

AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

ADELANTE DEVELOPMENT CENTER, INC.

ENTITY ID NUMBER 953091

The undersigned, Chief Executive Officer/President and Secretary of **ADELANTE DEVELOPMENT CENTER, INC.**, in accordance with the provisions of the New Mexico Nonprofit Act, (hereinafter referred to as the "Act"), adopt the following Amended and Restated Articles of Incorporation.

ARTICLE I

Name

The name of this Corporation is **ADELANTE DEVELOPMENT CENTER, INC.** (hereafter referred to as the "Corporation"). The entity ID Number is 953091.

ARTICLE II

Duration

The duration of this Corporation is perpetual.

ARTICLE III

Purposes and Powers

SECTION 1. Purposes. This Corporation is organized exclusively for charitable and educational purposes, including specifically:

- a. to provide services for people with disabilities and people with disadvantages which promote the ability to live and work self-sufficiently, and maximize the potential of the individual;

b. to provide services for seniors which help maintain their ability to live a full life; and

c. to operate exclusively for purposes for which a corporation may be formed under the Act, specifically charitable, religious and educational purposes; including, for such purposes, the making of distributions to and receiving contributions from, organizations that qualify as exempt organizations under Section 501(c)(3) and Section 170(c)(2) of the Internal Revenue Code of 1986 or the corresponding provisions of any future federal tax code, herein generally called "exempt purposes" including, but not restricted to, the more specific purposes enumerated herein.

SECTION 2. Powers. In furtherance and not in limitation of the objects and purposes stated, it is expressly provided the Corporation shall have the power and authority, either directly or indirectly, either alone or in conjunction with others, to perform all acts, and to exercise all powers that are necessary or proper to accomplish its purposes. It is organized for the purposes and objects to engage in any and all lawful acts and things or activities which may be necessary, useful, suitable, desirable, or proper for the furtherance, accomplishment, fostering, or attainment of any or all of the purposes for which non-profit corporations may be organized. The Corporation has also been formed to aid or assist other organizations whose activities are such as to further, accomplish, foster or attain any of such purposes under the Act or corresponding provisions of any future Act and all other Acts or laws with respect to non-profit corporations.

ARTICLE IV

Stock

This Corporation is not organized for profit and shall have no capital stock.

ARTICLE V

Restrictions

No part of the net earnings or income of the Corporation shall inure to the benefit of, or be distributed to its directors, officers, members, if any, or private individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III hereof. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation. The Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. The income of the Corporation for such taxable year shall be distributed at such time and in such manner as not to be subject to tax under Section 4942 of the Internal Revenue Code. The Corporation shall not engage in any act of self-dealing (as defined in Section 4941(d) of such Code), make any investments in such manner as to subject the Corporation to tax under Section 4944 of such Code, or to make any taxable expenditures (as defined in Section 4945(d) of such Code).

ARTICLE VI

Dissolution

The Corporation may dissolve and conclude its affairs by the adoption of a resolution to dissolve by the vote of the majority of the directors in office. In the event of dissolution of the Corporation, the assets of the Corporation shall be applied and distributed as follows:

- a. All liabilities, debts and obligations of the Corporation shall be paid and discharged, or adequate provision shall be made therefor;
- b. Assets held by the Corporation upon condition requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in such requirement;
- c. Assets received and held by the Corporation subject to limitations permitting their use only for charitable purposes, which comply with Section 501(c)(3) of the Internal Revenue Code or corresponding section of any future federal tax code, but not held upon a condition requiring return, transfer or conveyance by reason of dissolution, shall be transferred or conveyed to one or more non-profit, domestic or foreign corporations, non-profit societies or non-profit organizations engaged in activity substantially similar to those of the dissolving corporation, pursuant to a plan of distribution adopted as provided in the Act;
- d. Other assets, if any, shall be distributed in accordance with the provisions of the Amended and Restated Articles of Incorporation or

Amended Bylaws, but in no event may any member, former member, director, former director, officer or former officer receive directly or indirectly any distribution or proportion of a distribution from any assets;

e. The balance of all money and other property received by the Corporation from any source may be distributed to such persons, non-profit societies, non-profit organizations or non-profit domestic or foreign corporations which are exempt under Section 501(c)(3) of the Internal Revenue Code and to which contributions, requests, and gifts are deductible under Sections 170(c)(2), 2055(a)(2), and 2522(a)(2) thereof, to be used exclusively for charitable purposes.

