	(1,216)
Net cash provided(used) by investing activities	53,757	(521,102)
<u>Cash flows from financing activities</u>		
Transfers of funds in beneficial interest in assets held by others	112,946	-
(Repayments) on note payable	(21,371)	-
Investment in permanent endowment	150,000	-
Net cash provided(used) by financing activities	241,575	-
Net increase(decrease) in cash and cash equivalents	1,053,788	(89,217)
Cash and cash equivalents, beginning of year	365,499	454,716
Cash and cash equivalents, end of year	\$ 1,419,287	\$ 365,499
<u>Supplemental disclosure of information:</u>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows - operating leases	\$ 37,452	\$ 37,452
Cash paid during the period for interest	\$ 66,501	\$ -
Mortgage financing - office building purchase	\$ 1,775,000	\$ -

The accompanying notes are an integral part of these financial statements

THINK NEW MEXICO and THINKNMRE, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - NATURE OF ACTIVITIES

Think New Mexico (the Organization) is a 501(c)(3) not-for-profit organization incorporated in 1998 under the laws of the State of New Mexico. The Organization is a results-oriented think tank whose mission is to improve the lives of all New Mexicans, especially those who lack a strong voice in the political process. The Organization fulfills this mission by educating the public, the media, and policymakers about some of the most serious challenges facing New Mexico and by developing and advocating for enduring, effective, evidence-based solutions. The Organization's approach is to perform and publish sound, nonpartisan, independent research.

Unlike many think tanks, the Organization does not subscribe to any particular ideology. Instead, because New Mexico is at or near the bottom of so many national rankings, the Organization's focus is on promoting workable solutions that lift up all New Mexicans. Consistent with its nonpartisan approach, the Organization's board is composed of Democrats, Independents, and Republicans. They are statesmen and stateswomen, who have no agenda other than to see New Mexico succeed. They are also the brain trust of this think tank. As a results-oriented think tank, the Organization measures its success based on changes in law or policy that it is able to achieve and that improve the lives of New Mexicans. Contributions and grants are the primary sources of revenue for the Organization.

ThinkNMRE, LLC (the "Affiliate") was formed in 2023 under the New Mexico Limited Liability Company Act to engage in real estate investment and management activities. The Affiliate is intended to be a disregarded entity for federal income tax purposes. The composition of the Board of Directors for each entity is identical, and Think New Mexico is the sole member of the Affiliate. The Affiliate may not engage in any activity that would adversely affect Think New Mexico's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Intercompany transactions and balances have been eliminated in the consolidation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

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

2. Basis of Presentation

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

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

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

2. Basis of Presentation (concluded)

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

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

3. Measure of Operations

The consolidated statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Think New Mexico's ongoing program services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

4. Cash and Cash Equivalents

The Organization considers all cash accounts and highly liquid investments with an initial maturity of three months or less to be cash equivalents.

5. Receivables

Receivables at year-end consist primarily of grants and contributions from foundations, businesses, and individuals. Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of individual accounts. No bad debt has been recorded in the current year, and no allowance for uncollectible amounts is considered necessary as of year-end. Management expects all receivables due as of year-end to be received during the subsequent year.

6. Property and Equipment

The Organization's policy is to capitalize expenditures for property and equipment with a useful life greater than one year. Equipment is capitalized at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from 3 to 40 years.

7. Revenue and Revenue Recognition

Contributions and Grants

Revenue is recognized when earned. Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. As of December 31, 2023, the Organization has one grant awarded prior to the end of the year with a balance of \$200,000 that is considered a conditional promise to give. Revenue related to this grant will be recognized in the subsequent two years when conditions are met and qualifying expenditures are incurred.

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

7. Revenue and Revenue Recognition (concluded)

Rental Revenue

The Organization is a party to lease agreements to provide office space to tenants. Revenue related to the lease agreements, including utility assessments, is recognized on a monthly basis. Payment received in advance is deferred until the month of service.

8. Contributions of Property and Equipment

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

9. Estimates

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

10. Fair Value Measurements

The Organization follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which require use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

11. Income Taxes

Think New Mexico is a nonprofit organization and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Organization has a 501(h) election which permits the Organization to calculate the specific amount that may be spent to influence legislation.

