

**Financial Statements and
Independent Auditor's Report
For the Year Ended December 31, 2023**

**THREE RIVERS EDUCATION
FOUNDATION, INC.**



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INTRODUCTORY SECTION

THREE RIVERS EDUCATION FOUNDATION, INC.

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THREE RIVERS EDUCATION FOUNDATION, INC.

OFFICIAL ROSTER

DECEMBER 31, 2023

BOARD OF DIRECTORS

Ken Ferrone	President
Jarly Lopez	Vice President
Linda Coy	Chief Executive Officer
Jim Coy	Executive Director/CFO
Pam Coy	Secretary/Treasurer

ADMINISTRATIVE OFFICIALS

Linda Coy	Director
Jim Coy	CFO

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FINANCIAL SECTION



Manning Accounting and Consulting Services, LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Three Rivers Education Foundation, Inc.
Farmington, New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Three Rivers Education Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Three Rivers Education Foundation, Inc. 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Three Rivers Education Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Three Rivers Education Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024, on our consideration of Three Rivers Education Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Three Rivers Education Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Three Rivers Education Foundation, Inc.'s internal control over financial reporting and compliance.

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
March 19, 2024

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FINANCIAL STATEMENTS

THREE RIVERS EDUCATION FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	2023
ASSETS	
<i>Current Assets</i>	
Cash and cash equivalents	\$ 362,977
Grants receivable	392,542
Other receivables	24,093
Prepaid expenses	8,620
<i>Total current assets</i>	788,232
Property and equipment, net	86,476
<i>Total assets</i>	\$ 874,708
LIABILITIES AND NET ASSETS	
<i>Current liabilities</i>	
Accounts payable	\$ 182,636
Accrued expenses	22,773
<i>Total current liabilities</i>	205,409
<i>Net assets</i>	
Without donor restrictions	669,299
<i>Total liabilities and net assets</i>	\$ 874,708

See accompanying notes to the financial statements.

THREE RIVERS EDUCATION FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

	2023
PUBLIC SUPPORT AND REVENUES	
<i>Support</i>	
Government grants and contracts	\$ 10,199,942
<i>Total support</i>	10,199,942
<i>Revenues</i>	
Indirect income	255,247
In-kind revenue	20,190
<i>Total revenues</i>	275,437
<i>Total unrestricted support and revenues</i>	10,475,379
EXPENSES	
Program services	10,073,428
Management and general	558,052
Fundraising	71,184
<i>Total expenses</i>	10,702,664
Change in net assets	(227,285)
Net assets, beginning of year	896,584
Net assets, end of year	\$ 669,299

See accompanying notes to the financial statements.

THREE RIVERS EDUCATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
PERSONNEL COSTS				
Salaries and wages	\$ 2,229,433	165,794	21,773	\$ 2,417,000
Employee benefits	305,244	12,015	-	317,259
Payroll taxes	278,800	9,833	2,722	291,355
<i>Total personnel costs</i>	<u>2,813,477</u>	<u>187,642</u>	<u>24,495</u>	<u>3,025,614</u>
OTHER EXPENSES				
Contract and professional fees	840,080	3,951	46,689	890,720
Conferences and meetings	22,394	-	-	22,394
Insurance	-	28,374	-	28,374
Indirect expenses	255,247	-	-	255,247
Occupancy expense	92,737	16,538	-	109,275
Other expenses	185,295	20,243	-	205,538
Professional development	111,655	200,140	-	311,795
Postage and shipping	1,606	342	-	1,948
Printing and copying	1,690	938	-	2,628
Program incentives	2,604,035	-	-	2,604,035
Program materials	60,363	-	-	60,363
Repairs and maintenance	(3,822)	24,788	-	20,966
Stipends	2,789,659	-	-	2,789,659
Supplies	143,409	29,410	-	172,819
Telephone and communications	32,959	6,418	-	39,377
Travel and mileage	122,644	(13,084)	-	109,560
<i>Total other expenses</i>	<u>7,259,951</u>	<u>318,058</u>	<u>46,689</u>	<u>7,624,698</u>
NONCASH EXPENSES				
Rental expense - in-kind	-	20,190	-	20,190
Depreciation	-	32,162	-	32,162
<i>Total noncash expenses</i>	<u>-</u>	<u>52,352</u>	<u>-</u>	<u>52,352</u>
<i>Total expenses</i>	<u>\$ 10,073,428</u>	<u>\$ 558,052</u>	<u>\$ 71,184</u>	<u>\$ 10,702,664</u>

See accompanying notes to the financial statements.

