



Carrie Tingley

HOSPITAL FOUNDATION

Financial Statements
and
Independent Auditor's Report

December 31, 2023 and 2022

Carrie Tingley Hospital Foundation

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Independent Auditor's Report

To the Board of Directors
Carrie Tingley Hospital Foundation

Opinion

We have audited the accompanying financial statements of Carrie Tingley Hospital Foundation (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

OFFICE LOCATIONS

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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 auditor's 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 financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 the Foundation'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.

Pattillo, Brown & Hill, LLP

Albuquerque, New Mexico
August 22, 2024

Financial Statements

Carrie Tingley Hospital Foundation
Statements of Financial Position
December 31,

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 375,908	\$ 568,539
Accounts receivable	-	6,565
Contributions receivable	-	31,000
Charitable gift annuity receivable, current	10,041	12,687
Employee retention tax credits receivable	-	87,195
Prepaid expenses	-	2,212
Total current assets	385,949	708,198
Charitable gift annuity receivable, noncurrent	-	10,041
Investments	3,492,632	3,066,911
Endowment funds held at the		
Albuquerque Community Foundation	20,137	18,864
Furniture, vehicle, and equipment, net	48,794	51,812
Total assets	\$ 3,947,512	\$ 3,855,826
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 16,616	\$ 16,778
Accrued expenses	13,303	16,485
Assets held for others	14,585	32,695
Total liabilities	44,504	65,958
Net assets		
Net assets without donor restrictions:		
Reserve for future operations	1,200,000	1,200,000
Endowment funds held at the		
Albuquerque Community Foundation	20,137	18,864
Total designated	1,220,137	1,218,864
Undesignated	2,666,837	2,516,354
Total net assets without donor restrictions	3,886,974	3,735,218
Net assets with donor restrictions	16,034	54,650
Total net assets	3,903,008	3,789,868
Total liabilities and net assets	\$ 3,947,512	\$ 3,855,826

The accompanying notes are an integral part of these financial statements.

Carrie Tingley Hospital Foundation
Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 137,665	\$ 5,071	\$ 142,736
Third-party event revenue	35,500	-	35,500
Special events, net of direct expenses (including in-kind revenue of \$38,400)	(1,539)	-	(1,539)
In-kind occupancy	27,787	-	27,787
Net assets released from restrictions	43,687	(43,687)	-
Total support and revenue	243,100	(38,616)	204,484
Expenses			
Program services			
Patient and family assistance	127,692	-	127,692
Quality of life	120,344	-	120,344
Hospital programs	150,000	-	150,000
Total program services	398,036	-	398,036
Supporting services			
Fundraising	84,433	-	84,433
Fundraising in-kind	38,400	-	38,400
Management and general	237,102	-	237,102
Total supporting services	359,935	-	359,935
Total expenses	757,971	-	757,971
Changes in net assets before net investment income			
net investment income	(514,871)	(38,616)	(553,487)
Investment income	666,627	-	666,627
Changes in net assets	151,756	(38,616)	113,140
Net assets, beginning of year	3,735,218	54,650	3,789,868
Net assets, end of year	\$ 3,886,974	\$ 16,034	\$ 3,903,008

The accompanying notes are an integral part of these financial statements.

Carrie Tingley Hospital Foundation
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 157,596	\$ 31,922	\$ 189,518
Third-party events revenue	89,062	-	89,062
Employee retention tax credits	87,195	-	87,195
Special events, net of direct expenses (including in-kind revenue of \$44,291)	92,814	-	92,814
In-kind occupancy	27,787	-	27,787
Net assets released from restrictions	14,197	(14,197)	-
Total support and revenue	<u>468,651</u>	<u>17,725</u>	<u>486,376</u>
Expenses			
Program services			
Patient and family assistance	94,995	-	94,995
Quality of life	136,900	-	136,900
Hospital programs	150,000	-	150,000
Total program services	<u>381,895</u>	<u>-</u>	<u>381,895</u>
Supporting services			
Fundraising	80,650	-	80,650
Fundraising in-kind	44,291	-	44,291
Management and general	188,807	-	188,807
Total supporting services	<u>313,748</u>	<u>-</u>	<u>313,748</u>
Total expenses	<u>695,643</u>	<u>-</u>	<u>695,643</u>
Changes in net assets before net investment income	(226,992)	17,725	(209,267)
Investment income	(838,181)	-	(838,181)
Changes in net assets	(1,065,173)	17,725	(1,047,448)
Net assets, beginning of year	4,800,391	36,925	4,837,316
Net assets, end of year	<u><u>\$ 3,735,218</u></u>	<u><u>\$ 54,650</u></u>	<u><u>\$ 3,789,868</u></u>

The accompanying notes are an integral part of these financial statements.