Think New Mexico regularly evaluates activities as it relates to its tax-exempt status. If Think New Mexico's activities are determined to be outside of its tax-exempt status, the potential exists for tax liabilities on those unrelated activities. During the year ended December 31, 2023, Think New Mexico engaged in debt-financed rental activities that are considered unrelated business income, and accordingly, the Organization files Form 990-T *Exempt Organization Business Income Tax Return* to account for this activity. The tax liability, if any, is expected to be immaterial, and no provision for income taxes has been reflected in Think New Mexico's consolidated financial statements.

12. Donated Services and Goods

Non-cash donations of goods used in operations are recorded at their estimated fair value at the date of donation. The Organization recognizes as revenue and expense for any donated services which require specific expertise to perform the services that otherwise would have been paid for if not donated. The value of in-kind services is recorded at fair value. The Organization receives substantial services donated by volunteers that do not meet criteria for recognition in these financial statements.

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

13. Functional Reporting of Expenses

For the year ended December 31, 2023, the costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The significant expenses allocated based on time and effort include salaries, payroll taxes and benefits, occupancy costs, and supplies. All other costs are assigned directly to the functional areas benefited.

14. Summarized Prior-Year Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

15. Leases

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

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

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

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

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

Rental income for the operating lease payments is recognized on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the lessee will exercise the option.

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

16. Reclassifications

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

17. Subsequent Events

Management has evaluated subsequent events through September 12, 2024, the date the financial statements were available to be issued.

NOTE 3 - 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 as of December 31, 2023:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 1,419,287
Investments	2,537,598
Total financial assets	3,956,885
Less amounts not available for general operations:	
Donor-restricted net assets - endowments	(280,765)
Donor-restricted net assets - purpose restrictions	(115,000)
Deposits held for others	(11,000)
	(406,765)
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 3,550,120</u>

Think New Mexico manages its budget in a frugal manner which generally, but not always, results in an annual surplus. These annual surpluses have accumulated over 23 years and are collected in a reserve fund which has been invested on a pro bono basis by an experienced investment professional.

The reserve fund is invested in Vanguard index funds, according to an asset allocation plan developed by the investment professional and the board of Think New Mexico. One hundred percent of the reserve fund investment portfolio at Vanguard is invested in mutual funds and ETFs and is highly liquid. As the result of prudent management and investment compounding, the reserve fund is now more than three times larger than Think New Mexico's annual operating budget. Think New Mexico does not use the reserve fund to subsidize its annual operating expenses.

In July 2021, Think New Mexico hired its first Education Reform Director, and there may be other opportunities in the future to magnify impact by hiring additional staff. In addition, during 2021, Think New Mexico established an endowment fund to support general operating expenses. Once this fund reaches \$1 million, the board could approve an annual draw of up to 5%.

NOTE 4 - INVESTMENTS

Investments are carried at fair value and consisted of the following as of December 31, 2023:

<u>Description</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
ETFs	\$ 1,863,672	\$ 2,371,217	\$ 507,545
Mutual funds	124,329	130,765	6,436
Certificate of deposit	25,771	25,771	-
Common stock (donated)	9,845	9,845	-
Total	<u>\$ 2,023,617</u>	<u>\$ 2,537,598</u>	<u>\$ 513,981</u>

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividends	\$ 82,072
Unrealized and realized gains(losses)	269,903
Management fees (in-kind)	(2,000)
Total	<u>\$ 349,975</u>

Investments include two internally managed endowment funds, The Udall-Carruthers Endowment Fund, which had a fair value of \$105,935, and the Operating Expense Endowment Fund, which had a fair value of \$24,830, as of December 31, 2023. These funds and related earnings are donor-restricted for these endowments, as more fully described at Note 11.

NOTE 5 - LAND HELD FOR SALE

On April 12, 2023, land held for sale was sold to an unrelated party for \$900,000. As a result, management recorded a loss of \$100,000 on the value of the land as of December 31, 2022, to adjust to the fair market value of \$900,000, net of estimated sales costs of \$60,000. The loss recorded in the year ended December 31, 2023, was \$(6,231).