THREE RIVERS EDUCATION FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (227,285)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	32,162
(Increase) decrease in operating assets:	
Grants and contracts receivable	144,594
Other receivables	(24,092)
Prepaid expenses	12,056
Increase (decrease) in operating liabilities:	
Accounts payable	143,455
Accrued expenses	(6,156)
Net cash provided (used) by operating activities	74,734
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(26,895)
Net cash provided (used) by investing activities	(26,895)
Net increase (decrease) in cash and cash equivalents	47,839
Cash and cash equivalents, beginning of period	315,138
Cash and cash equivalents, end of period	\$ 362,977
Supplemental disclosure cash flow information:	
Cash paid for interest	\$ -
Cash paid for income taxes	\$ -

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION

Purpose of the Organization

Three Rivers Education Foundation, Inc. (the “Foundation”) was founded in 2008 to more effectively carry out the purposes of supporting public, private, charter and Bureau of Indian Education schools in New Mexico. The Foundation maintains a close working relationship with the New Mexico Public Education Department (NMPED), Bureau of Indian Affairs Office of Indian Education Programs, and with the educational institutions of the State through direct communication, consultation, and collaboration with these entities. Purposes include promoting the advancement of education and developing an independent research and development organization focused on the challenges educators in New Mexico face in providing a quality education for all our children. The Foundation’s programs are primarily funded through federal grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, *Presentation of Financial Statements*. As amended by Accounting standards Update No. 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restriction, net assets for an operating reserve or other board designated operations. All of the Foundation’s net assets are classified as net assets without donor restrictions.
- *Net Assets with Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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 with restrictions has been fulfilled, or both. The Foundation has no net assets with donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

Grants Receivable

Receivables at year-end consist of amounts due from grantors of federal grants. Revenues are recorded in the accounting records on the date the costs and expenses subject to reimbursements are paid or accrued. The Foundation has no allowance for bad debts as management considers all accounts receivable to be collectible.

Allowance for Doubtful Accounts

It is the opinion of management that contracts receivable are fully collectible and that an allowance for doubtful accounts is not necessary as amounts are written off when uncollectable.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables and liabilities approximate fair value because of the short maturities of these instruments.

Public Support and Revenues

All contributions and grants are considered to be without donor restrictions unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as reclassification of net assets.

Contributed Services and Materials

The Foundation recognizes contributed services if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation. Recognized contributed services and donated materials are recorded at the fair value of the services on the date of donation.

The Foundation receives in-kind rental income which is expensed as in-kind rental expense in the same amounts as the revenue is recorded. The Foundation has a rental agreement for the Farmington office at a fair market rate of \$4,812.50 per month. The landlord has then agreed to take \$3,150.00 in cash and is making an in-kind donation to the Foundation in the amount of \$1,662.50 per month.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Purchased property and equipment is recorded at cost. Donated property is recorded at the estimated fair value at the time of donation. Assets are capitalized that have a useful life in excess of two years and cost in excess of \$1,000. Maintenance, repairs and renewals, which neither materially add to the value nor appreciably prolong its life, are expensed. Depreciation on furniture, fixtures and equipment is calculated on the straight-line method over the estimated useful lives of the assets, ranging from three to five years.

Functional Allocation of Expenses

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

Income Taxes

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBTI).

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2023. The Foundation's tax returns by statute, may be subject to normal federal and state examinations up to three years from date of filing.

Use of Estimates

The preparation of 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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recent Pronouncements

FASB has issued ASU 2020-07 Presentation and Disclosures by Not-for-Profit Entities (Topic 958). The purpose of the ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the NFP. It is important to note that the ASU 2020-07 did not change the accounting and recognition of nonfinancial assets but rather the presentation and disclosure requirements in the financial statements. This was implemented in the current year.

3. **CONCENTRATIONS**

Concentration of Credit Risk

The Foundation maintains its cash in a financial institution that management deems to be creditworthy. The balance at times may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000. At December 31, 2023, the balance exceeded the insured limit by \$112,977. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk related to uninsured cash balances.

Funding Source

The Foundation's funding is provided 100% by federal grants administered through the U.S. Department of Education.