Carrie Tingley Hospital Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Hospital Programs	Patient and Family Assistance	Quality of Life	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ -	\$ 31,316	\$ 58,180	\$ 89,496	\$ 79,374	\$ 107,724	\$ 276,594
Contribution to Carrie Tingley Hospital	150,000	-	-	150,000	-	-	150,000
In-kind	-	-	-	-	66,187	-	66,187
Family and patient assistance	-	63,150	-	63,150	-	-	63,150
Accounting and audit	-	2,683	2,683	5,366	34,967	2,683	43,016
Materials and supplies	-	679	13,206	13,885	1,209	14,694	29,788
Payroll taxes	-	2,584	4,738	7,322	7,588	8,955	23,865
Food, meals, and lodging	-	4,504	8,205	12,709	659	8,883	22,251
Professional fees	-	130	9,910	10,040	3,525	8,201	21,766
Computer systems and support	-	4,171	4,171	8,342	4,171	4,171	16,684
Insurance	-	3,795	3,880	7,675	4,053	4,814	16,542
Depreciation	-	-	-	-	13,227	-	13,227
Dues and memberships	-	735	2,927	3,662	3,544	4,083	11,289
Telephone and internet	-	2,066	3,281	5,347	2,781	2,736	10,864
Marketing and advertising	-	-	-	-	4,039	6,719	10,758
Employee insurance	-	1,323	1,879	3,202	2,908	4,640	10,750
Direct assistance	-	8,576	-	8,576	185	-	8,761
Printing	-	775	967	1,742	544	4,385	6,671
Retirement	-	695	698	1,393	1,903	1,915	5,211
Bank and credit card charges	-	-	-	-	4,458	573	5,031
Postage	-	-	2,203	2,203	412	1,685	4,300
Travel	-	200	2,765	2,965	66	131	3,162
Entertainment	-	-	-	-	-	1,414	1,414
Patient equipment	-	222	333	555	222	402	1,179
Miscellaneous	-	-	70	70	553	250	873
Awards	-	-	-	-	165	548	713
Equipment lease and rentals	-	88	141	229	177	174	580
Bad debt	-	-	-	-	185	-	185
Repairs and maintenance	-	-	107	107	-	-	107
Total expenses	\$ 150,000	\$ 127,692	\$ 120,344	\$ 398,036	\$ 237,102	\$ 189,780	\$ 824,918
Less special events expenses netted with revenues	-	-	-	-	-	(66,947)	(66,947)
Total expenses on the Statement of Activities	\$ 150,000	\$ 127,692	\$ 120,344	\$ 398,036	\$ 237,102	\$ 122,833	\$ 757,971

The accompanying notes are an integral part of these financial statements.

Carrie Tingley Hospital Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Hospital Programs	Patient and Family Assistance	Quality of Life	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ -	\$ 19,900	\$ 69,483	\$ 89,383	\$ 85,048	\$ 103,162	\$ 277,593
Contribution to Carrie Tingley Hospital	150,000	-	-	150,000	-	-	150,000
In-kind	-	7,873	9,390	17,263	13,083	44,291	74,637
Family and patient assistance	-	46,409	619	47,028	-	-	47,028
Accounting and audit	-	-	-	-	44,170	-	44,170
Materials and supplies	-	270	9,019	9,289	695	48,594	58,578
Payroll taxes	-	1,950	6,127	8,077	4,993	9,579	22,649
Food, meals, and lodging	-	3,569	7,828	11,397	304	19,589	31,290
Professional fees	-	89	5,312	5,401	1,530	7,953	14,884
Computer systems and support	-	3,237	3,237	6,474	3,457	3,237	13,168
Insurance	-	3,528	4,916	8,444	2,644	5,437	16,525
Depreciation	-	2,466	2,611	5,077	4,642	4,788	14,507
Dues and memberships	-	240	2,634	2,874	3,583	2,953	9,410
Telephone and internet	-	1,793	2,329	4,122	2,361	2,584	9,067
Marketing and advertising	-	-	-	-	9,120	11,319	20,439
Employee insurance	-	910	2,556	3,466	2,776	5,258	11,500
Printing	-	774	1,141	1,915	930	4,583	7,428
Retirement	-	167	532	699	666	1,540	2,905
Bank and credit card charges	-	-	-	-	6,822	170	6,992
Postage	-	166	2,032	2,198	369	907	3,474
Travel	-	712	3,412	4,124	167	1,212	5,503
Entertainment	-	-	-	-	-	2,638	2,638
Patient equipment	-	872	-	872	-	-	872
Miscellaneous	-	-	1,038	1,038	66	3,220	4,324
Equipment lease and rentals	-	70	1,429	1,499	1,381	23,006	25,886
Equipment lease and rentals	-	-	225	225	-	13,221	13,446
Repairs and maintenance	-	-	1,030	1,030	-	-	1,030
Total expenses	\$ 150,000	\$ 94,995	\$ 136,900	\$ 381,895	\$ 188,807	\$ 319,241	\$ 889,943
Less special events expenses netted with revenues	-	-	-	-	-	(194,300)	(194,300)
Total expenses on the Statement of Activities	\$ 150,000	\$ 94,995	\$ 136,900	\$ 381,895	\$ 188,807	\$ 124,941	\$ 695,643