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31, 2023:

<u>Description</u>	<u>Amount</u>
Land	\$ 671,215
Building and building improvements	1,993,679
Office equipment	11,525
	<u>2,676,419</u>
Less: accumulated depreciation	(41,329)
Net property and equipment	<u>\$ 2,635,090</u>

Depreciation expense for the year ended December 31, 2023 was \$33,971.

NOTE 7 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Think New Mexico established endowment funds at three community foundations (the recipient organizations). In general, the funds held at the community foundations are comprised of transfers from the Organization, known as reciprocal transfers, and gifts paid directly to the community foundations by third party donors who specified Think New Mexico as the beneficiary.

In accordance with FASB ASC 958, reciprocal transfers and transfers by third party donors who have not explicitly granted variance power to the recipient organization are recognized as an asset of Think New Mexico. (Contributions to the funds by third party donors who have explicitly granted variance power to the recipient organization are not recognized as an asset of Think New Mexico.) Variance power is defined by FASB ASC 958 as the unilateral power of the recipient organization to redirect the use of the transferred assets to another beneficiary without approval from the donor, specified beneficiary, or any other interested party. The funds held at the community foundations are considered endowment funds and are recorded as a beneficial interest in assets held by others.

Terms of Endowment Agreements

Santa Fe Community Foundation: To the best of the knowledge and belief of management of Think New Mexico, no third-party donors have explicitly granted variance power to the Foundation. Think New Mexico has granted variance power to the Foundation for reciprocal transfers to the fund. The terms of the variance power granted by Think New Mexico as stated in the Santa Fe Community Foundation Agency Endowment Fund Agreement are that "the fund will be held subject to the Articles of Incorporation and Bylaws of the Foundation, as amended and restated from time to time, including the power reserved therein for the governing board of the Foundation to modify any restriction on the distribution of funds, if in its sole judgement, any restriction becomes obsolete, incapable of fulfillment or inconsistent with the charitable intent expressed by Think New Mexico, or with the exempt purpose of the Foundation." Distributions from the fund may be made in an amount currently equal to 5% of the market value of the fund, regardless of the amount of net earnings. However, distributions in excess of this amount may be made to Think New Mexico as determined by the Foundation provided one of the following conditions is met: (1) the distribution is for the purpose of enabling Think New Mexico to acquire or renovate a capital asset; (2) Think New Mexico is faced with unexpected financial needs that are not likely to recur, and the distribution will enable Think New Mexico to meet those needs. Recommendations for such distributions may be made from time to time by delivery to the Foundation of a certified copy of a resolution of the Board of Directors of Think New Mexico. Recommendations of Think New Mexico's Board of Directors are solely advisory and not binding on the Foundation.

Albuquerque Community Foundation: To the best of the knowledge and belief of management of Think New Mexico, no third-party donors have explicitly granted variance power to the Foundation. Think New Mexico has granted variance power to the Foundation for reciprocal transfers to the fund. The terms of the variance power granted by Think New Mexico as stated in the Albuquerque Community Foundation Agency Endowment Fund Agreement are that "the Board of Trustees of the Foundation have the power to modify the provisions of the agreement designating the use of the fund if the purposes for which it was created ever become obsolete, incapable of fulfillment, or inconsistent with the charitable purposes of the Organization. If the Agency (Think New Mexico) ceases to be a qualified charitable organization, the Foundation will make distributions to qualified charitable organization(s) that serve purposes similar to Think New Mexico. If the Foundation ceases to be a charitable organization or if the Foundation purposes dissolve, the assets of the fund shall, after payment or making provision for payment of any liabilities, properly chargeable to the fund, be distributed to Think New Mexico if it is still operational or if it has dissolved, to a qualified charitable organization(s) that serve purposes similar to those of Think New Mexico."

NOTE 7 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (continued)

The amount available for distribution is equal to 5.5% of the average 12-month fund balance. Distributions in excess of the distribution policy of the Foundation may be made to Think New Mexico (to meet emergencies, occasional financial deficits, and capital needs) in the year as determined by the governing board of the Foundation. Recommendations of such distributions may be made from time to time to the Foundation by Think New Mexico's Board of Directors pursuant to a majority vote. Recommendations of Think New Mexico shall be solely advisory and not binding on the Foundation.