Notwithstanding any of the aforementioned provisions, upon the dissolution of the Corporation, assets shall only be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code or corresponding section of any future federal tax code, or shall be distributed to the federal government or to a state or local government, for a public purpose. Any such assets not to disposed of shall be disposed of by the Court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE VII

Registered Office and Registered Agent

The address of the registered office of the Corporation is 3900 Osuna Road NE, Albuquerque, New Mexico 87109. The name of the registered agent of this Corporation at that address is Mike Kivitz.

ARTICLE VIII

Board of Directors

The affairs of the Corporation shall be conducted and managed by a Board of Directors composed and managed by a Board of Directors composed of not less than three (3), nor more than twenty-one (21) directors as established by the Amended Bylaws, to be elected by those entitled to vote at such election, in the manner and for terms provided by the Amended Bylaws.

ARTICLE IX

Principal Office

The Corporation's principal office shall be located in the City of Albuquerque, County of Bernalillo, State of New Mexico.

ARTICLE X

Amendment

These Articles may be amended by a vote of the majority of the directors of any meeting called for that purpose in accordance with the Amended Bylaws.

ARTICLE XI

Adoption

The date of the meeting of the Board of Directors at which the

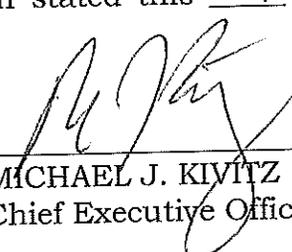
amendment was adopted was December 15, 2016. The Corporation has no members, or no members entitled to vote thereon, therefore the amendment was adopted by a majority of the Board of Directors in office. These Amended and Restated Articles of Incorporation correctly set forth the provisions of the Articles of Incorporation as amended, have been duly approved as required by law, as stated above, and supersede the original Articles of Incorporation and all amendments thereto.

ARTICLE XI

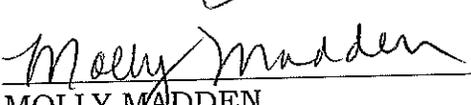
Effective Date

These Amended and Restated Articles of Incorporation will be effective on the filing date.

IN WITNESS WHEREOF, the undersigned, being the President and Secretary of this Corporation, executed these Restated Articles of Incorporation and certify to the truth of the facts herein stated this 27 day of MARCH, 2017.



MICHAEL J. KIVITZ
Chief Executive Officer/President



MOLLY MADDEN
Secretary

- Entity Registration
- Core Data**
- Business Information
- Entity Types
- Financial Information
- Taxpayer Information
- Points of Contact
- Assertions
- Reps and Certs (FAR/DFARS)
- Reps and Certs (Financial)

ADELANTE DEVELOPMENT CENTER INC Active Registration

Entity Information

Unique Entity ID CAGE/NCAGE
VG9NJJ8THR38 2Z711

Expiration Date

Nov 6, 2025

Physical Address
**3900 Osuna RD NE
Albuquerque, New Mexico
87109-4459, United States**

Mailing Address
**3900 Osuna RD NE
Albuquerque, New Mexico
87109-4459, United States**

Purpose of Registration
All Awards

LOBBYING CERTIFICATION

An Applicant that submits or intends to submit an application to FTA for Federal assistance exceeding \$100,000 is required to provide the following certification. FTA may not award Federal assistance exceeding \$100,000 until the Applicant provides this certification.

- A. As required by 31 U.S.C. 1352 and U.S. DOT regulations, "New Restrictions on Lobbying," at 49 CFR 20.110, the Applicant's authorized representative certifies to the best of his or her knowledge and belief that for each application to FTA for Federal assistance exceeding \$100,000:
 - (1) No Federal appropriated funds have been or will be paid by or on behalf of the Applicant to any person to influence or attempt to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress regarding the award of Federal assistance, or the extension, continuation, renewal, amendment, or modification of any Federal assistance agreement; and
 - (2) If any funds other than Federal appropriated funds have been or will be paid to any person to influence or attempt to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any application for Federal assistance, the Applicant assures that it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," including information required by the instructions accompanying the form, which form may be amended to omit such information as authorized by 31 U.S.C. 1352; and
 - (3) The language of this certification shall be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, subagreements, and contracts under grants, loans, and cooperative agreements).

- B. The Applicant understands that this certification is a material representation of fact upon which reliance is placed by the Federal government and that submission of this certification is a prerequisite for providing Federal assistance for a transaction covered by 31 U.S.C. 1352. The Applicant also understands that any person who fails to file a required certification shall be subject to a civil penalty of not less than \$10,000.00 and not more than \$100,000.00 for each such failure.

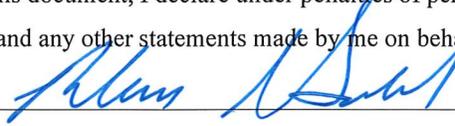
AFFIRMATION OF APPLICANT

Name of Applicant: Adelante Development Center, Inc.