The accompanying notes are an integral part of these financial statements.

Carrie Tingley Hospital Foundation
Statements of Cash Flows
For the Years Ended December 31,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Cash received from special events	\$ 27,008	\$ 45,964
Cash received from contributions	228,488	264,502
Cash received from interest and dividends	60,024	60,951
Cash received from employee retention tax credits	87,195	-
Cash paid to employees and suppliers	<u>(767,309)</u>	<u>(620,175)</u>
Net cash used by operating activities	<u>(364,594)</u>	<u>(248,758)</u>
Cash flows from investing activities		
Purchases of capital assets	(10,209)	(36,578)
Proceeds from the sale of investments	260,296	693,356
Purchases of investments	<u>(60,014)</u>	<u>(135,157)</u>
Net cash provided by investing activities	<u>190,073</u>	<u>521,621</u>
Cash flows from financing activities		
Net cash (paid) received in fiscal sponsor capacity	<u>(18,110)</u>	<u>32,695</u>
Net cash (used) provided by financing activities	<u>(18,110)</u>	<u>32,695</u>
Net (decrease) increase in cash and cash equivalents	(192,631)	305,558
Cash and cash equivalents, beginning of year	<u>568,539</u>	<u>262,981</u>
Cash and cash equivalents, end of year	<u>\$ 375,908</u>	<u>\$ 568,539</u>
Reconciliation of change in net assets to net cash used by operating activities		
Change in net assets	<u>\$ 113,140</u>	<u>\$ (1,047,448)</u>
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	13,227	14,507
Bad debt	185	-
Net realized and unrealized loss (gain) on investments	(627,276)	875,869
Changes in assets and liabilities		
Accounts receivable	6,565	4,235
Contributions receivable	30,815	(31,000)
Charitable gift annuity receivable	12,687	12,687
Employee retention tax credits receivable	87,195	(87,195)
Prepaid expenses	2,212	428
Accounts payable	(162)	5,682
Accrued expenses	<u>(3,182)</u>	<u>3,477</u>
Total adjustments	<u>(477,734)</u>	<u>798,690</u>
Net cash used by operating activities	<u>\$ (364,594)</u>	<u>\$ (248,758)</u>

The accompanying notes are an integral part of these financial statements.

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2023 and 2022

1) Organization

Carrie Tingley Hospital Foundation (Foundation), a philanthropic organization founded in 1963, is dedicated to enhancing the lives of children with special needs and their families throughout New Mexico. During 2023 and 2022 the Foundation assisted over 500 children directly and funded critical programs and equipment at Carrie Tingley Hospital that impacted over 20,000 children throughout the state. The Foundation's primary sources of income have traditionally included special event revenues, contributions, and investment income.

Programs and Services:

Carrie Tingley Hospital Foundation focuses on a holistic approach to service delivery – taking into account “the whole child.” Our mission is accomplished through three areas of focus:

- 1) Annual monetary support to the Carrie Tingley Hospital for identified projects that include the purchase of specialized equipment and facility upgrades to better serve Carrie Tingley Hospital patients.
- 2) Patient and Family Assistance that provides medical or therapeutic equipment not covered by insurance; home and vehicle modifications; basic living assistance to families of patients in need (rent, utilities, and repairs); and travel and lodging assistance for families of out-of-town patients.
- 3) Quality of Life programming to help ensure these young people who are permanently disabled can lead as normal lives as possible and reach their potential through adaptive sports programs and camps. These are critically important to build confidence, self-esteem, fitness, and social connections. The Foundation normally provides adaptive sports camps that include tennis, archery, and wheelchair basketball as well as adaptive cycling.

2) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), which require the Foundation to report information regarding its financial position and activities according to the net asset classifications below and on the following page:

- *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 Foundation's management and the board of directors.

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

- *Net Assets With Donor Restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated 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 statements of activities.

Furniture and Equipment

Furniture and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to five years. The Foundation's policy is to capitalize renewals and betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred. The Foundation's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Fair Value of Financial Instruments

For financial statement purposes, cash equivalents, accounts, contributions, and tax credits receivable, prepaid expenses, accounts payable, and other liabilities are considered financial instruments. The Foundation estimated that the fair value of all financial instruments at December 31, 2023 and 2022, did not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position because of their short-term nature.

Revenue Recognition

The Foundation's financial statements are presented in accordance with FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09 the Foundation is required to recognize revenue for the transfer of goods or services to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services.

Revenue recognition for the Foundation is as follows:

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue was received.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as deferred revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Foundation will record such disallowance at the time the final assessment is made.

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

The Foundation received and recognized \$5,891 of contributed food, equipment, materials and supplies related to the Festival of Trees special event held during 2022 and \$2,559 of event tickets contributed to the Quality of Life program. No such contributions were received during 2023. The Carrie Tingle Hospital provides the Foundation with free office space. Donated office space was valued and recorded at \$27,787 for each of the years ended December 31, 2023 and 2022, respectively. The Foundation also received donated storage space valued and recorded at \$38,400 for each of the years ended December 31, 2023 and 2022, respectively. The storage space is primarily used for equipment and supplies for the Festival of Trees special event.

Contributions Received and Contributions Made

The Foundation adopted FASB ASU No. 2018-08 – Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This update provides a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. To accomplish this, the ASU clarifies how a not-for-profit organization determines whether a resource provider is receiving value in return for the resources transferred based on the criteria on the following page:

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

- A resource provider (including a private foundation, a government agency, or other) is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider.
- Execution of a resource provider’s mission or the positive sentiment from acting as a donor would not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange.

In addition, this ASU also requires an organization to determine whether a contribution is conditional based on whether the agreement includes a barrier that must be overcome or whether a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.

Contributed Services—Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation has a substantial number of volunteers that have donated their services to the Foundation. These donated services, which do not meet the above criteria for revenue recognition, have not been recognized as support in the financial statements.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Financial Accounting Standards Board (FASB) issued FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which provides guidance on how to measure and account for various tax positions.

The Foundation determined no material unrecognized tax benefits or liabilities existed as of December 31, 2023 and 2022. If applicable, the Foundation will recognize interest and penalties related to underpayment of income taxes as income tax expense.

As of December 31, 2023 and 2022, the Foundation had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Foundation does not anticipate any significant changes to unrecognized tax benefits over the next year.

Management of the Foundation believes its activities allow it to continue to be classified as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has not identified any activities subject to unrelated business income tax.

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

The Foundation files federal Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service and copies of Form 990 with states in which the Foundation is registered. The statute of limitations for examination of the Foundation's returns expires three years from the due date of the return or the date filed, whichever is later. The Foundation's returns for the years ended December 31, 2020 through 2022, are still open for examination and management anticipates the statute of limitations for the return for the year ended December 31, 2023, will expire by November 2027.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents, which at times may exceed federally insured limits. At December 31, 2023 and 2022, the cash bank balances totaled \$350,759 and \$553,322 respectively, of which \$62,195 and \$287,983 was uninsured and uncollateralized.

Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

Significant expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation Method</u>
Salaries, wages and related expenses	Time and effort
Professional fees	Time and effort
Miscellaneous	Time and effort
Insurance	Time and effort
Materials and supplies	Time and effort

Carrie Tingley Hospital Foundation
Notes to Financial Statements
December 31, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Marketing and Advertising Costs

Marketing and advertising costs are expensed as incurred. Marketing and advertising expense was \$10,758 and \$20,439 for the years ended December 31, 2023 and 2022, respectively.

Leases

Effective January 1, 2022, the Foundation adopted FASB ASC 842, *Leases*. The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances. The Foundation elected the package of practical expedients permitted under the transition guidance with the new standard, which among other things, allowed it to carry forward the historical lease classification. The adoption of FASB ASC 842 did not have an impact on the Foundation's financial statements as it did not have any leases that fell within the scope of this standard.