Taos Community Foundation: Think New Mexico has granted variance power to the Foundation for reciprocal transfers to the fund. The terms of the variance power granted by Think New Mexico as stated in the Taos Community Foundation Agency Endowment Fund Agreement are that "the Fund will be held subject to the articles of incorporation and bylaws of the Foundation, as amended and restated from time to time, including the power reserved therein for the governing board of the Foundation to modify any restriction on the distribution of Funds, if, in its sole judgement, any restriction becomes obsolete, incapable of fulfillment or inconsistent with the charitable intent expressed by the Nonprofit, or with the exempt purpose of the Foundation." The amount available for distribution on an annual basis is equal to 5% of the value of the fund. The Foundation may change its distribution policy if it believes it is in the best interest of the community to do so. Distributions in excess of the distribution policy of the Foundation may be made to Think New Mexico provided one of the following conditions is met: (1) the distribution is for the purpose of enabling Think New Mexico to acquire or renovate a capital asset; (2) Think New Mexico is faced with unexpected financial needs that are not likely to recur, and the distribution will enable Think New Mexico to meet those needs. Recommendations of such distributions may be made from time to time by delivery to the Foundation of a certified copy of a resolution of the Board of Directors of Think New Mexico. Recommendations of Think New Mexico's Board of directors shall be solely advisory and not binding on the Foundation.

The following is a summary of the source of funds and changes in value since inception:

<u>Description</u>	<u>Santa Fe Community Foundation</u>	<u>Albuquerque Community Foundation</u>	<u>Taos Community Foundation</u>	<u>Total</u>
Reciprocal transfers	\$ 28,707	\$ 20,000	\$ 10,000	\$ 58,707
Third party (donor) gifts	49,650	25	248	49,923
Net appreciation	64,145	19,844	7,724	91,713
Distributions	<u>(62,524)</u>	<u>(17,606)</u>	<u>(7,267)</u>	<u>(87,397)</u>
Liquidations - investment in office building	<u>(79,978)</u>	<u>(22,263)</u>	<u>(10,705)</u>	<u>(112,946)</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As previously described, the endowment agreements at the community foundations permitted the distribution of funds to Think New Mexico to support the acquisition of a capital asset. During the year ended December 31, 2023, per direction from the Board of Directors, the endowment funds held at the three community foundations were liquidated to support the purchase of an office building (Think New Mexico Headquarters) in May 2023. Management has interpreted the endowment agreements to indicate that the use of the funds to purchase Think New Mexico Headquarters releases the restrictions of the third party (donor) gifts.

NOTE 7 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (concluded)

The changes in the beneficial interest in assets held by others for the year ended December 31, 2023, by net asset classification included:

<u>Description</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year	\$ 62,829	\$ 51,954	\$ 114,783
Contributions	-	-	-
Share of appreciation, net	1,943	1,739	3,682
Distributions	(2,787)	(2,732)	(5,519)
Change in beneficial interest, net	(844)	(993)	(1,837)
Total, before liquidation of funds	61,985	50,961	112,946
Transfers to Think New Mexico	(61,985)	(50,961)	(112,946)
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 - LEASES

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent its obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, which arose from an operating lease, were calculated based on the present value of future lease payments over the lease term. Operating lease cost is recognized on a straight-line basis over the lease term as *Occupancy* expense on the Statement of Functional Expenses. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

Lessee – Office space

During 2022, the Organization was a party to an operating lease for office space, with an original lease dated March 1, 2011. An amended agreement in 2019 extended the lease through June 30, 2024. The monthly payments of \$3,121 from January 2022 to the end of the lease term are included to calculate the right-of-use asset (ROU) and the lease liability as of January 1, 2022. Lease payments will not increase during the lease term.

Information related to the office space lease as of December 31, 2023, included the following:

<u>Description</u>	<u>Amount</u>
<i>Components of lease cost:</i>	
Operating lease cost	\$ 37,452
Short-term (terms of 12 months or less)	-
Total	<u>\$ 37,452</u>
<i>Other information:</i>	
Remaining lease term	0.5 year
Discount rate	0.91%

NOTE 8 - LEASES (concluded)

Future maturities of lease liabilities:

<u>Fiscal years ending December 31st:</u>	<u>Amount</u>
2024	\$ 18,726
Less: present value discount	<u>(50)</u>
Present value of lease liability	<u>\$ 18,676</u>

Lessor – Think New Mexico Headquarters

During 2023, the Organization purchased an office building and took occupancy in June 2023. The leased office space referred to in this note was sublet to three unrelated parties, and all lease agreements expired in June 2024. (See Note 12.)

