



**NEW MEXICO TRANSIT ASSOCIATION
 BOARD OF DIRECTORS' MEETING AGENDA
 November 20, 2025 – 12:00 PM
 Hosting Agency - A:Shiwi Transit
 Meeting location: Pueblo of Zuni A:Shiwi College
 67 Rte 301 N, Zuni, NM 87327**

1. Call to Order

2. Roll Call

Board Members:

Elizabeth Carter (President), Director at Large	Present / Absent / Called In
James Barela (Vice President), Director at Large	Present / Absent / Called In
Leslie Baca (Treasurer), representing 5310 programs	Present / Absent / Called In
Rebecka Hicks, (Secretary), representing 5311 programs	Present / Absent / Called In
Eugene Lujan, representing 5307 programs	Present / Absent / Called In
Brent Roy, Business Member	Present / Absent / Called In
Todd Naktewa, Director at Large, representing Tribal Transit	Present / Absent / Called In
Tom Marking, Professional Business Member	Present / Absent / Called In
Kevin Olinger, (Ex-Officio representing NMDOT)	Present / Absent / Called In
Jessica Guthrie, representing Director at Large	Present / Absent / Called In
David Armijo , representing Regional Transit Districts (RTD)	Present / Absent / Called In

Staff

Melissa Drake, Executive Director Present / Absent / Called In

Guests: _____ Present / Called In

_____ Present / Called In

3. Approval of the Agenda

4. Approval of Meeting Minutes – September 18, 2025

5. Approval of Treasurer’s Monthly Financial Reports for September 2025 and October 2025

6. Presentations:

- FY 2025 Financial Audit – Farley Vener, Hinkle + Landers

7. Action Items:

- Approval of FY 2025 Full Financial Audit
- Approval of 2026 Bus Roadeo venue

8. Discussion Items:

- Update for 2026 SWTA/NMTA Joint Conference

9. Subcommittee Updates:

- **Conference, Roadeo and Training**
(James Barela, Eugene Lujan, Leslie Baca and Liz Carter)
- **Legislative and Communications**
(Liz Carter, Tom Marking, and David Armijo)
- **Membership and Sponsors**
(Becky Hicks, Todd Naktewa, Jessica Guthrie and Brent Roy)

10. Board Member Announcements

11. Adjourn - Next Meeting Date/Time/Location: December 18, 2025 – Virtual (if needed)

NEW MEXICO TRANSIT ASSOCIATION
BOARD OF DIRECTORS' MEETING MINUTES
September 18, 2025 – 12:00 PM
Virtual Meeting

1. Call to Order

President Elizabeth Carter called the meeting to order at 12:02 PM.

2. Roll Call

Board Members:

Elizabeth Carter (President), Director at Large	Zoom
James Barela (Vice-President), Director at Large	Zoom
Leslie Baca (Treasurer), representing 5310 programs	Zoom
Rebecka Hicks (Secretary), representing 5311 programs	Zoom
Eugene Lujan, representing 5307 programs	Absent
Brent Roy, Business Member	Absent
Todd Naktewa, Director at Large, representing Tribal Transit	Zoom
Tom Marking, Professional Business Member	Zoom
Delilah Garcia, (Ex-Officio representing NMDOT)	Zoom (late 12:09)
Jessica Guthrie, representing Director at Large	Zoom
OPEN, representing Regional Transit Districts (RTD)	

Staff: Melissa Drake, Executive Director Zoom

Guests: None.

3. Approval of the Agenda

Motion to approve agenda: Becky Hicks; Second: James Barela.

Vote: Passed 8-0

4. Approval of Meeting Minutes – July 17, 2025

Motion to approve meeting minutes: Todd Naktewa; Second: Leslie Baca.

Vote: Passed 8-0

5. Approval of Treasurer's Monthly Financial Reports for July 2025 to August 2025

Melissa presented. Normal business expenses.

Motion to approve Treasurer's reports: Becky Hicks; Second: James Barela.

Vote: Passed 8-0

6. Presentations: None.

7. Action Items:

- **Vote on Confirmed Nominations for the Open RTD Seat Expiring in April 2026**
Motion made to approve David Armijo for the position: Becky Hicks; Second: Tom Marking.
Vote: Passed 8-0
- **Discussion & Approval for member of NMTA Board to attend the LIT Leadership Summit with NMTA's second complimentary registration**
Motion made to send Tom Marking: Becky Hicks; Second: Leslie Baca.
Vote: Passed 8-0
- **Discussion & Approval of the 2026 NMTA/SWTA Conference and Expo Proposed Cost Sharing**
NMTA may be able to offer some scholarships.
Motion made to approve proposed cost sharing: Becky Hicks; Second: Leslie Baca.
Vote: Passed 8-0

8. Discussion Items:

- **2026 NMTA Rodeo – Venue Brainstorming**
No specific ideas. Weather is an issue. Becky offered to ask the Roswell Air Center Director, Bobbi Thompson, if there was an empty hangar we could use. (Subsequently, the answer was “no.” Need 1.4 – 2.0 acres for spring of 2026. Prefer a March date.
- **FY2026 Training Calendar Update**
De-escalation Training 2-3 hours on Oct. 7. Braun Training 1/13/26 with ABQ-Ride. 2-4 hour lift/ramp maintenance. Working with the Unhoused, TBD possibly May or June.
- **FY2025 Audit Update**
On track for November Board Meeting. Currently uploading document samples for Auditors.

9. Subcommittee Updates:

- **Conference, Rodeo and Training**
(Liz Carter, James Barela, Eugene Lujan and Leslie Baca)
Nothing additional to add.
- **Legislative and Communications**
(Tom Marking, Liz Carter and David Armijo)
Currently at a stand-still. Will be meeting in the next couple of weeks to discuss planning. There is a federal funding shortfall so may not lobby this coming session. Working to complete interactive map. Trying to get a meeting with AARP.
- **Membership and Sponsors**
(Becky Hicks, Todd Naktewa, Jessica Guthrie and Brent Roy)
Nothing new.

10. Board Member Announcements: Delilah Garcia is taking Kevin Olinger's place on the NMTA Board.

11. Adjourn

Adjourn at 12:44PM.

NEXT MEETING DATE/TIME/LOCATION: November 20, 2025 at 12PM. Hosting agency will be Pueblo of Zuni A:shiwi Transit.

Balance Sheet

NM Transit Association

As of October 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
Assets	
Current Assets	
Bank Accounts	
1000 Bank Of America - checking	19,641.68
1010 Bank of America - Savings	48,157.27
Total for Bank Accounts	\$67,798.95
Accounts Receivable	
1100 DOT Receivable	7,530.18
1110 NMTA Receivables	1,102.00
Total for Accounts Receivable	\$8,632.18
Other Current Assets	
1200 Undeposited Funds	0.00
1300 Prepaid Insurance	1,330.30
1350 Prepaid Payroll Tax Expense - 2	0.00
1360 Prepaid Conference and Rodeo Expenses - 2	0.00
Prepaid Conference and Rodeo E	0.00
Prepaid Payroll Tax Expense	0.00
Total for Other Current Assets	\$1,330.30
Total for Current Assets	\$77,761.43
Total for Assets	\$77,761.43
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 AP	-56,796.78
Total for Accounts Payable	-\$56,796.78
Other Current Liabilities	
2400 Payroll Liabilities	809.53
Deferred Revenue	0.00
Total for Other Current Liabilities	\$809.53
Total for Current Liabilities	-\$55,987.25
Total for Liabilities	-\$55,987.25
Equity	
3000 Net Assets	9,581.32
3020 Temp Restricted Net Assets	0.00
3200 Unrestricted Net Assets	146,299.96
Net Income	-22,132.60
Total for Equity	\$133,748.68
Total for Liabilities and Equity	\$77,761.43

NM Transit Association

1000 Bank Of America - checking, Period Ending 09/30/2025

RECONCILIATION REPORT

Reconciled on: 11/13/2025

Reconciled by: Melissa Drake

Any changes made to transactions after this date aren't included in this report.

Summary

	USD
Statement beginning balance.....	36,813.72
Service charge.....	-5.00
Checks and payments cleared (15).....	-15,920.52
Deposits and other credits cleared (6).....	18,548.52
Statement ending balance.....	<u>39,436.72</u>
Uncleared transactions as of 09/30/2025.....	-5,170.31
Register balance as of 09/30/2025.....	34,266.41
Cleared transactions after 09/30/2025.....	0.00
Uncleared transactions after 09/30/2025.....	5,040.00
Register balance as of 11/13/2025.....	39,306.41

Details

Checks and payments cleared (15)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
08/21/2025	Bill Payment	2025	Hinkle and Landers	-376.69
08/31/2025	Bill Payment	2024	Sunny505	-1,455.52
09/05/2025	Bill Payment		ADP Tax	-542.30
09/05/2025	Bill Payment	To print	Melissa Drake	-1,774.87
09/12/2025	Bill Payment		ADP Tax	-547.12
09/14/2025	Expense		QuickBooks Payments	-70.83
09/19/2025	Bill Payment		Office of the Secretary of Stat...	-11.95
09/19/2025	Bill Payment		Melissa Drake	-1,772.60
09/23/2025	Bill Payment		Verizon Wireless	-118.07
09/24/2025	Bill Payment		Adobe Acrobat Systems	-21.48
09/26/2025	Expense		QuickBooks Payments	-11.09
09/30/2025	Bill Payment	To print	Bradley Consulting & Training	-3,500.00
09/30/2025	Bill Payment		Latinos In Transit	-4,950.00
09/30/2025	Bill Payment		United State Postal Service	-268.00
09/30/2025	Bill Payment		Community Trans. Assoc. of A...	-500.00
Total				-15,920.52

Deposits and other credits cleared (6)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
09/02/2025	Deposit			960.00
09/09/2025	Deposit			6,960.00
09/14/2025	Deposit		Gillig LLC	2,369.00
09/22/2025	Deposit		NM Dept. of Transportation	7,528.72
09/26/2025	Deposit		AARP of New Mexico	370.80
09/30/2025	Deposit		NM Dept. of Transportation	360.00
Total				18,548.52

Additional Information

Uncleared checks and payments as of 09/30/2025

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
05/23/2024	Bill Payment	EFT	NM Taxation and Revenue	-293.46
06/30/2024	Journal	FY2024 JE#6		-201.38
08/22/2024	Bill Payment	1979	Los Alamos County - Atomic ...	-4,500.16
09/18/2025	Bill Payment		Hinkle and Landers	-376.69

Total

-5,371.69

Uncleared deposits and other credits as of 09/30/2025

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
06/30/2024	Journal	FY2024 JE#5		201.38

Total

201.38

Uncleared deposits and other credits after 09/30/2025

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
10/16/2025	Deposit			5,040.00

Total

5,040.00

NM Transit Association

1000 Bank Of America - checking, Period Ending 10/31/2025

RECONCILIATION REPORT

Reconciled on: 11/17/2025

Reconciled by: Melissa Drake

Any changes made to transactions after this date aren't included in this report.