Subsequent Events

Subsequent events were evaluated through August 22, 2024, which is the date the financial statements were available to be issued. Management believes that there are no material subsequent events that have arisen that would require accrual or disclosure.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassifications had no effect on the net assets or the change in net assets.

3) **Contributions Receivable**

During 2020, the Foundation was the named beneficiary of two annuity contracts. Terms of the contracts call for payments of \$830 and \$227 to be received monthly until November 1 and May 1, 2024, respectively. The Foundation has recorded a current and long-term contribution receivable of \$10,041 and \$0 and \$12,687 and \$10,041 related to these annuity contracts at December 31, 2023 and 2022, respectively.

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4) Concentrations

The Foundation maintains depository accounts with various financial institutions insured by the Federal Deposit Insurance Corporation. Balances in these accounts may at times exceed federally insured limits. The Foundation has not experienced any losses on such accounts, and management believes it is not exposed to significant credit risk from these accounts.

5) Furniture, Vehicle, and Equipment

Furniture, vehicle, and equipment consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 82,396	\$ 72,187
Vehicle	20,039	20,039
Furniture	<u>7,735</u>	<u>7,735</u>
Total furniture, vehicle, and equipment	110,170	99,961
Less accumulated depreciation	<u>(61,376)</u>	<u>(48,149)</u>
Furniture, vehicle, and equipment, net	<u>\$ 48,794</u>	<u>\$ 51,812</u>

6) Investments

Investments are stated at fair value and consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Equities	\$ 3,492,632	\$ 3,066,911
Endowment funds held at the Albuquerque Community Foundation	<u>20,137</u>	<u>18,864</u>
Total	<u>\$ 3,512,769</u>	<u>\$ 3,085,775</u>

Investment income from cash and cash equivalents and investments consists of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 60,024	\$ 60,951
Investment management fees	(20,673)	(23,263)
Realized gain	88,558	146,551
Unrealized gain (loss)	<u>538,718</u>	<u>(1,022,420)</u>
Total investment income	<u>\$ 666,627</u>	<u>\$ (838,181)</u>

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6) Investments – continued

Investment income is reported net of related investment expenses in the statements of activities.

7) **Employee Retention Tax Credit**

The employee retention tax credit (ERTC) is a refundable tax credit for qualifying employee wages. During 2022 the Foundation determined it qualified for the ERTC. For tax year 2020 qualifying organizations could claim 50% of the first \$10,000 in wages per employee. For the first three quarters of 2021, qualifying organizations could claim up to 70% of the first \$10,000 in wages per quarter for each employee. The Foundation determined that it was eligible for ERTC totaling \$87,195 and received payment in full in February and March 2023.

8) **Fair Value Measurements**

The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 Inputs – unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 Inputs – include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs – unobservable inputs which reflect the organization’s own assumptions about the assumptions market participants would use in pricing the asset or liability.

The fair value of assets measured on a recurring basis on December 31, 2023, are as shown on the following page:

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8) Fair Value Measurements – continued

	Fair Value	(Level 1)	(Level 2)	(Level 3)
Equities				
US Large Cap	\$ 2,235,218	\$ 2,235,218	\$ -	\$ -
US Mid Cap	551,334	551,334	-	-
US Small Cap	241,770	241,770	-	-
Foreign Large Blend	464,310	464,310	-	-
Endowment funds held at the Albuquerque Community Foundation	20,137	-	20,137	-
Total	\$ 3,512,769	\$ 3,492,632	\$ 20,137	\$ -

The fair value of assets measured on a recurring basis at December 31, 2022, are as follows:

	Fair Value	(Level 1)	(Level 2)	(Level 3)
Equities				
US Large Cap	\$ 1,978,738	\$ 1,978,738	\$ -	\$ -
US Mid Cap	480,809	480,809	-	-
US Small Cap	200,540	200,540	-	-
Foreign Large Blend	406,824	406,824	-	-
Endowment funds held at the Albuquerque Community Foundation	18,864	-	18,864	-
Total	\$ 3,085,775	\$ 3,066,911	\$ 18,864	\$ -

9) **Net Assets**

Net assets with donor restrictions were as follows for the years ended December 31:

	2023	2022
Restricted for time:		
Contributions receivable	\$ 10,041	\$ 25,228
Restricted for purpose:		
Patient and Family	5,993	922
Quality of Life program	-	28,500
Total net assets with donor restrictions	\$ 16,034	\$ 54,650