NOTE 9 - NOTE PAYABLE

Information related to the note payable included the following as of December 31, 2023:

<u>Description</u>	<u>Amount</u>
Mortgage agreement dated May 11, 2023, with seller for \$1,775,000; interest rate fixed at 6.75%; balloon payment due upon maturity at May 11, 2034; monthly payment of principal and interest of \$13,496. A prepayment up to the amount of \$600,000 is permitted on or after January 1, 2024, but no later than March 29, 2024; remaining balance is not re-amortized and the monthly payment amount does not change. No other prepayments permitted until after the 8th anniversary date of the Note, which is May 11, 2031. If all monthly payments are made pursuant to the terms of the Note and the \$600,000 prepayment is made in 2024, the estimated outstanding principal balance as of May 11, 2031, will be \$364,064. The Note is collateralized by first deed of trust on the property.	<u>\$ 1,753,629</u>

Interest expense related to the long-term debt was \$66,501 for the year ended December 31, 2023.

Future principal payments on the note payable included:

<u>For the years ending December 31st:</u>	<u>Amount</u>
2024 (includes \$600,000 prepayment)	\$ 683,149
2025	92,528
2026	98,970
2027	105,862
2028	113,232
2029 and after	<u>659,888</u>
Total	<u>\$ 1,753,629</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2023, included the following:

<u>Description</u>	<u>Amount</u>
Restricted for time or purpose	
Healthcare reform staff	\$ 100,000
Internship program	15,000
Endowment earnings(losses) - Udall-Carruthers Fund	2,569
Endowment earnings(losses) - Internal Endowment Fund	<u>(170)</u>
	<u>117,399</u>
Restricted for perpetuity	
Endowment - Healthcare policy reform	150,000
Endowment - Udall-Carruthers Fund	103,366
Endowment - Operating Fund	<u>25,000</u>
	<u>278,366</u>
Total	<u><u>\$ 395,765</u></u>

NOTE 11 - ENDOWMENT

During the year ended December 31, 2023, the Organization’s endowment consisted of the funds held at three community foundations, as described in Note 7; the Udall-Carruthers Endowment Fund (Udall-Carruthers Fund), established in 2018; the Operating Expense Endowment Fund (Operating Fund), established in 2021, and cash assets held for an endowment fund to be created and restricted for health care policy reform (Health Care Fund). The Udall-Carruthers and Operating funds are held and managed as a component of the Organization’s investment portfolio. The endowment funds were established to provide a future source of cash flows and a resource for capital acquisitions and financial need. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Third-party (donor) contributions made directly to the community foundations are classified as net assets with donor restrictions. Reciprocal transfers to the community foundations from the Organization are classified as without donor restrictions. Appreciation and distribution of amounts held at the community foundations are allocated to “with” and “without” donor restrictions for each community foundation fund based on the proportional share of investments. Earnings are appropriated by the foundations to the Organization according to the terms of the agreements. Think New Mexico has delegated the management of these funds to the community foundations, and those community foundations are responsible for the investment and distribution policies related to those endowment funds (see Note 7).

Related to the internally-managed endowment funds, Think New Mexico 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 gift date, absent explicit donor stipulations to the contrary. As a result of this interpretation, Think New Mexico classifies net assets with donor restrictions to be held in perpetuity as the original value of donor gifts. Any Board-designated contributions to the funds are classified as net assets without donor restrictions.

NOTE 11 - ENDOWMENT (continued)

Investment earnings, including appreciation or depreciation of the investments, are allocated between net assets without donor restrictions and net assets with donor restrictions. Earnings accumulating on net assets with donor restrictions are released from restrictions when appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation or deflation, (5) the expected total return from income and appreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Organization.