Summary

USD

Statement beginning balance.....	39,436.72
Checks and payments cleared (17).....	-19,664.73
Deposits and other credits cleared (1).....	5,040.00
Statement ending balance.....	<u>24,811.99</u>

Uncleared transactions as of 10/31/2025.....	-5,170.31
Register balance as of 10/31/2025.....	19,641.68

Details

Checks and payments cleared (17)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
09/30/2025	Bill Payment	2030	Sunny505	-960.23
10/03/2025	Bill Payment	EFT	Melissa Drake	-1,774.87
10/03/2025	Bill Payment	EFT	ADP Tax	-542.30
10/06/2025	Bill Payment	Debit	InstaCart	-226.17
10/06/2025	Bill Payment	Debit	Target	-30.86
10/07/2025	Bill Payment	2029	Bradley Consulting & Training	-7,339.00
10/07/2025	Bill Payment	Debit	CABQ Parking Structure	-30.00
10/07/2025	Bill Payment	Debit	Allsup's	-2.29
10/14/2025	Bill Payment	Debit	Adobe Acrobat Systems	-21.48
10/17/2025	Bill Payment	EFT	Melissa Drake	-2,264.77
10/17/2025	Bill Payment	EFT	ADP Tax	-747.54
10/24/2025	Bill Payment	Debit	Verizon Wireless	-118.12
10/31/2025	Bill Payment	debit	Sunny505	-464.93
10/31/2025	Bill Payment	Debit	ADP Tax	-542.31
10/31/2025	Bill Payment	Debit	BraunAbility - Training	-2,575.00
10/31/2025	Bill Payment	EFT	Melissa Drake	-1,774.86
10/31/2025	Bill Payment	debit	Southwest Transit Association	-250.00
Total				-19,664.73

Deposits and other credits cleared (1)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
10/16/2025	Deposit			5,040.00
Total				5,040.00

Additional Information

Uncleared checks and payments as of 10/31/2025

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
05/23/2024	Bill Payment	EFT	NM Taxation and Revenue	-293.46
06/30/2024	Journal	FY2024 JE#6		-201.38
08/22/2024	Bill Payment	1979	Los Alamos County - Atomic ...	-4,500.16
09/18/2025	Bill Payment		Hinkle and Landers	-376.69
Total				-5,371.69

Uncleared deposits and other credits as of 10/31/2025

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
06/30/2024	Journal	FY2024 JE#5		201.38
Total				201.38



2025 Audit Presentation of Results New Mexico Transit Association



Presented by:

Farley H. Vener, CPA, CFE, CGMA
President & Managing Shareholder

This communication is intended solely for the information and use of management and those charged with governance and is not intended to be and should not be used by anyone other than these specific parties.



Today's Agenda





Introduction (Engagement Team)

Partner
In-Charge

- Farley Vener, CPA, CFE, CGMA
President and Managing Shareholder

Audit Manager
In-Charge

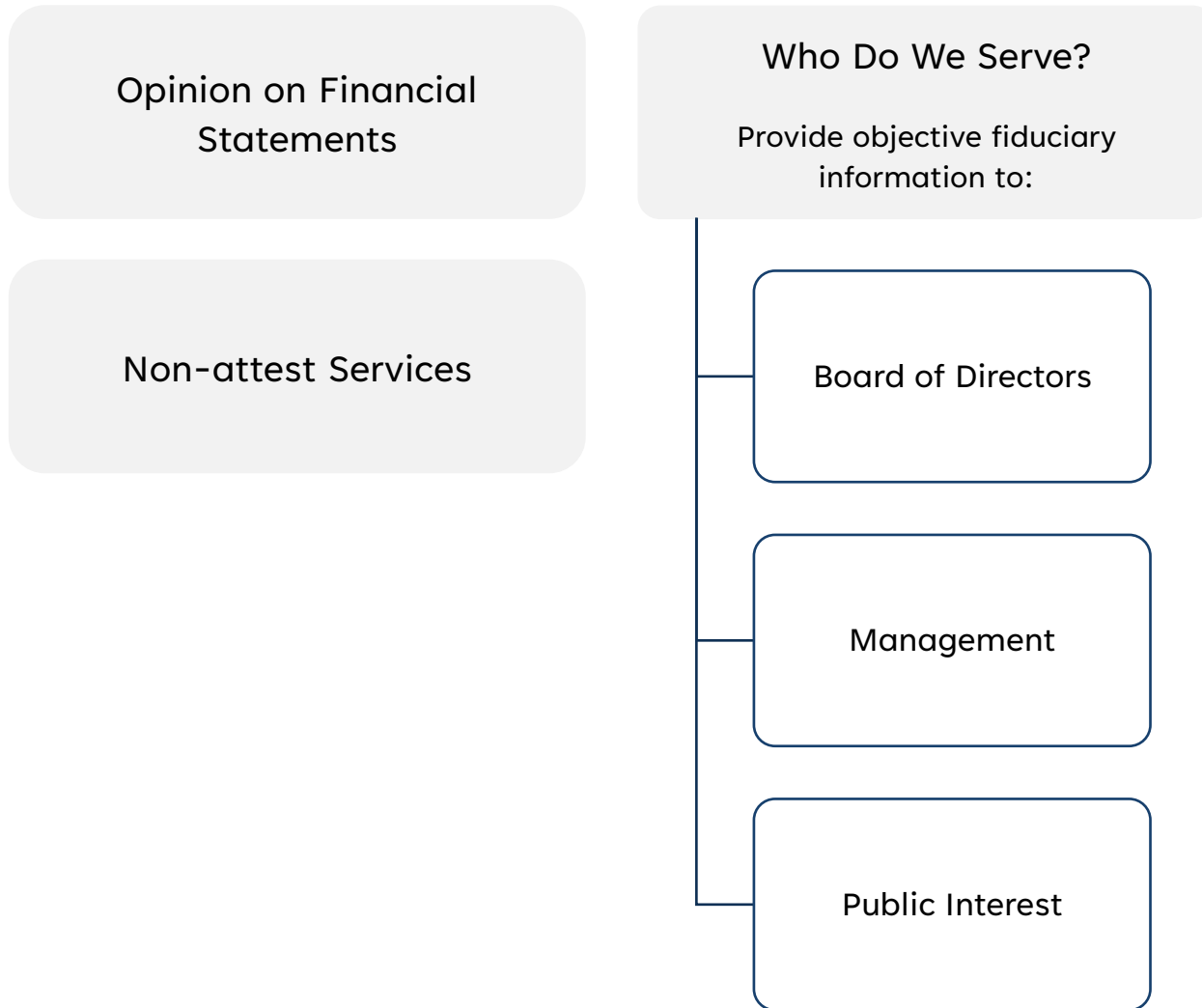
- Cosmina Hays, CPA, CGFM, MBA
Audit Manager

Audit Staff

- Bianca Santos
Audit Staff



Scope of Work (Audit and Who We Serve)





Auditor's Communications With Those Charged With Governance (AU-C 260)

Governance, as a good steward, are responsible for:

With Management:



- **Set a positive tone at the top:** Actively review financial practices for alignment with regulations and best practices.
- **Overseeing the financial reporting process:** Ensure transparency and accountability in financial reporting.
- **Discussing significant accounting and internal control matters:** Ensure compliance with accounting and audit standards.

With Auditors:

- **Review our audit plans:** Understand how we address significant risks of material misstatement, including our evaluation of significant accounting estimates.
- **Communicate objectives and risks:** Inform us of any objectives and organizational risks that may lead to significant risks of material misstatement
- **Discuss fraud risks:** Share your views on fraud risks and disclose any known or suspected fraud.



Auditor's Communications– cont.

Management Responsibilities:

Accept responsibility for:



- **Internal controls**—designing, implementing, and maintaining financial statements free from material misstatement (whether due to fraud or error)
- **Program controls**—design and implementation of controls to prevent and detect fraud
- **Informing auditors** —about known or suspected fraud or allegations
- **Significant estimates**—based on documentation of method and assumptions and data used.
- **Oversee non-audit services** (Preparation of financial statements, note disclosures, etc.)

Provide auditors with:

- **All financial records** and related information
- **Access to information** relevant to preparation of financial statements (related party relationships/transactions)
- **Unrestricted access** to persons necessary to obtain audit evidence.
- **Written representations** at conclusion of the engagement
- **Corrective action plan** on findings, when applicable





Auditor's Communications– cont.

Auditor's Responsibilities:

1. Provide an Unbiased, Knowledgeable Opinion:

• Financial Statements:

- Based on risk assessment* and audit evidence
- Must conform to GAAP or other basis of accounting
- Review significant accounting estimates made by management
- Assess appropriateness of accounting policies
- Ensure fair presentation (reasonable assurance**) with GAAP or other basis of accounting (in all material respects)

2. Limitations of the Audit:

• Internal Control:

- Audit not designed to provide assurance on internal control
- Not intended to identify deficiencies in internal control

• Risk of Fraud:

- Higher risk of not detecting a material misstatement due to fraud compared to error
- Fraud may involve: • Collusion • Forgery • Intentional omissions • Misrepresentations • Override of internal control

*Risk Assessment:

- Understand the organization's environment and internal control
- Assess the risk of material misstatement due to error or fraud
- Design and perform audit procedures responsive to those risks

**Reasonable Assurance:

- High level of assurance but not absolute
- Not a guarantee that an audit will always detect a material misstatement





Auditor's Communications (AU-C 260)

Final Audit Plan and Risk Assessment

Significant Areas	Purpose and Risk Associated with Area (What Can Go Wrong)	Level of Risk Assessed	Audit Response (Audit Procedures to be Performed) Tests of Controls, Tests of Details, Balance Testing, Cutoff Controls, and Others
<ul style="list-style-type: none"> ● Audit Planning and Strategy, ● Entity Level Controls and ● IT Systems 	<p>To deter and detect material misstatements, we will update our understanding of the control environment, risk assessment, monitoring, information and communications designed to prevent/detect fraud.</p> <ul style="list-style-type: none"> ● We will evaluate information in determining our overall all audit approach of testing (including IT systems). 	Moderate	<p><u>Team Planning Meeting</u>—Establish entity risks, priorities, and key focus areas with attention to governance, fraud risk, and significant transactions.</p> <p><u>Preliminary Analytics</u>—Identify unusual trends or outliers in financial data and focus audit effort on areas of potential misstatement or concern.</p> <p><u>Walkthroughs of Controls Over Financial Reporting</u>—Map key processes and controls and how they are designed to prevent or detect material misstatements.</p> <p><u>IT Risk Assessment</u>—Assess data accuracy, security, and reliability, data integrity, access controls and proper financial reporting.</p>
<p>Fraud Risks, Including Risk of Management Override/ Segregation of Duties</p>	<p>Management override is a presumed fraud risk. Management is in a unique position where they are responsible for the design and implementation of controls over these financial reporting processes, while also being able to circumvent controls in order to realize personal gain, insert bias, or otherwise manipulate financial information.</p>	Moderate	<p><u>Required by AICPA Professional Standards</u></p> <ol style="list-style-type: none"> 1. Identify and assess risks of material misstatement due to fraud—including the required presumption of management override risk. 2. Maintain professional skepticism throughout the audit—Including unpredictable procedures to help detect fraud. 3. Conduct engagement team fraud discussions (brainstorming)—Inquiries of management and others about fraud risks, suspected fraud, and controls in place. 4. Perform procedures to address management override of controls—Test journal entries. 5. Evaluate segregation of duties and internal controls—Design additional procedures where weaknesses are identified.