4. **RECEIVABLES**

Grants receivable of \$392,542 consisted of amounts due from the federal government under reimbursement-type grants for which reimbursable expenditures were incurred by December 31, 2023 but reimbursement was not yet received. All amounts due from the federal government are considered to be fully collectible, and thus no allowance for uncollectible accounts has been recorded in the Foundation's financial statements. All amounts were received by January 2024.

Those amounts due from the federal government are as follow:

Grant	Balance
	<u>December 31, 2023</u>
Migrant Education High School Equivalency Program	\$ 19,990
Teacher Quality Parntership	185,949
Teacher & School Leader Incentive Program	186,602
	<u>\$ 392,542</u>

The Foundation also has some miscellaneous other receivables in the amount of \$24,093. These amounts are believed to be fully collectible as well.

4. **RECEIVABLES (Continued)**

Those amounts due from other sources are as follow:

Other Receivables	<u>Balance</u> <u>December 31, 2023</u>
Northeast Regional Education Cooperative #4	\$ 20,000
Teacher Quality Partnership Participants	4,093
	<u>\$ 24,093</u>

5. **PREPAID EXPENSES**

Prepaid expenses consist of expenses paid before the year-end which will benefit the future year. The total of \$8,620 is for prepaid insurance coverage includes general liability and auto coverage.

6. **PROPERTY AND EQUIPMENT**

Equipment consists of the following at December 31, 2023:

	<u>Balance</u> <u>December 31, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2023</u>
Capital assets being depreciated				
Office equipment	\$ 5,583	\$ 10,326	\$ -	\$ 15,909
Vehicles	203,246	54,167	(51,271)	206,142
Accumulated depreciation	<u>(117,085)</u>	<u>(32,162)</u>	<u>13,672</u>	<u>(135,575)</u>
Total	<u>\$ 91,744</u>	<u>\$ 32,331</u>	<u>\$ (37,599)</u>	<u>\$ 86,476</u>

Depreciation expense for the year ended December 31, 2023 was \$32,162.

7. **CONTINGENCIES AND UNCERTAINTIES**

The Foundation receives financial assistance from federal and state sources in the form of grants and contracts. The disbursements of the funds received are generally limited to specific compliance requirements as specified in the grant or contract agreement. The federal and state agencies reserve the right to review the scope of the audit and conduct a follow-up review if deemed necessary. Any disallowed claims resulting from such audits could become a liability of Three Rivers Education Foundation, Inc. The Foundation, however, believes that liabilities resulting from disallowed claims, if any, will not have a material effect on the financial position.

8. **CONTRIBUTED SERVICES**

The Foundation received donated services by means of discounted rent on their office space in the amount of \$20,190 during the year ended December 31, 2023.

9. **LEASES**

The Foundation leases office space in Farmington, New Mexico and Elephant Butte, New Mexico as part of its operations. The Foundation also leases classrooms in Mesa, Arizona as part of its services under the Maricopa High School Equivalency Program grant. The Foundation leased three classrooms. Two rooms were leased from June 1, 2023 through November 30, 2023 for \$1,305 and \$1,424 per month, respectively. A new lease was entered into for December 1, 2023 through May 31, 2024 at an amount of \$1,551 and \$1,692 per month, respectively. An additional room was leased for \$1,135 per month from May 1, 2023 through April 30, 2024. Total lease expenses for the rooms were \$28,697 for the year ended December 31, 2023

The Farmington lease was a twelve-month lease beginning January 1, 2023. Rent expense under this lease totaled \$63,249 for the year ended December 31, 2023 and is included in occupancy expense on the accompanying statement of functional expenses. Of that amount \$19,950 is received as a charitable donation from the landlord to the Foundation. The Foundation renewed a twelve-month lease for 2024 under the same terms as the previous year.

Beginning July 1, 2021, the Foundation also leased office space in Elephant Butte, New Mexico. This is a 2-year lease at \$1,200 per month which was all paid in advance. Rent expense under this lease totaled \$7,200 for the year ended December 31, 2023 and is included in occupancy expense on the accompanying statement of functional expenses. This lease expired at June 30, 2023.

Future obligations under these lease agreements are as follow:

<u>Fiscal Year Ending</u> <u>December 31,</u>	<u>Farmington</u> <u>Lease</u>	<u>Classroom</u> <u>Lease</u>	<u>Total</u>
2024	<u>63,249</u>	<u>20,755</u>	<u>84,004</u>
	<u>\$ 63,249</u>	<u>\$ 20,755</u>	<u>\$ 84,004</u>

10. **LIQUIDITY AND AVAILABILITY**

The Foundation has \$779,612, of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$362,977, grant receivables of \$392,542, and other receivables of \$24,093. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. As part of their liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

11. **EVALUATION OF SUBSEQUENT EVENTS**

Three Rivers Education Foundation, Inc. has evaluated subsequent events through March 19, 2024, the date which the financial statements were available to be issued. The Foundation has determined that there are no subsequent events which require disclosure.