The Organization invests the endowment assets in accordance with its investment policy. Under this policy, the primary investment objectives of Think New Mexico are to: (1) preserve the real purchasing power of the principal; (2) over the short-term, build up capital; and (3) over the long-term, build capital to a level so that the annual earnings of long-term investments will meet the projected annual overhead and administrative needs of the Organization, and secondarily, to maintain a sufficient level of liquidity to meet those overhead and administrative needs. The performance goal is that the total return of the long-term investments will equal or exceed the average return of appropriate capital market indices weighted by the asset allocation target percentages over a rolling five-year period, calculated on an annualized, net-of-fee basis. To satisfy its objectives and goals, Think New Mexico relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Think New Mexico targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

In January 2020, the Organization adopted a spending policy for the Udall-Carruthers Fund which includes an annual distribution of 5% of the total market value of the Fund, unless the Board votes to take a lower percentage or to refrain from taking a distribution. The distribution amount is calculated as an average of the preceding 12 quarters. In addition, the distribution is restricted for the use of the internship program, including stipends paid to interns and other expenses of running the program. As of December 31, 2023, the Udall-Carruthers Fund had a balance of \$105,935. To date, all contributions to this fund are donor-restricted, and as a result, all accumulated earnings are classified as net assets with donor restrictions.

In October 2021, the Organization adopted a spending policy for the Operating Fund, which includes a provision that no distributions will be appropriated until the fund reaches a fair market value of \$1 million. After this threshold is met, an annual distribution of up to 5% of the average value of the fund, based on the five prior years, will be allowed, pending approval by 67% of Board membership. If the fund's value declines to \$500,000 or less, no appropriations will be allowed. The policy allows for several extraordinary distributions with a vote of 75% of Board membership, including: 1) to prevent bankruptcy or dissolution, 2) to acquire and/or maintain a building, or 3) to address unexpected and non-recurring emergency needs. The balance of the Operating Fund as of December 31, 2023 is \$24,830.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

NOTE 11 - ENDOWMENT (concluded)

Changes in endowment net assets for the year ended December 31, 2023, by net asset classification included:

<u>Description</u>	<u>With Donor Restrictions</u>			<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>Endowment Earnings</u>	<u>To Be Held in Perpetuity</u>	
Beginning of year	\$ 62,829	\$ (8,485)	\$ 178,289	\$232,633
Contributions	-		150,000	150,000
Change in beneficial interest, net	1,943	1,739	-	3,682
Investment income, net	-	18,328	-	18,328
Appropriation / liquidation	(64,772)	(9,183)	-	(73,955)
Release of restrictions - investment in office building	-	-	(49,923)	(49,923)
End of year	<u>\$ -</u>	<u>\$ 2,399</u>	<u>\$ 278,366</u>	<u>\$280,765</u>

The composition of the endowment as of December 31, 2023 included:

<u>Description</u>	<u>Amount</u>
Cash - temporarily held in bank account	\$ 150,000
Investments held at brokerage	130,765
Total	<u>\$ 280,765</u>

At December 31, 2023, the Organization had one endowment fund with a fair value less than the original gift value. The deficit was \$(170) as of year-end. The deficit was reported in net assets with donor restrictions and was a result of overall market losses. The deficit is expected to be fully recovered when market conditions improve. Subsequent gains that restore the fair value of the assets of the endowment funds to their original gift value will be classified as increases in net assets with donor restrictions.

NOTE 12 - RENTAL INCOME

Activity related to rental revenues during the year ended December 31, 2023, included:

<u>Description</u>	<u>Amount</u>
<i>Think New Mexico Headquarters</i>	
Rental income	\$ 55,072
Utility reimbursements	4,900
<i>Leased office space - sublets (Note 8)</i>	
Rental income	27,168
Utility reimbursements	3,625
Total	<u>\$ 90,765</u>

NOTE 13 - IN-KIND CONTRIBUTIONS

The values of donated services and goods included in the consolidated financial statements are as follows:

<u>Description</u>	<u>Revenue Recognized</u>	<u>Utilization in Program/Activities</u>	<u>Donor Restriction</u>	<u>Valuation Techniques and Inputs</u>
Legal services capitalized with building purchase	\$ 82,313	Programs, management and general, fund-raising, and enterprise	No associated donor restrictions	Estimated fair value based on current rates for similar services
Other professional services	14,284	Programs, management and general, fund-raising, and enterprise	No associated donor restrictions	Estimated fair value based on current rates for similar services
Office furniture and supplies	6,750	Programs, management and general, fund-raising, and enterprise	No associated donor restrictions	Estimate of the fair market value of goods
Total	<u>\$ 103,347</u>			