Auditor's Communications (AU-C 260)

Final Audit Plan and Risk Assessment

Significant Areas	Purpose and Risk Associated with Area (What Can Go Wrong)	Level of Risk Assessed	Audit Response (Audit Procedures to be Performed) Tests of Controls, Tests of Details, Balance Testing, Cutoff Controls, and Others
<p>Revenue Recognition:</p> <ul style="list-style-type: none"> • Receivables, • Revenues, • Deferred Revenue, • Cash Receipts, and • Allowances 	<ul style="list-style-type: none"> • There is a presumed risk of fraud related to revenue. Revenue recognition under ASC 606 and (Contracts and other exchange transactions) and 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made can be complex, including the appropriate cut-off and completeness of revenues. • Risk of unrecorded receivables as well as prior year receivables not relieved when revenue is received. • Risk of cash recorded as revenue when it should be deferred revenue. 	<p>High</p>	<p>Revenue/Receivables: (memberships and contracts) Tested for accuracy and completeness and proper cut-off.</p> <ul style="list-style-type: none"> • Searched subsequent receipts for unrecorded receivables to determine proper valuation and existence of outstanding receivables and deferred revenue (financial close). • Reviewed analysis of allowance for uncollectible accounts with methodology and accuracy of inputs Improper recognition of revenue when it is unearned. • Test internal controls of approvals and segregation of duties over revenue (cash receipts) and deposits (random and significant sampling). □ <p>Funding Source Analytical: review Statement of Activities by funding source and associated expenses—including properly allocated indirect costs—were reasonably matched to the corresponding revenue.</p> <p> Test internal controls of approvals and segregation of duties over revenue (cash receipts) and deposits (random and significant sampling).</p>



Auditor's Communications (AU-C 260)

Final Audit Plan and Risk Assessment

Significant Areas	Purpose and Risk Associated with Area (What Can Go Wrong)	Level of Risk Assessed	Audit Response (Audit Procedures to be Performed) Tests of Controls, Tests of Details, Balance Testing, Cutoff Controls, and Others
<p>Expenses</p> <ul style="list-style-type: none"> • Accounts Payable • Prepaid Assets • Payroll, Related Liabilities • All Expenditures, Including Payroll 	<ul style="list-style-type: none"> • Accounts payable may be understated due to unidentified obligations at year-end or overstated due to the lack of the release of obligations when paid. • In-kind donations and exchange of facility for services, compensated absences at year end and functional allocation of expenses are based on an estimate. • High volume of transactions and their liquidity. 	<p>High</p>	<ul style="list-style-type: none"> • Tested accounts payable for accuracy at year end and searched subsequent cash disbursements (after fiscal year end) for unrecorded accounts payable (financial close). • Tested substantive and internal controls over expenditures, (cash disbursements), including a random sample and significant selection of transactions from the entire population. Performed additional tests of credit card purchases, per diem, travel and reimbursements to staff. Tests included review for approvals and detailed itemized receipts (fraud risk). <p>Payroll Testing—Random sample of employees’ paychecks. Reviewed approved payrates, and timesheets, I-9s, (fraud risk) and ensured information was consistent with actual pay.</p> <ul style="list-style-type: none"> • Analytical review of payroll, including reconciliation of 941 to the general ledger. <p>Functional Allocation of Expense: Review the allocation methodology including key assumptions, such as cost drivers other inputs factors.</p>



Auditor's Communications (AU-C 260)

Final Audit Plan and Risk Assessment

Significant Areas	Purpose and Risk Associated with Area (What Can Go Wrong)	Level of Risk Assessed	Audit Response (Audit Procedures to be Performed) Tests of Controls, Tests of Details, Balance Testing, Cutoff Controls, and Others
Cash and Cash Equivalents	The risk of material misstatement of cash is significant because of size and liquidity of cash as well as the number of transactions impacting account.	Moderate	<ul style="list-style-type: none"> • Confirm balances from bank accounts. Combined with testing of cash receipts and cash disbursements. • Review outstanding deposits and checks on bank reconciliations for timeliness, recalculated FDIC coverage, and independently confirmed ending balances with bank (financial close). Test for responsibility by the preparer and documentation that a responsible official (internal controls) has reviewed the bank reconciliation report (financial close).
Net Assets (Equity)	Risk that beginning equity does not reconcile to the prior year's ending equity.	Low	Reconcile net assets and reviewed With and Without Donor Restrictions for accuracy and relation to revenue recognition.
Financial Reporting, Including Note Disclosures and Final Review	There is a risk of material inaccuracies in preparing FS and note disclosures including omission of significant disclosures.	Moderate	<p>Assigned Experienced Auditors—to critical areas. Ensure underlying detailed information accurately reconciled and supported amounts/ balances that are relied upon to prepare financial statements. Assist in preparing FS and note disclosures.</p> <p>Review Process: The financial statements and note disclosures underwent a comprehensive review process, including:</p> <p>Partner Review: A thorough examination by a partner to ensure accuracy and completeness. Independent Review: An additional review by an auditor experienced in nonprofit financial reporting, as required by our firm's engagement quality control standards.</p>



Auditor's Communications (AU-C 260)

Significant Estimates

Estimate	Management's Determination Process	Hinkle + Landers' Conclusions Regarding Reasonableness
Allocation of Expenses by Function to Program, Administration and Fundraising	Identified indirect costs that benefit more than one function based on appropriate cost driver.	Reasonable in relation to the financial statements as a whole.



Auditor's Communications (AU-C 260)

Required Communications

COMMUNICATIONS	CONCLUSION
Accounting Practices	Based on the audit procedures performed, significant accounting practices (policies, estimates, and disclosures) appear appropriate, transparent, and consistent with GAAP/FASB.
Proposed Adjustments	5
Adjustments Provided by Client	None
Non-attest and Adjustments for Presentation Purposes Only	1
Passed Adjustments-Because of Immateriality	None
Disagreements with Management	None
Management's Consultations with Other Accountants	Aware of None
Discussion of Accounting Issues Prior to Retention	None
Significant Difficulties in Performing the Audit	None
Financial Statement Disclosure Highlights	None



Results & Findings

Auditor's Opinion

Financial Statements – Unmodified

Reference #	Findings	Status of Prior Year Findings	Type of Finding *
Prior Year	None	N/A	
Current Year			
2025-001	FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS	Current	B

* Legend for Type of Finding

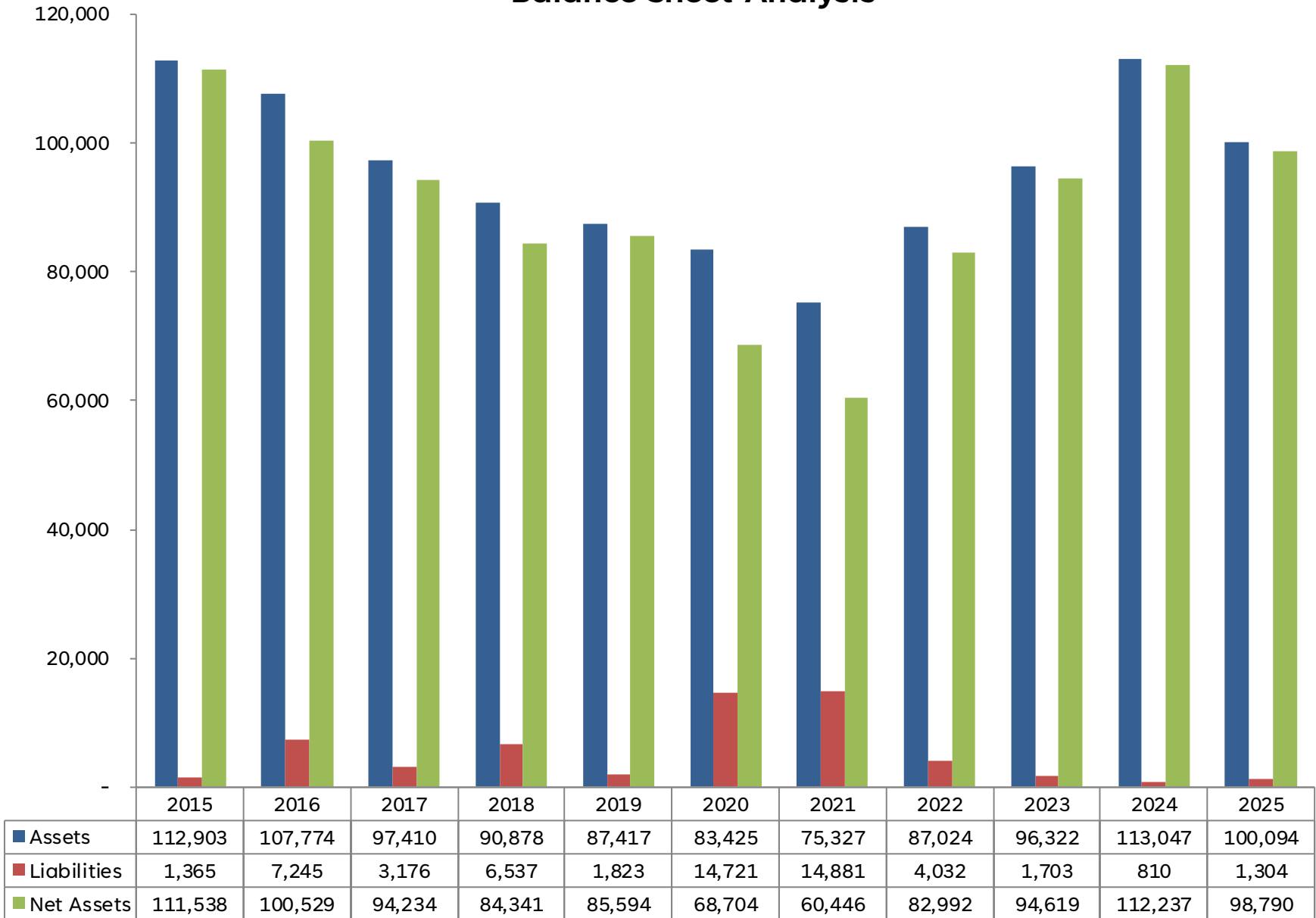
- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting