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9) Net Assets – continued

Net assets released from restrictions were as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Passage of time		
Collection of contributions receivable	\$ 15,187	\$ 12,687
Use restrictions		
Quality of life	<u>28,500</u>	<u>1,510</u>
Total	<u>\$ 43,687</u>	<u>\$ 14,197</u>

Net assets without donor restrictions were as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Board designated		
Reserve for future operations	\$ 1,200,000	\$ 1,200,000
Endowment funds held at the Albuquerque Community Foundation	<u>20,137</u>	<u>18,864</u>
Total designated	<u>1,220,137</u>	1,218,864
Undesignated	<u>2,666,837</u>	<u>2,516,354</u>
Total net assets without donor restrictions	<u>\$ 3,886,974</u>	<u>\$ 3,735,218</u>

Reserves

As of December 31, 2023 and 2022, the Foundation’s board of directors designated \$1.2 million of net assets without restriction, equal to one year’s worth of estimated operating expenses. The purpose of the designation is to create an adequate reserve that is essential to establishing financial stability and to guard against the possibility of future operating deficits that may arise due to economic uncertainties and unexpected events.

Board-Designated Endowment

During the years ended December 31, 2023 and 2022, the Board designated \$20,137 and \$18,864 of net assets without restrictions as a general endowment fund to support the mission of the Foundation. Since the endowment resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without restriction designated by the Board for endowment purposes.

The composition of and changes in board-designated endowment net assets are as shown on the following page for the years ended December 31:

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9) Net Assets – continued

	2023	2022
Board-designated net assets, beginning of year	\$ 18,864	\$ 19,927
Net change in value	1,273	(1,063)
Board-designated net assets, end of year	\$ 20,137	\$ 18,864

The Foundation’s endowment funds are held by the Albuquerque Community Foundation (ACF) as a part of its pooled investments and variance power has been granted to ACF. These assets will be returned to the Foundation if ACF ceases to be a charitable organization. These investments are stated at fair market value.

Annual distributions can be made pursuant to current ACF policy. Current policy states that distributions will be based on 4.5% of the average twelve quarters’ endowment balance if requested by the Foundation. There were no distributions in either of the years ended December 31, 2023 or 2022.

10) **In-Kind Contributions**

The estimated value for in-kind goods and services are provided by the donor based on the estimated fair value at date of donation.

The Foundation received the following in-kind contributions during the years ended December 31:

	2023	2022
Fundraising: Festival of Trees		
Equipment	\$ -	\$ 5,000
Materials and supplies	-	891
Storage space	38,400	38,400
Total	\$ 38,400	\$ 44,291
Program: Quality of Life		
New Mexico United Tickets	\$ -	\$ 2,559
Total	\$ -	\$ 2,559
Management and General		
Office rent	\$ 27,787	\$ 27,787
Total	\$ 27,787	\$ 27,787

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11) Retirement Plan

The Foundation provides retirement benefits to all regular full-time employees through a defined contribution plan. The plan is a simple IRA tax-sheltered annuity plan. Under the plan the Foundation makes a matching contribution of up to 3% of the compensation of each participant making salary deferrals. Retirement plan expense was \$5,211 and \$2,116 for each of the years ended December 31, 2023 and 2022, respectively.

12) Special Events

The Foundation held one special event during the year ended December 31, 2023 and three special events during the year ended December 31, 2022. The event revenues are presented net of direct expenses in the financial statements. Direct expenses related to these events were approximately \$67,000 and \$194,000 for the years ended December 31, 2023 and 2022, respectively. These direct expenses were primarily for allocated wages and benefits, equipment, food, supplies, and venue fees. During 2023, due to turnover in key personnel the Festival of Trees event was cancelled resulting in a loss from special events for the year.

13) Availability and Liquidity

The following represents the Foundation's financial assets at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 375,908	\$ 568,539
Account and contributions receivable	10,041	19,252
Investments	<u>3,512,769</u>	<u>3,085,775</u>
Total financial assets	3,898,718	3,673,566
Less amounts not available to be used within one year:		
Net assets with donor or time restrictions	(16,034)	(54,650)
Board designated endowment and reserves	(1,220,137)	(1,218,864)
Add back net assets with time or purpose restrictions to be met in less than one year	<u>16,034</u>	<u>54,650</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,678,581</u>	<u>\$ 2,454,702</u>

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Excess cash is invested in a portfolio of well diversified investments and in a manner such that investment funds are easily accessed in times of unanticipated liquidity needs. At December 31, 2023 and 2022, investments available for spending at managements and the board's discretion was \$3.5 million and \$3.1 million, respectively.