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COMPLIANCE SECTION



Manning Accounting and Consulting Services, LLC

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

To the Board of Directors of
Three Rivers Education Foundation, Inc.
Farmington, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Three Rivers Education Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 19, 2024.

Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
March 19, 2024



Manning Accounting and Consulting Services, LLC

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Three Rivers Education Foundation, Inc.
Farmington, New Mexico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Three Rivers Education Foundation, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Three Rivers Education Foundation, Inc.'s major federal programs for the year ended December 31, 2023. Three Rivers Education Foundation, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Three Rivers Education Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Three Rivers Education Foundation, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Three Rivers Education Foundation, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Three Rivers Education Foundation, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Three Rivers Education Foundation, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Three Rivers Education Foundation, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Three Rivers Education Foundation, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Three Rivers Education Foundation, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Three Rivers Education Foundation, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
March 19, 2024

**THREE RIVERS EDUCATION FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
<i>Other Programs</i>			
Direct - Department of Education			
Migrant Education High School Equivalency Program (1)			
Migrant Education High School Equivalency Program (1)	84.141A	Maricopa High School Equivalency Program-- S141A190014	527,186
Migrant Education High School Equivalency Program (1)	84.141A	Borderland High School Equivalency Program - 2-- S141A200003	506,559
Total Migrant Education High School Equivalency Program			<u>1,033,745</u>
Teacher & School Leader Incentive Program			
Teacher & School Leader Incentive Program	84.374A	Teacher & School Leader Incentive Program - S374A210010	<u>3,269,367</u>
Teacher Quality Partnership Grants			
Teacher Quality Partnership Grants (1)	84.336S	Teacher Quality Partnership - Southwest--S336S200025	1,607,918
Teacher Quality Partnership Grants (1)	84.336S	Teacher Quality Partnership - New Mexico--U336S180013	1,046,785
Teacher Quality Partnership Grants (1)	84.336S	Teacher Quality Partnership - Texas--U336S190003	1,804,074
Teacher Quality Partnership Grants (1)	84.336S	Teacher Quality Partnership - Effective Educators - S336S220006	1,311,539
Total Teacher Quality Partnership Grants			<u>5,770,316</u>
<i>Total Direct Department of Education</i>			<u>10,073,428</u>
<i>Total Other Programs</i>			<u>10,073,428</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 10,073,428</u>

The Foundation did not pass through any funds to subrecipients during the year.

(1) Denotes major program

THREE RIVERS EDUCATION FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 1 - Basis of Presentation

The accompanying schedule of federal awards ("Schedule") includes the federal award activity of Three Rivers Education Foundation under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only the federally funded portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of Three Rivers Education Foundation.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

Note 3 - De Minimis Indirect Cost Rate

The Foundation has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Non-cash Federal Assistance

The Foundation did not receive any non-cash federal assistance.

Note 5 - Subrecipients

The foundation does not pass through any funding to subrecipients.

Note 6 - Insurance

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value and is covered by the Foundation's casualty insurance policies.

Note 7 - Loan or Loan Guarantees

There were no loans or loan guarantees outstanding at year-end.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 10,073,428
Total expenditures funded by other sources	629,236
Total expenditures	<u>10,702,664</u>

**THREE RIVERS EDUCATION FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section I – Summary of Audit Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Control deficiencies identified not considered to be significant deficiencies? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 2. Type of auditors’ report issued on compliance for major federal programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR-200.516(a)? | No |
| 4. Identification of major programs: | |

Federal Assistance <u>Listing</u>
84.141A
84.336S

<u>Federal Program</u>
Migrant Education High School Equivalency Program
Teacher Quality Partnership Grants

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

**THREE RIVERS EDUCATION FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section II – Financial Statement Findings

None identified

**THREE RIVERS EDUCATION FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section III – Federal Award Findings

None identified

**THREE RIVERS EDUCATION FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section IV – Prior Year Audit Findings

Financial Section Findings

None identified

Federal Award Findings

2022-001 – Employee Time and Effort Documentation – Resolved