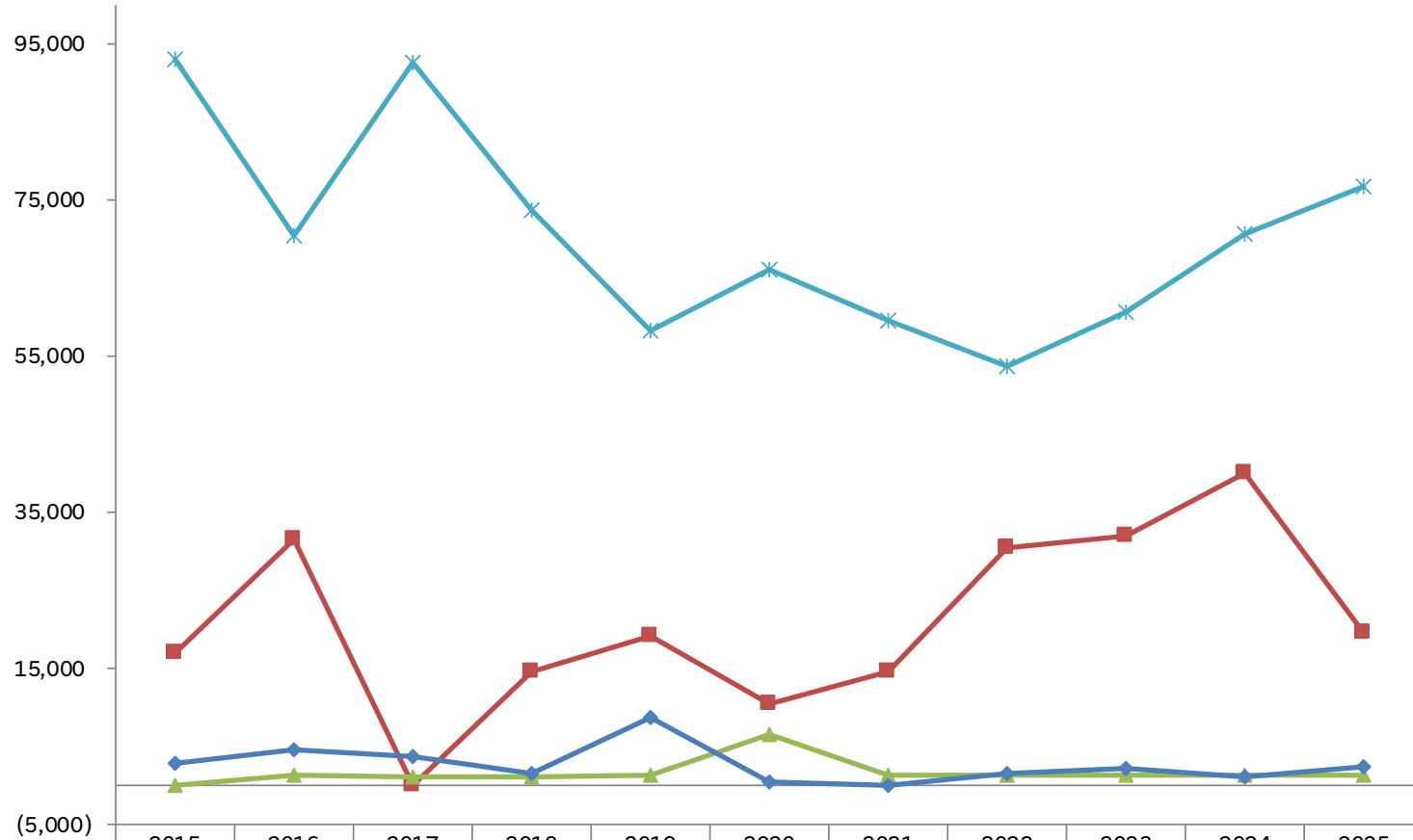
Recommendations and Comments

- Follow up with the vendor regarding the uncashed check and determine if replacement is needed (\$4,500.16 for Los Alamos Atomic outstanding since August 2024).
- Remove the duplicate payment for Taxation and Revenue still in outstanding items in the bank reconciliation.
- Enter the Audit AJEs shortly after the Audit is concluded.
- Check the AR and AP aging regularly and investigate any negative amounts.
- Void invoices with Journal entries /write them off thru Bad debt, in that way the NA are not changing if invoices are old.

Balance Sheet Analysis

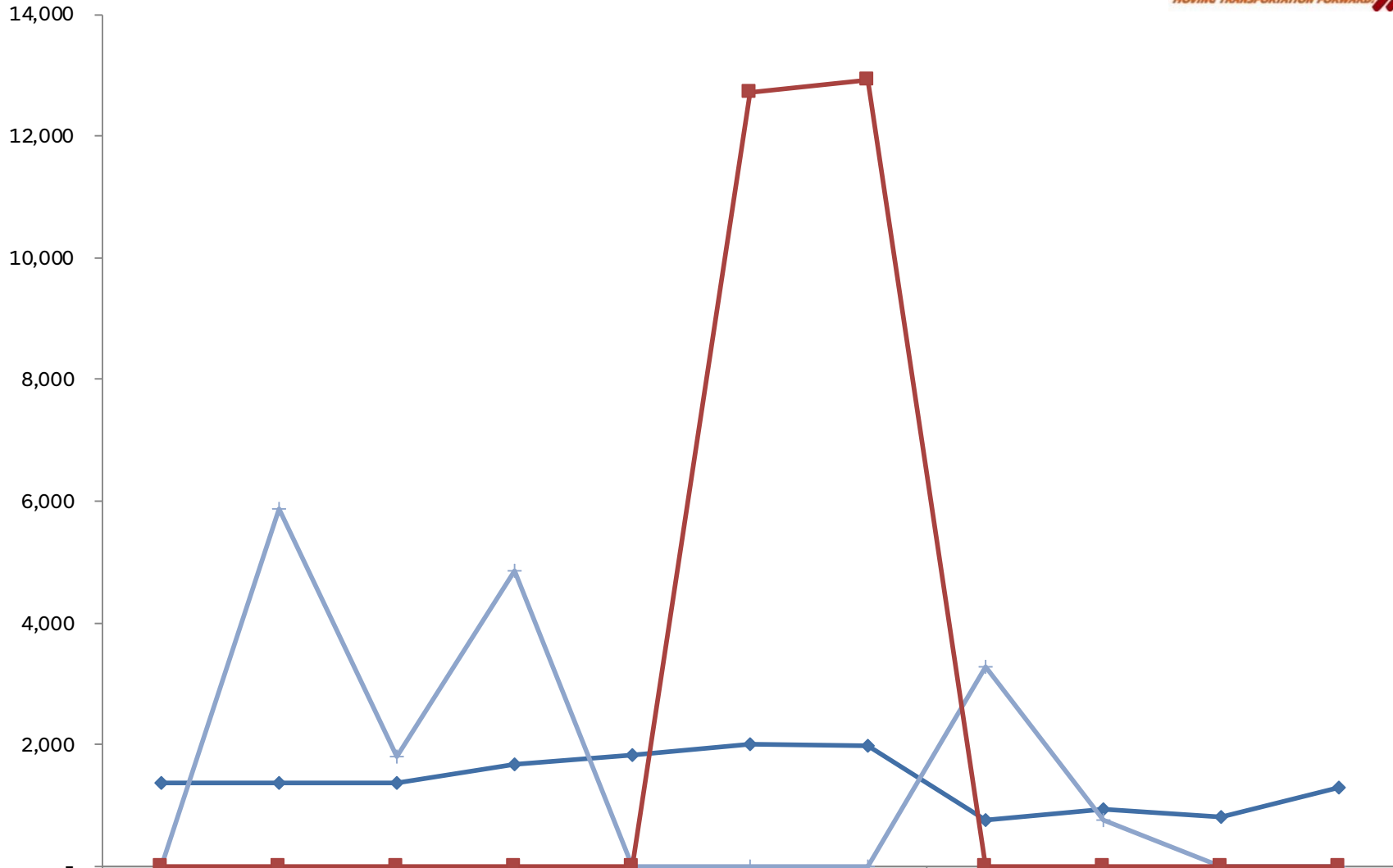


Assets Over Time



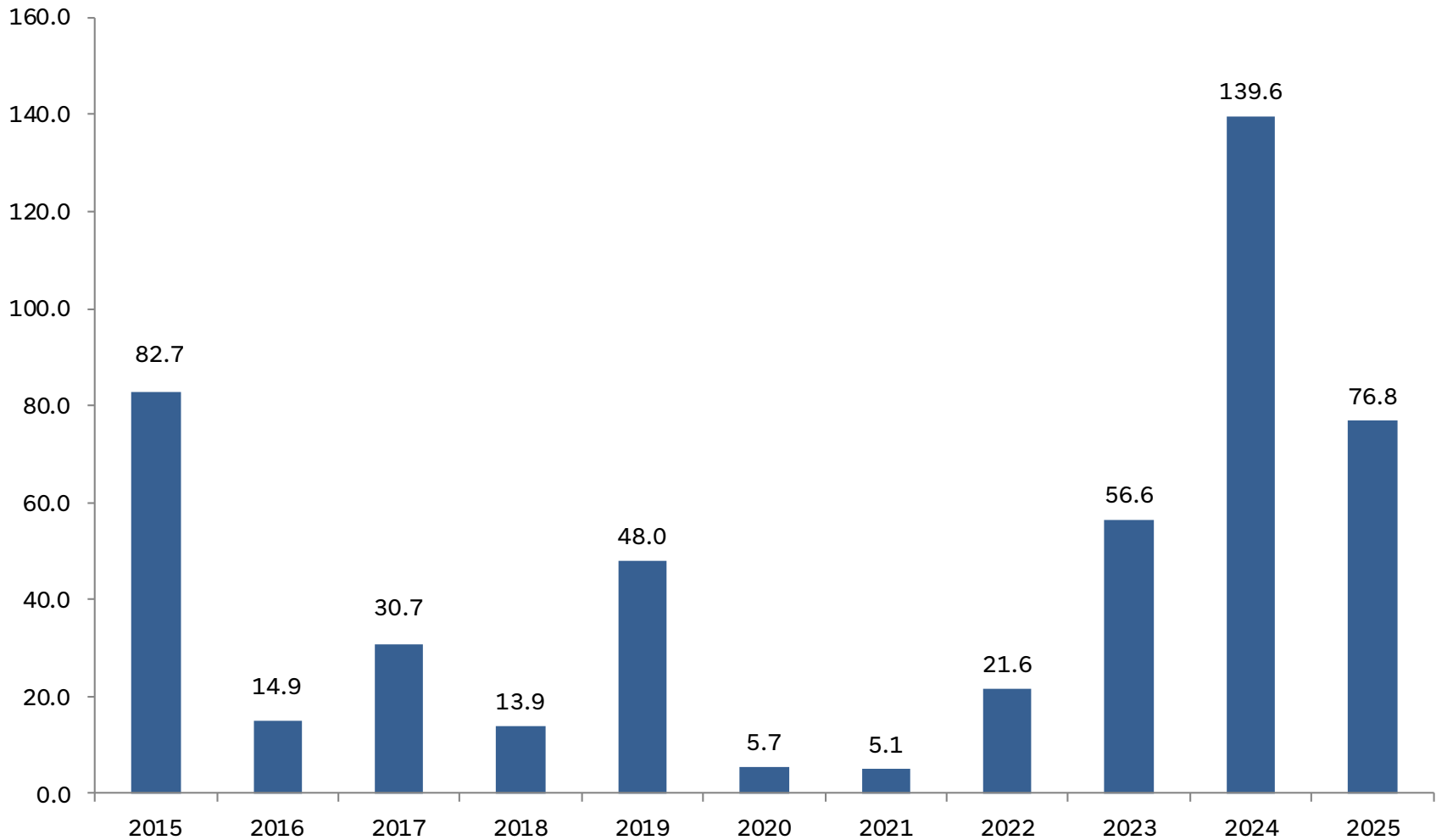
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cash and Cash Equivalents	92,962	70,427	92,531	73,684	58,250	66,007	59,516	53,751	60,726	70,649	76,746
Department of Transportation Receivables	17,051	31,593	-	14,505	19,197	10,386	14,559	30,496	32,028	39,966	19,649
Prepaid Expenses	-	1,289	1,154	1,139	1,251	6,557	1,252	1,252	1,318	1,330	1,330
Memberships Receivable	2,890	4,465	3,725	1,550	8,719	475	-	1,525	2,250	1,102	2,369
Total Assets	112,903	107,774	97,410	90,878	87,417	83,425	75,327	87,024	96,322	113,047	100,094

Liabilities Over Time



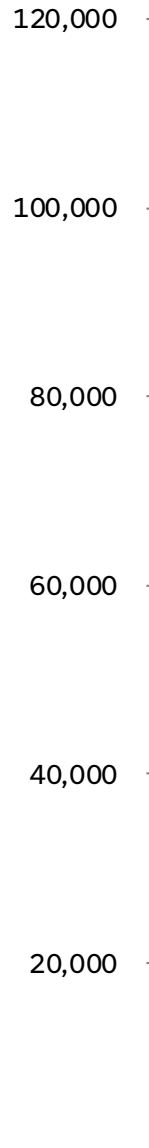
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
◆ Accrued Liabilities	1,365	1,365	1,365	1,685	1,823	2,011	1,971	759	948	810	1,304
◆ Accounts Payable	-	5,880	1,811	4,852	-	-	-	3,273	755	-	-
■ Deferred Revenue	-	-	-	-	-	12,710	12,910	-	-	-	-
Total Liabilities	1,365	7,245	3,176	6,537	1,823	14,721	14,881	4,032	1,703	810	1,304

Current Ratio (Current Assets/Current Liabilities)