NOTE 14 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions during the year ended December 31, 2023 included:

<u>Description</u>	<u>Amount</u>
Building purchase / debt repayment	\$ 125,000
Building purchase - community foundation endowments	50,962
Education policy staff / policy reform	21,150
Fiscal year 2023 operations (time restrictions)	20,464
Internship program	10,000
Appropriation from Udall-Carruthers Endowment Fund	5,414
Other	6,998
Total	<u>\$ 239,988</u>

NOTE 15 - ENTERPRISE ALLOCATION

The direct costs of ThinkNMRE, LLC (LLC) are recognized in the consolidated statement of functional expense as an “Enterprise” function, and at year-end, these shared costs are allocated to the Organization’s program services, general and administrative, and fund-raising functions based on a reasonable estimate of the costs attributed to support these functions. During the year ended December 31, 2023, 35% of the LLC’s direct costs are attributed to the operational activities of Think New Mexico. This estimate is based on a physical analysis of building use during the year.

NOTE 16 - FAIR VALUE MEASUREMENTS

The Organization follows the Fair Value Measurements and Disclosures Topic of FASB ASC which requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. The standard establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by several factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 include mutual funds, listed equities, and listed derivatives.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate and government bonds, less liquid and restricted equity securities, and certain over-the-counter derivatives.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include limited partnership interests in corporate private equity and real estate funds, funds of hedge funds, and distressed debt.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

NOTE 16 - FAIR VALUE MEASUREMENTS (concluded)

The following table summarizes the levels in the fair value hierarchy for the Organization's investments as of December 31, 2023:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange-traded funds	\$ 2,371,217	\$ 2,371,217	\$ -	\$ -
Mutual funds	130,765	130,765	-	-
Certificates of deposit	25,771	-	25,771	-
Common stock	9,845	9,845	-	-
Total	<u>\$ 2,537,598</u>	<u>\$ 2,511,827</u>	<u>\$ 25,771</u>	<u>\$ -</u>

NOTE 17 - RETIREMENT PLAN EXPENSE

The Organization has a cash or profit-sharing plan retirement plan (the Plan) created in accordance with Section 401(a), 402(g), 401(m), and 501(a) of the Internal Revenue Code. The Plan is a prototype non-standardized plan, and employees who have attained the age of 21, completed 3 months of service, and filed a salary deferral agreement, may elect to participate. Eligibility requirements for the employer matching contribution are minimum age 21 and 12 months of service.

Employer contributions to the Plan are discretionary. Think New Mexico matches employee contributions at 100%, limited to 10% of a participant's salary and/or statutory limitations. Employer match and contribution is 100% vested after 6 years of service: 0% first year, then 20% each year thereafter. The expense recognized by Think New Mexico under the plan totaled \$35,191 for the year ended December 31, 2023.

NOTE 18 - CONCENTRATIONS OF RISK AND CONTINGENCIES

Investments

The Organization holds investments in a brokerage account that are subject to market value fluctuation.

Cash

As of December 31, 2023, the Organization held cash assets in excess of coverage provided by the Federal Deposit Insurance Corporation in the amount of \$369,422.

NOTE 19 - RELATED PARTY TRANSACTIONS

The founder of the Organization, who currently serves as the Executive Director and Secretary of the Board of Directors, has expressed an intent to contribute \$1 million to the Organization over an 8-year period to support the purchase and debt repayment of the office building. Because it is anticipated that the gift will be paid by a charitable foundation for which the Founder serves as an advisor, management has not recognized this pledge to give in these consolidated financial statements. During the year ended December 31, 2023, the fund for which the Founder serves as an advisor contributed \$125,000 and the gift is restricted to the building purchase.

NOTE 20 - SUBSEQUENT EVENT

Note Payable

In accordance with the terms of the loan agreement, a prepayment of principal in the amount of \$600,000 was made on the *Note Payable* on January 4, 2024.