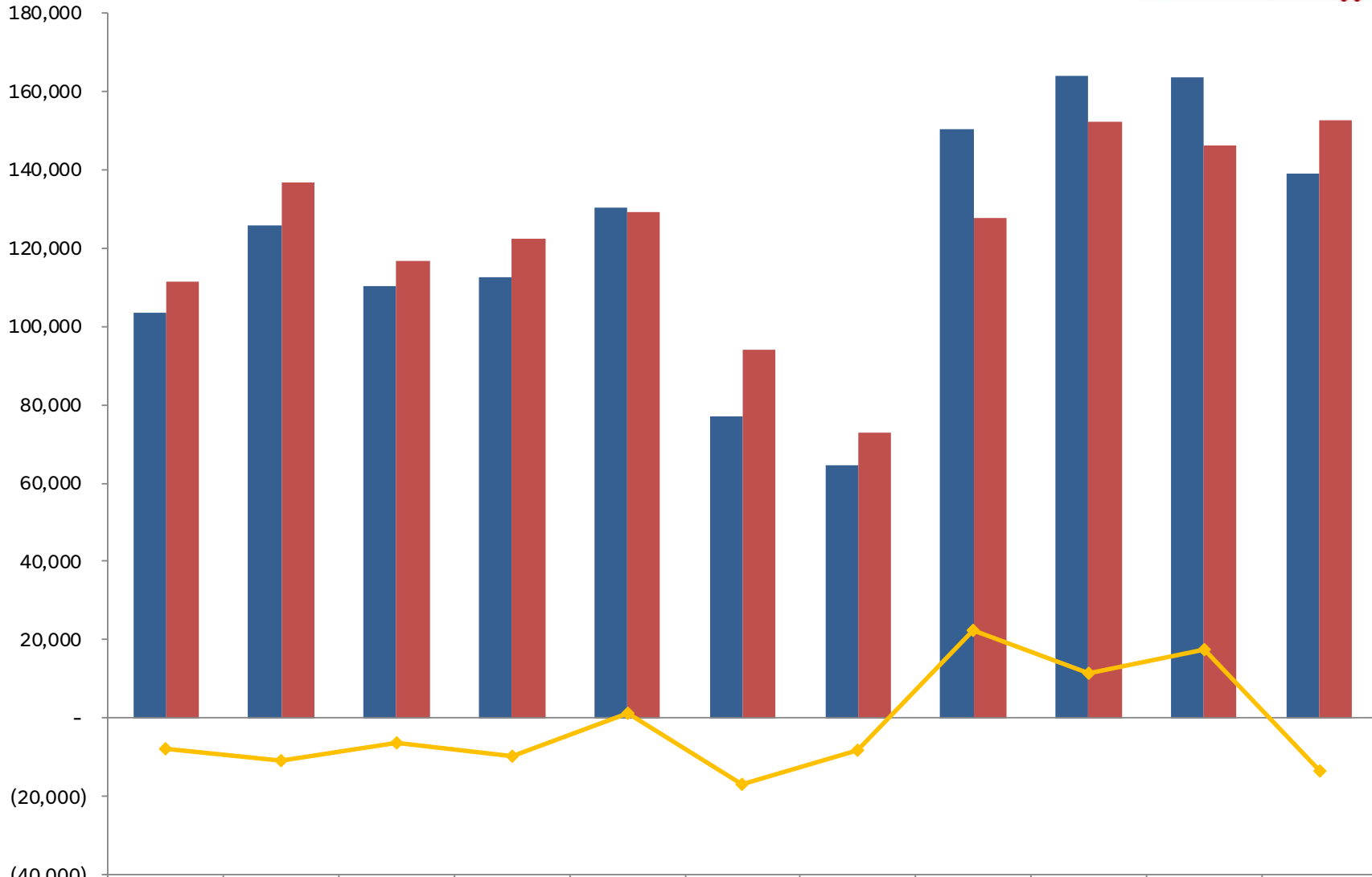
Typically, an ideal current ratio varies between 1.5 to 3. If in this range, the organization expects to have a reasonable safety margin to meet its liabilities while using its capital effectively. Current ratios are usually made up of cash, cash equivalents, receivables, inventory, short-term investments. If current liabilities exceed current assets (the current ratio is below 1), then the organization may have problems meeting its short-term obligations. In certain situations, organizations should consider investing excess current assets into middle and long-term objectives.

Net Assets Over Time



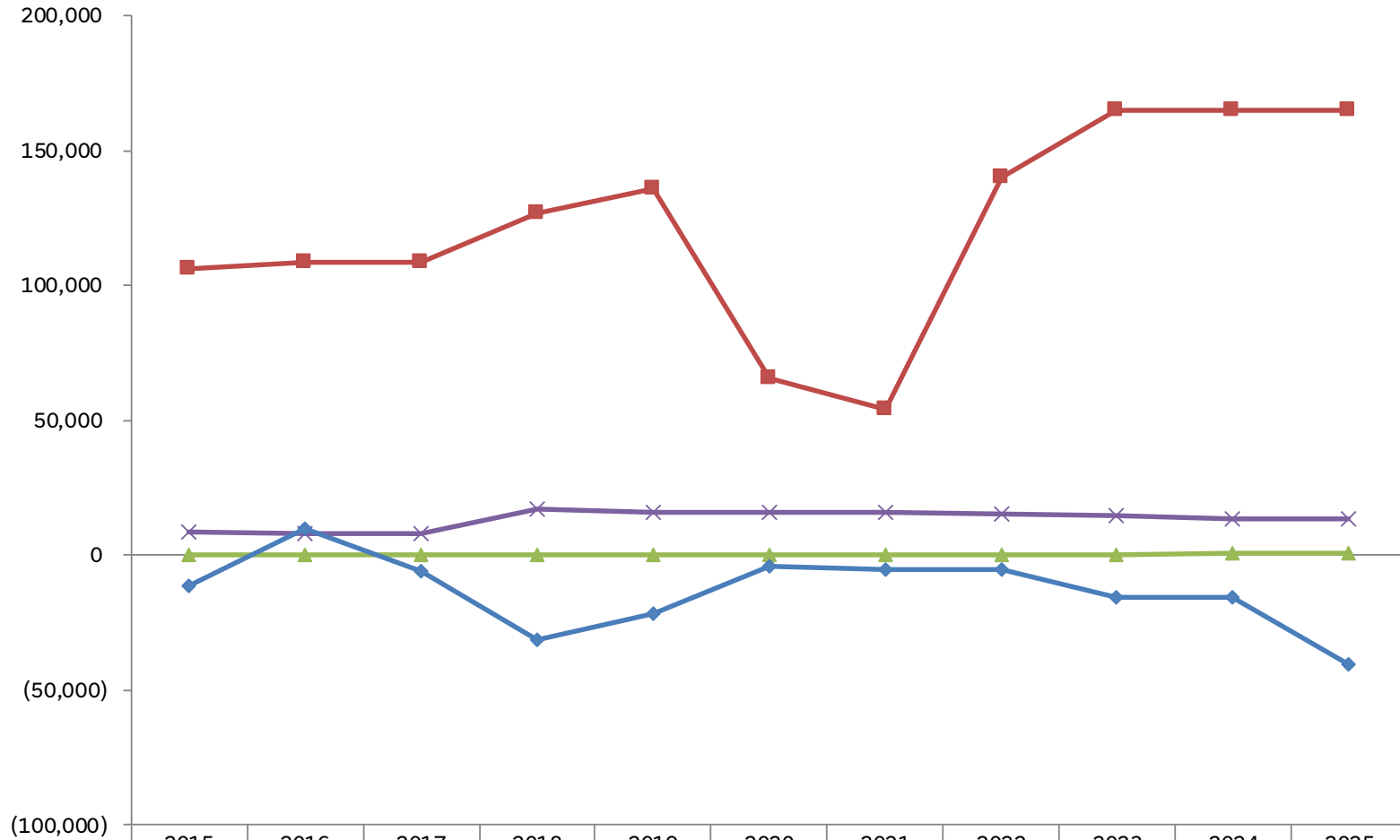
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
—◆— Unrestricted	111,538	100,529	94,234	84,341	85,594	68,704	60,446	82,992	94,619	112,237	98,790

Change in Net Assets

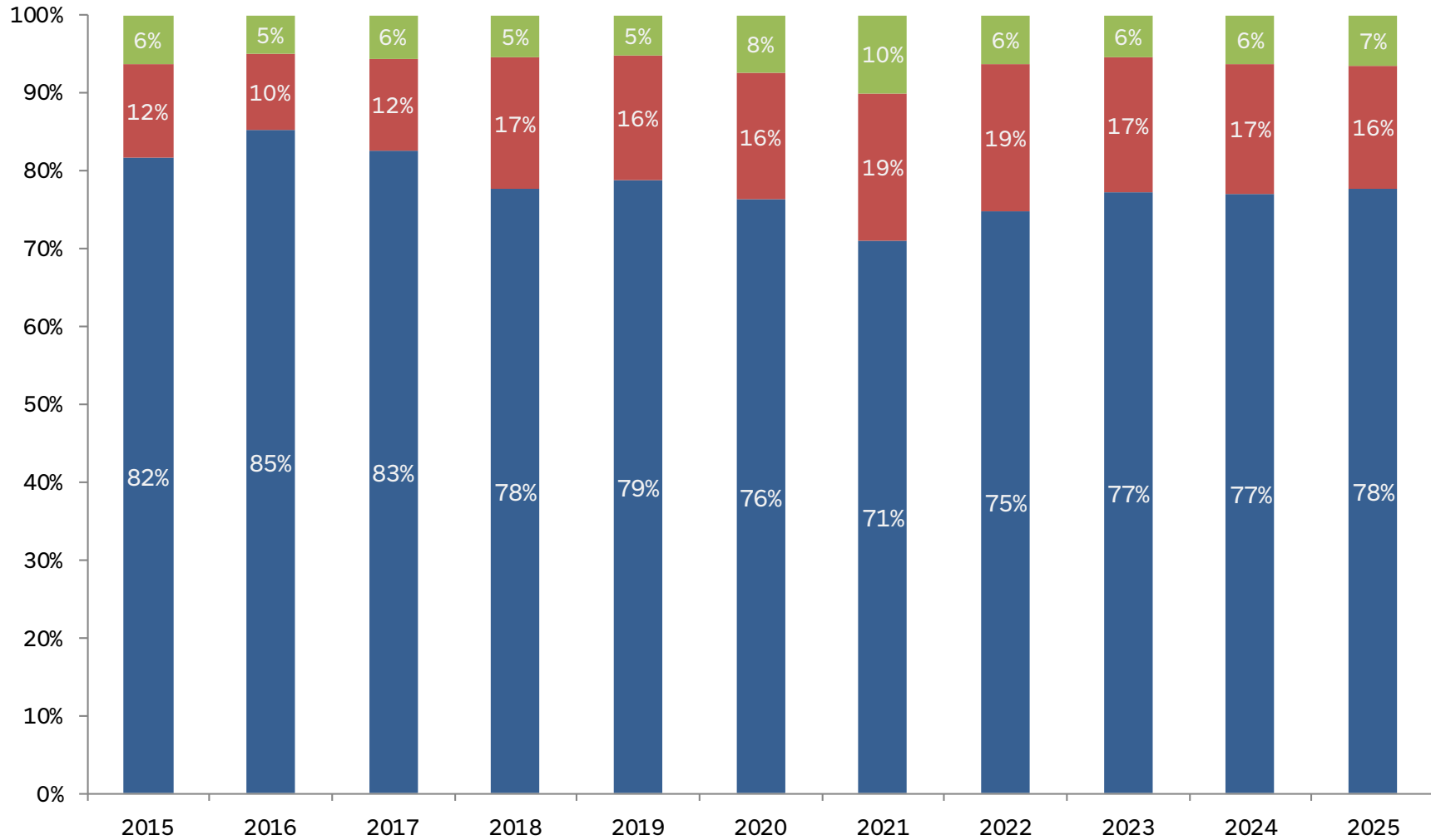


	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Support & Revenue	103,660	125,981	110,375	112,527	130,388	77,026	64,556	150,383	163,964	163,740	139,074
Expenses	111,484	136,990	116,670	122,420	129,135	93,916	72,814	127,837	152,337	146,122	152,521
Change in Net Assets	(7,824)	(11,009)	(6,295)	(9,893)	1,253	(16,890)	(8,258)	22,546	11,627	17,618	(13,447)

Revenue by Type



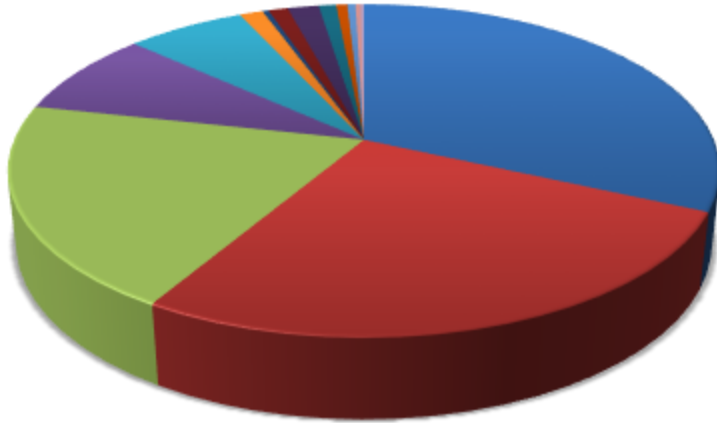
Percentage of Total Expenses



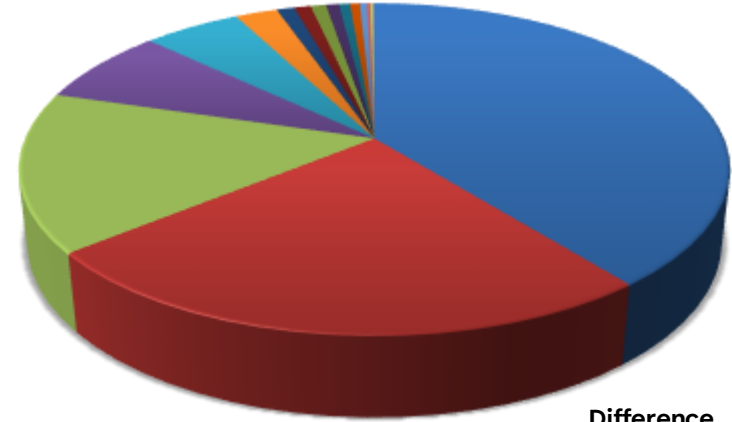
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Services	90,993	116,752	96,411	95,093	101,796	71,600	51,695	95,675	117,537	112,637	118,537
General & Administrative	13,398	13,413	13,773	20,615	20,541	15,254	13,834	24,033	26,416	24,341	24,057
Fundraising	7,093	6,825	6,486	6,712	6,798	7,062	7,285	8,129	8,384	9,144	9,927
Total Expenses	111,484	136,990	116,670	122,420	129,135	93,916	72,814	127,837	152,337	146,122	152,521

Comparative Expenses by Type

2024

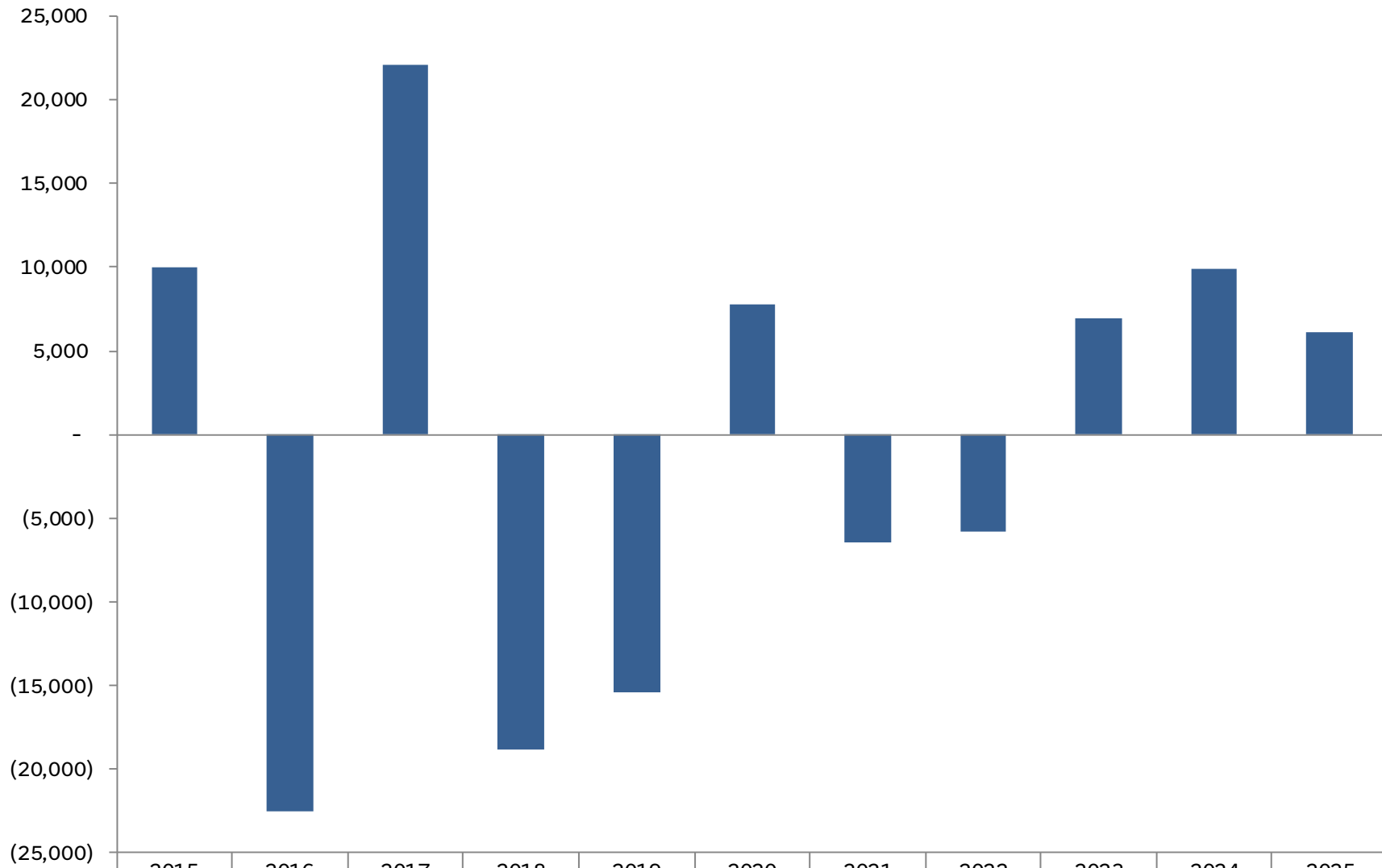


2025



Comparative Expenses by Type: Chart Data					Difference	
	2024		2025		(\$)	(%)
Road-Eo & Conference	68,233	46.7%	98,565	64.6%	30,332	44.5%
Salaries and Payroll Related Expenses	57,206	39.1%	62,346	40.9%	5,140	9.0%
Training	42,686	29.2%	39,000	25.6%	(3,686)	-8.6%
Legislative Services/Public Relations	17,800	12.2%	18,669	12.2%	869	4.9%
Professional Service Fees	13,835	9.5%	13,311	8.7%	(524)	-3.8%
Travel & Lodging	2,700	1.8%	5,767	3.8%	3,067	113.6%
Office Supplies and Expenses	709	0.5%	2,427	1.6%	1,718	242.3%
Insurance	2,281	1.6%	2,293	1.5%	12	0.5%
Supplies	-	0.0%	2,095	1.4%	2,095	100.0%
Postage and Printing	3,628	2.5%	1,775	1.2%	(1,853)	-51.1%
Subscriptions, Dues, & Memberships	2,034	1.4%	1,500	1.0%	(534)	-26.3%
Cell Phone	1,291	0.9%	1,338	0.9%	47	3.6%
Occupancy	960	0.7%	960	0.6%	-	0.0%
Meetings and Conferences	623	0.4%	450	0.3%	(173)	-27.8%
Credit Losses	-	0.0%	400	0.3%	400	100.0%
Other Expenses	369	0.3%	190	0.1%	(179)	-48.5%
Total Expenses	214,355	146.7%	251,086	164.6%	36,731	17.1%
Less Direct Expenses of Conference	(68,233)	-46.7%	(98,565)	-64.6%	(30,332)	44.5%
Total Expenses	146,122	100.0%	152,521	100.0%	6,399	4.4%

Cash Flows by Activity



Operating Activities	10,033	(22,535)	22,104	(18,847)	(15,434)	7,757	(6,491)	(5,765)	6,975	9,923	6,097
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New Audit Standards – SAS No. 146



SAS 146—Quality Management for an Engagement Conducted in Accordance With GAAS

- **Purpose:** Introduces a new framework for managing audit quality at the engagement level, focusing on tailoring quality practices to specific engagement risks and circumstances.
- **Risk-Based Approach:** Requires auditors to identify and assess risks to quality and implement responses to address those risks effectively.
- **Engagement Partner Responsibilities:** Places emphasis on the engagement partner's role in leading and managing quality throughout the audit process.
- **Monitoring and Assessment:** Mandates continuous monitoring of quality management practices during the engagement and evaluating their effectiveness.
- **Effective Date:** Beginning on or after December 15, 2025.



Subsequent Events/Planning for Next Year

- New debt?
- Major projects?
- Significant changes in revenue sources (i.e. new grants/funding sources)?
- Changes in accounting software?
- Changes in key personnel?
- Other items of significance?



Wrap Up

- Ensure we have names and position titles of attendees.
- Ensure you receive the adjusting journal entries and final trial balance.
- Number of hard copies of audit report.

Done?	Remaining Items for Wrap Up	Responsibility	Date
<input type="checkbox"/>	Signed Management Representation Letter	Management	Prior to Release
<input type="checkbox"/>	Complete Form 990 Tax Return Based on Audit	H + L Tax Dept.	5/15/2026
<input type="checkbox"/>	Download Meeting, Plan Next Year	H + L	After Release

Adjusting Journal Entries and Final Trial Balance



Adjusting Journal Entries



Final Trial Balance





Thank You

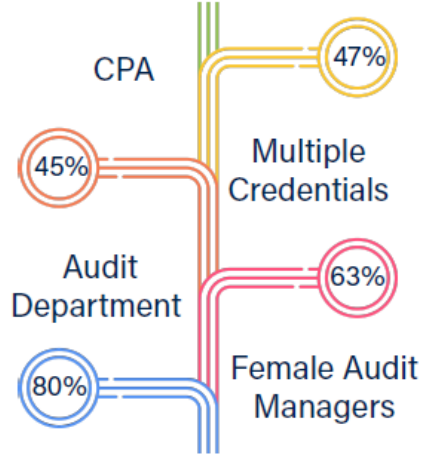
We appreciate all the support we received from
Finance and Management!





About Us

What Sets Us Apart



Our diverse, multicultural team brings varied perspectives, experiences, and talents to Hinkle + Landers, P.C.

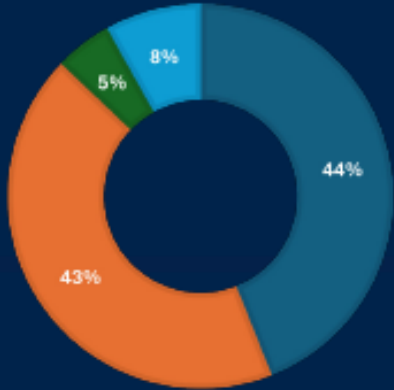
SERVING NEW MEXICO CLIENTS WITH ANNUAL REVENUES:



- \$ 2.2 Billion Government
- \$ 190 Million Non-Profit
- \$ 74.4 Million Accounting
- \$ 97 Million For-Profit

Client Audits and Revenue

- Non-Profit Orgs
- State & Local
- For-Profit
- Forensic & Other



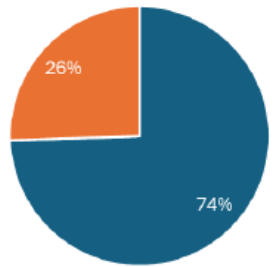
Local CPA Firm Serving NM for 52+ Years

- 140+ State & Local Governments
- 145+ Non-Profit Organizations
- 7+ Long-Term Tenure of Audit Managers
- 16+ Forensic Accounting Engagements
- Full Service CPA Firm (ABQ & Santa Fe)

Awards & Recognition

- 2024 Best & Brightest in the Nation
- 2024 ABQ Best Places to Work
- 2024 Expertise Top 10 Accountants in ABQ
- 2024 Best Accountants in ABQ

% of Our Clients Requiring Single Audits



- Audit
- Single Audit



Contact Information

On call throughout the year



Farley Vener, CPA, CFE, CGMA

- Managing Shareholder
- Fvener@HL-cpas.com
- (505) 385-4899



Hinkle + Landers, PC (Main Office)

- 2500 9th St. NW
- Albuquerque, NM 87102
- (505) 883-8788



Hinkle + Landers, PC (Santa Fe Office)

- 404 Brunn School Rd. #B
- Santa Fe, NM 87505
- (505) 883-8788





**NEW MEXICO
TRANSIT ASSOCIATION
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
For The Year Ended June 30, 2025, with
Comparative Totals for 2024**

2500 9th St. NW
Albuquerque, NM 87102
505.883.8788
www.HL-cpas.com

Draft 1

NEW MEXICO TRANSIT ASSOCIATION
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2025, With Comparative Totals for 2024

TABLE OF CONTENTS

	<u>Page</u>
Official Roster	1
Independent Auditor's Report on the Financial Statements	2-4
Financial Statements	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-18

NEW MEXICO TRANSIT ASSOCIATION
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
OFFICIAL ROSTER
As of June 30, 2025

BOARD OF DIRECTORS

Elizabeth Carter	President
James Barela	Vice President
Leslie Baca	Treasurer
Rebecka Hicks	Secretary
Anthony Mortillaro	Director
Jessica Guthrie	Director
Eugene Lujan	Director
Todd Naktewa	Director
Thomas Marking	Professional Business Director
Brent Roy	Business Director
Kevin Olinger	Ex-Officio



INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors and Management
New Mexico Transit Association
Rio Rancho, NM

Opinion

We have audited the accompanying financial statements of New Mexico Transit Association, Inc. (“NMTA”), a nonprofit organization, which comprise the Statement of Financial Position as of June 30, 2025, 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 referred to above present fairly, in all material respects, the financial position of New Mexico Transit Association as of June 30, 2025, 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 (“GAAP”).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”). 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 New Mexico Transit Association, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 New Mexico Transit Association'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 Responsibility 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 GAAS 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 GAAS, 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 New Mexico Transit Association'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 New Mexico Transit Association'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 Prior Year Summarized Comparative Information

We have previously audited New Mexico Transit Association's 2024 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 28, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.

Albuquerque, NM

November 20, 2025

NEW MEXICO TRANSIT ASSOCIATION
Statement of Financial Position
As of June 30, 2025, With Comparative Totals for 2024

ASSETS	<u>2025</u>	<u>2024</u>
Current Assets		
Cash and Cash Equivalents	\$ 76,746	70,649
Membership Receivable	2,369	1,102
Department of Transportation Receivable	19,649	39,966
Prepaid Expenses	<u>1,330</u>	<u>1,330</u>
Total Current Assets	<u>100,094</u>	<u>113,047</u>
Total Assets	<u>\$ 100,094</u>	<u>113,047</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ -	-
Accrued Liabilities	<u>1,304</u>	<u>810</u>
Total Liabilities	<u>1,304</u>	<u>810</u>
 Net Assets		
Net Assets Without Donor Restrictions	<u>98,790</u>	<u>112,237</u>
Total Net Assets	<u>98,790</u>	<u>112,237</u>
 Total Liabilities and Net Assets	 <u>\$ 100,094</u>	 <u>113,047</u>

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of these financial statements

NEW MEXICO TRANSIT ASSOCIATION

Statement of Activities

For The Year Ended June 30, 2025, With Comparative Totals for 2024

	<u>2025</u>	<u>2024</u>
Revenues and Support		
Conference	\$ 58,169	52,790
Less: Costs of Conference	<u>(98,565)</u>	<u>(68,233)</u>
Net Conference Revenue	(40,396)	(15,443)
Federal Grant (Passed-Through NM DOT)	165,000	165,000
Memberships	13,500	13,600
Miscellaneous Revenue	<u>970</u>	<u>583</u>
Total Revenues and Support	139,074	163,740
Expenses and Losses		
Program Services	118,537	112,637
General & Administrative	24,057	24,341
Fundraising	<u>9,927</u>	<u>9,144</u>
Total Expenses	<u>152,521</u>	<u>146,122</u>
Change in Net Assets	(13,447)	17,618
Net Assets, Beginning of Period	<u>112,237</u>	<u>94,619</u>
Net Assets, End of Period	<u>\$ 98,790</u>	<u>112,237</u>

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of these financial statements

NEW MEXICO TRANSIT ASSOCIATION
Statement of Functional Expenses
For The Year Ended June 30, 2025, With Comparative Totals for 2024

	Program Services	General & Admin	Fundraising	2025 Total	2024 Total
Wages	\$ 40,281	8,632	8,632	57,545	52,829
Taxes	3,361	720	720	4,801	4,377
Total Personnel Expenses	43,642	9,352	9,352	62,346	57,206
Road-ee & Conference	98,565	-	-	98,565	68,233
Training	31,200	7,800	-	39,000	42,686
Legislative Services/Public Relations	16,146	2,523	-	18,669	17,800
Professional Service Fees	13,311	-	-	13,311	13,835
Travel & Lodging	5,479	288	-	5,767	2,700
Office Supplies and Expenses	1,942	485	-	2,427	709
Insurance	1,376	917	-	2,293	2,281
Supplies	2,095	-	-	2,095	-
Postage and Printing	1,597	178	-	1,775	3,628
Subscriptions, Dues, & Memberships	-	1,500	-	1,500	2,034
Cell Phone	602	401	335	1,338	1,291
Occupancy	432	288	240	960	960
Meetings and Conferences	315	135	-	450	623
Credit Losses	400	-	-	400	-
Other Expenses	-	190	-	190	369
Total Expenses	217,102	24,057	9,927	251,086	214,355
Less Expenses Included in Revenue on the Statement of Activities:					
Direct Expenses of Conference	(98,565)	-	-	(98,565)	(68,233)
Total Expenses per Statement of Activities	\$ 118,537	24,057	9,927	152,521	146,122

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of these financial statements

NEW MEXICO TRANSIT ASSOCIATION
Statement of Cash Flows
For The Year Ended June 30, 2025, With Comparative Totals for 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Conference	\$ 58,169	52,790
Cash Received From Grants	184,050	158,210
Cash Received From Memberships	13,500	13,600
Cash Received From Miscellaneous Revenues	970	583
Cash Paid to and on Behalf of Employees	(61,852)	(57,344)
Cash Paid for Conference	(98,565)	(68,233)
Cash Paid for Operating Expenses	(90,175)	(89,683)
Net Cash Provided (Used) by Operating Activities	6,097	9,923
Net Increase (Decrease) in Cash and Cash Equivalents	6,097	9,923
Cash and Cash Equivalents at Beginning of Year	70,649	60,726
Cash and Cash Equivalents at End of Year	\$ 76,746	70,649
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	\$ (13,447)	17,618
Adjustments to Reconcile Changes in Net Assets to Cash Provided by Operating Activities:		
(Increase) Decrease in Accounts Receivable	19,050	(6,790)
(Increase) Decrease in Prepaids	-	(12)
Increase (Decrease) in Accounts Payable	-	(755)
Increase (Decrease) in Accrued Liabilities	494	(138)
Net Cash Provided (Used) by Operating Activities	\$ 6,097	9,923

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of these financial statements

NEW MEXICO TRANSIT ASSOCIATION

Notes To Financial Statements

For The Year Ended June 30, 2025, With Comparative Totals for 2024

NOTE A—NATURE OF OPERATIONS

New Mexico Transit Association (“NMTA”) was established as a nonprofit corporation in 1987. NMTA’s purpose is to be the collective voice for both public and private transportation providers in rural and urban areas across New Mexico.

Under an agreement with the New Mexico Department of Transportation’s Transit Bureau, NMTA coordinates training and provides technical support for New Mexico’s rural transit providers and subrecipients. Training and support are directed primarily to transit programs funded through the Federal Transit Administration’s 5310 program, which serves senior and disabled populations, and the 5311 program, which provides transit to rural areas and small towns. In addition, NMTA publishes quarterly newsletters, coordinates board development and meetings, arranges training for members and nonmembers, and organizes the annual NMTA Conference and Van/Bus Road-ee.

Training

NMTA recognizes the value of providing training for association members. To attain this goal, NMTA, through its partnership with the New Mexico Department of Transportation’s Transit Bureau, funds quarterly training for drivers and management. NMTA connects communities throughout the state by sponsoring its annual conference, providing the most current safety updates, and hosting the annual Van/Bus Road-ee.

Education

Education of industry members and affected stakeholders is key in developing and maintaining a strong public transportation system. NMTA develops informational literature and public education tools to keep members up-to-date on issues affecting the industry. NMTA analyzes the impacts of national and statewide agency and legislative actions and publishes a quarterly newsletter.

NEW MEXICO TRANSIT ASSOCIATION

Notes To Financial Statements

For The Year Ended June 30, 2025, With Comparative Totals for 2024

Advocacy

NMTA identifies and disseminates information to our members that may be used for promoting additional funding at the federal, state, and local levels. NMTA provides member training for effective grant writing, and monitors and evaluates state legislation affecting its members.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below:

Accounting Method

The accompanying financial statements of NMTA have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to nonprofit organizations.

Basis of Presentation

NMTA is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Accordingly, net assets of NMTA, and changes therein are classified and reported as follows:

- **Net Assets without Donor Restrictions**—represent net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions arise from exchange transactions and receipt of unrestricted contributions.
- **Net Assets with Donor Restrictions**—arise from contributions whose use by the NMTA has been limited by donors. Some donor restrictions are temporary in nature; those purpose/time restrictions can be fulfilled and removed by actions of the organization pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature.

NEW MEXICO TRANSIT ASSOCIATION

Notes To Financial Statements

For The Year Ended June 30, 2025, With Comparative Totals for 2024

Contributions with donor restrictions are recorded as net assets without donor restrictions to the extent that the restrictions are satisfied in the same reporting period. NMTA has no net assets with donor restrictions for the years ended June 30, 2025 and 2024.

- **Net Assets with Donor Restrictions-Perpetual in Nature**—represent net assets subject to donor-imposed stipulations that must be maintained permanently by the NMTA. NMTA has no net assets with donor restrictions perpetual in nature for the years ended June 30, 2025 and 2024.

Liquidity and Availability of Financial Resources

NMTA regularly monitors liquidity to meet cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, and external limitations imposed by donors or contracts with others. NMTA is not substantially supported by restricted grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, NMTA must maintain sufficient resources to meet those responsibilities to its donors. Accordingly, certain financial assets may not be available for general expenditure within one year. As part of NMTA's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due. In addition, NMTA may invest cash in excess of daily requirements in short-term investments. Occasionally, the board designates a portion of any operating surplus to its liquidity reserve.

NEW MEXICO TRANSIT ASSOCIATION

Notes To Financial Statements

For The Year Ended June 30, 2025, With Comparative Totals for 2024

Liquidity is as follows:

<u>Financial Assets as of Year End</u>	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 76,746	70,649
Receivables Expected to Be Received During the Next Year	<u>22,018</u>	<u>41,068</u>
	98,764	111,717
Less Those Unavailable for General Expenditures within Year, Due to:		
Restricted by Donor with Purpose Restrictions	-	-
	<hr/>	<hr/>
Current Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ <u>98,764</u>	<u>111,717</u>

Income Taxes

NMTA has been established as a nonprofit corporation exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The Internal Revenue Service has classified NMTA as other than a private foundation.

NMTA files its Federal Form 990 tax returns in the U.S. federal jurisdiction. Management believes that they are operating within their tax-exempt purpose.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimate that is particularly susceptible to significant changes in the near term that could have a material effect on the financial statements is the allocation of expenses by function to program, administration and fundraising.

NEW MEXICO TRANSIT ASSOCIATION

Notes To Financial Statements

For The Year Ended June 30, 2025, With Comparative Totals for 2024

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts with original maturities of three months or less. As of June 30, 2025, and 2024, NMTA had deposits with one depository institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable limits.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due from members for memberships charges. NMTA determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible.

Receivables from contracts with customers are reported as accounts receivable, net, in the accompanying Statement of Financial Position. Contract liabilities are reported as deferred revenue in the accompanying Statement of Financial Position. NMTA has no deferred revenue for the years ended June 30, 2025 and 2024.

Fair Value Measurements

FASB Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, establishes a framework for measuring fair value.

The carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses and other liabilities approximate fair value due to the short maturity periods of these instruments.

NEW MEXICO TRANSIT ASSOCIATION

Notes To Financial Statements

For The Year Ended June 30, 2025, With Comparative Totals for 2024

Revenue Recognition

The following summarizes the revenue recognition policies for major classifications of revenue:

- Conference/Road-ee Registration—NMTA earns revenue through an annual conference. This revenue is reported at the amount that reflects the consideration to which NMTA expects to be entitled in exchange for providing the conference to the participants. Conference fees cover training sessions, information sessions for the Federal Transit Administration and the New Mexico Department of Transportation updates, and interactions with participating vendors. Performance obligations are determined based on the nature of the conference provided by NMTA. Performance obligations are met, and revenue is recognized, when the conference is held. Unearned conference revenue is reflected as deferred revenue on the Statement of Financial Position. NMTA does not have any unearned revenue for the years ended June 30, 2025 and 2024.
- Membership Dues—Membership dues are billed on an annual basis, with the bills sent out at the beginning of the fiscal year, in the month of July or August. Revenue related to membership is recognized ratably over the fiscal year ended June 30. Management has determined the benefits (performance obligations) match the membership revenue and there is no unearned revenue as of the year-end, June 30. Management reviews the membership revenue activity each year to determine if this method continues to be reasonable.

Management has adopted the practical expedient whereby costs to obtain membership contracts are not capitalized because the average length of a membership contract is less than one year. NMTA provides a wide variety of services, which are considered performance obligations to membership. Significant benefits are as follows:

NEW MEXICO TRANSIT ASSOCIATION

Notes To Financial Statements

For The Year Ended June 30, 2025, With Comparative Totals for 2024

- continuing education and professional development training,
 - quarterly training and networking sessions,
 - government relations and input on transportation policy, and
 - a discounted registration fee for the annual conference.
- **Conditional Contributions**—NMTA receives governmental grants to provide services to the public. The terms of these grants specify that NMTA must incur certain qualifying expenses or costs in compliance with grantor rules and regulations. These grant funds are paid predominantly on a cost-reimbursement basis, and there can be upfront payments received at the beginning of the grant cycle. Advance payments are recorded as refundable advances (deferred revenue) until qualifying costs are incurred and other grant conditions (barriers) are met; revenue is recognized as eligible costs are incurred. Any unused advances must be returned, and any unallowed costs that have been drawn down by NMTA are required to be refunded. These grants are accounted for as conditional contributions under ASC 958-605 and are recorded as increases in net assets without donor restrictions when conditions are met. Federal grants are accounted for in this manner.

Property, Equipment and Depreciation

NMTA defines equipment as nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Maintenance, repairs, and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in the change in net assets. As of June 30, 2025, and June 30, 2024, NMTA had no property or equipment.

Functional Classification of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs and supporting activities provided by the

NEW MEXICO TRANSIT ASSOCIATION

Notes To Financial Statements

For The Year Ended June 30, 2025, With Comparative Totals for 2024

organization. Expenses that can be identified with a specific service are charged directly to a program according to the natural expenditure classification. Direct costs are recorded to the functional classification to which the expense relates. All other expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated among the functions on the following basis:

<u>Significant Type of Expense</u>
Salaries, Wages and Related Payroll Expenses, Occupancy, Repairs, Insurance, Dues and Fees, Program Travel, Training, Office Supplies, Equipment, Furniture, Telephone
<u>Basis of Allocation of Expenses</u>
<ul style="list-style-type: none">• Direct to Program or Supporting Services• Appropriate Allocation Based on Time and Effort

The functional expense allocation ratios for the years ended June 30 are:

<u>Expense Allocation</u>	<u>2025</u>	<u>2024</u>
Program	77%	77%
General & Administrative	16%	17%
Fundraising	7%	6%
	<u>100%</u>	<u>100%</u>

Prior Year Comparative Totals

The financial statements include prior-year summarized comparative information in total but not in each net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with NMTA's financial statements for the year ended June 30, 2024.

Reclassifications

Certain reclassifications may have been made to the 2024 summarized financial statement information to conform to the current year presentation.

NEW MEXICO TRANSIT ASSOCIATION

Notes To Financial Statements

For The Year Ended June 30, 2025, With Comparative Totals for 2024

NOTE C—CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of June 30:

<u>Cash & Cash Equivalents</u>	<u>2025</u>	<u>2024</u>
Bank of America	\$ <u>76,746</u>	<u>70,649</u>

All deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable limits.

NOTE D—RECEIVABLES

Receivables consisted of the following as of June 30:

<u>Receivables</u>	<u>2025</u>	<u>2024</u>
Membership Receivable	\$ 2,369	1,102
DOT Receivable	<u>19,649</u>	<u>39,966</u>
	\$ <u>22,018</u>	<u>41,068</u>

NOTE E – PREPAID EXPENSES

Prepaid expenses consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Prepaid Insurance	\$ <u>1,330</u>	<u>1,330</u>
	\$ <u>1,330</u>	<u>1,330</u>

NOTE F—CONTINGENCY AND CONCENTRATION

NMTA receives monies from grants for specific purposes that are subject to review and audit by the funding agencies. Such audits could result in a request for reimbursement by the funding agencies for expenditures disallowed under the terms and conditions of the appropriate agency. As of June 30, 2025, and June 30, 2024, there were no disallowed expenditures identified.

NEW MEXICO TRANSIT ASSOCIATION

Notes To Financial Statements

For The Year Ended June 30, 2025, With Comparative Totals for 2024

A significant portion of NMTA's revenues is derived from a government award. Please see the concentration of revenue as follows:

<u>Revenue Concentration</u>	<u>2025</u>	<u>2024</u>
% of Revenue From DOT \$	<u>69%</u>	<u>71%</u>

NOTE G—EVALUATION OF SUBSEQUENT EVENTS

NMTA evaluated subsequent events through November 20, 2025, the date the financial statements were available for issuance. Events providing additional evidence of conditions existing as of June 30, 2025, have been recognized in these financial statements. Events arising after that date that did not exist as of year-end have not been recognized.



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**NEW MEXICO
TRANSIT ASSOCIATION**

**Management Advisory Letter
For The Year Ended
June 30, 2025**

2500 9th St. NW
Albuquerque, NM 87102
505.883.8788
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**Independent Auditor's Report on
Internal Control Over Financial Reporting**

Board of Directors
New Mexico Transit Association
Rio Rancho, NM

In planning and performing our audit of the financial statements of the New Mexico Transit Association (NMTA) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered NMTA's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NMTA's internal control. Accordingly, we do not express an opinion on the effectiveness of NMTA'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 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. We identified the following deficiency in internal control that we considered to be a significant deficiency: 2025-001.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Hinkle & Landers, P.C.

Hinkle + Landers, PC

Albuquerque, NM

November 20, 2025

Draft 1

NEW MEXICO TRANSIT ASSOCIATION

Management Advisory Letter

For The Year Ended June 30, 2025

Reference #	Findings	Status of Prior Year Findings	Type of Finding *
Prior Year	None	N/A	
Current Year 2025-001	FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS	Current	B

* Legend for Type of Finding

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting

2025-001—FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS

Type of Finding: (B) Significant Deficiency in Internal Control Over Financial Reporting

Statement of Condition

While conducting the audit, multiple adjustments were identified by the auditor that were required to be made in order to present the financial statements materially correct. Based on the adjustments made, it was determined that the Entity should improve the effectiveness of its financial close, monitoring, and reporting process. The financial close should include, but not be limited to:

- Establishing and implementing procedures to initiate, authorize, record, process, and correct the general ledger, and report transactions and
- Monitoring if assigned personnel are completing their task timely and accurately.

The following outlines the categories and balances of significant adjustments that were proposed:

Financial Statement Category	Net Adjustments Proposed (Absolute Value)
Net Assets	\$ 600
Accounts Payable	56,797
Payroll liabilities	494
	<u>\$ 57,891</u>

NEW MEXICO TRANSIT ASSOCIATION

Management Advisory Letter

For The Year Ended June 30, 2025

Criteria

Some of the key underlying concepts of AU-C 265 Communicating Internal Control Related Matters Identified in an audit:

- The auditor cannot be part of a client's internal control. Becoming part of a client's internal control impairs the auditor's independence.
- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; rather it includes controls over the review of the financial statements.

Financial Close and the recording of these adjustments are considered significant processes of internal control and should be performed by the Entity's staff or addressed as nonaudit procedures to be performed by the auditor, but all threats to independence must be properly mitigated according to independence requirements.

Cause

The Accounts payable had a debit balance of \$56,797 due to paying two invoices without having the Invoices and the expenses recorded in QBO.

Effect

Because these adjustments were made/identified by the auditor, and not by the Entity, it shows an internal control weakness in maintaining the general ledger. The effects are the following:

- Risk of misstatements in the financial statements is significantly high
- Untimely financial reporting
- Increased risk of loss of funding sources

Recommendation

We recommend management enter any entries identified by the audit in a timely manner. Additionally, review transactions posted to Quickbooks to ensure the dates are correct.

Asking for nonaudit services and technical advice from the auditor or from someone else when these procedures and adjustments are needed is not considered a control deficiency as long as the

NEW MEXICO TRANSIT ASSOCIATION

Management Advisory Letter

For The Year Ended June 30, 2025

staff of the Entity initiates/oversees them and can mitigate the risk of a threat of lack of independence by the auditor. This would entail a person with the proper skills, knowledge and experience initiate the financial close or oversee the auditor's nonattest services in accordance with independence requirements set forth by professional standards.

In addition, we recommend that the Entity review all trial balances prior to providing them to the auditor, during the audit process and when adjustments are proposed, and at the end of the audit to ensure correctness. Additionally, we recommend that the Entity ensure that all proposed adjustments by the auditor are reviewed by key officials and that they are approved, prior to the audit completion.

Draft 1