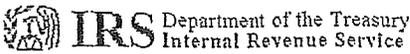
Printed Name of Authorized Representative: Rebecca L. Sanford

Relationship of Authorized Representative: President and CEO

In signing this document, I declare under penalties of perjury that the foregoing certifications and assurances, and any other statements made by me on behalf of the Applicant are true and correct.

Signature:  Date: 8/26/25

Printed Name of Signing Official: Rebecca L. Sanford



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248132325
Jan. 24, 2011 LTR 4168C E0
85-0262072 000000 00

00014061
BODC: TE

ADELANTE DEVELOPMENT CENTER INC
3900 OSUNA RD NE
ALBUQUERQUE NM 87109-4459

Employer Identification Number: 85-0262072
Person to Contact: Paul M Perry
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Jan. 12, 2011, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in August 1978.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

Procedure Title: Purchasing Goods and Services		ID Number: 141.2
Approved Date: 11/16/2021	Effective Date: 12/01/2021	
Process Owner: Maria Otero	Applies to: ADC, SHNM, NMAS	
Location of Original: ISO Documents, Purchasing		

PURPOSE

To document the process of purchasing goods and services.

To ensure that the goods and services requested are described in sufficient detail to ensure the purchase of correct items.

To ensure purchases are reviewed and the appropriate approvals are obtained from management prior to purchase.

To procure best prices and quality for goods and services in a timely manner.

To provide accurate General Ledger coding and record expenses in the appropriate month.

DEFINITIONS

1. PURCHASING DOCUMENTS

1.1. Purchasing Documents

- 1.1.1. Purchase Orders (P.O.) - Document issued by a buyer to a seller detailing types, quantities, and agreed price for goods or services. P.O.s are available on Ask Adelante and will require internal approvals before purchase is initiated. General Ledger coding is entered on the P.O.
- 1.1.2. Credit Cards – May be used to purchase business expenses as necessary. Credit card receipts, General Ledger coding, and descriptions will be uploaded into the Credit Card system by set deadlines. Charge limits and approvals are established by the President or CFO and maintained in Finance. Capital Expenditure Form (CAPEX) – Document used to obtain approval to purchase, upgrade, and maintain capital assets costing over \$2,500 and lasting for more than one year, such as property, plant, buildings, technology, or equipment.
- 1.1.3. Department Purchase Orders – Purchase Orders to order routinely used supplies. General Ledger Account numbers and Units of Measure are pre-filled for each item. A staff member for each program fills out the form and sends it to the Purchasing Department as necessary.
- 1.1.4. Order Fulfillment Confirmation – Vendor forms printed and delivered with the orders, listing all goods and services delivered. Order Fulfillment Confirmations must be sent to the Purchasing Department as soon as possible.

- 1.1.5. Receiver – Purchasing will issue an electronic document receiving items according to Order Fulfillment Confirmation. This document marks each Purchase Order item fulfilled, which will be used in Accounts Payable (A/P) to pay the invoices. Any open Receivers (unmatched with an invoice) at the end of the month, will be used to accrue expenses.
- 1.1.6. New Vendor Form – Vendor information form detailing Adelante’s purchasing and payment processes.
- 1.1.7. Request for Proposal (RFP) – document announcing a project, describing the project, and soliciting bids from qualified vendors.
- 1.1.8. Request for Quote (RFQ) – document requesting a quote from a qualified vendor for specific goods or services (i.e. office supplies, cleaning supplies, computer equipment, etc.).
- 1.1.9. Non-Disclosure Agreement (NDA) – A confidentiality agreement outlining confidential material, knowledge, or information that the parties wish to share with one another for specific purposes, but wish to restrict access to otherwise.
- 1.2. Capital Expenditure – purchase of an asset, or multiple items creating one asset, with a useful life longer than a year and costing more than \$2,500. This includes leases.
- 1.3. Work in Progress (WIP) – a capital Balance Sheet General Ledger Account that holds project costs over a longer period of time. When the project is complete, the total amount in the WIP account will be capitalized.
- 1.4. General Ledger Account Coding – Accounting expense code used to code expenses on the financial statements. The Chart of Accounts, listing the available GL Codes, is available at https://www.myadelante.org/Contribute/Finance/finance_home_page.cfm

DO NOT use GL Codes: 1825, 6900 – 6905,
- 1.5. Sole Source Purchase – Purchases where only one vendor (source) is available due to no comparable competitive product, component or replacement part with no available substitutes, technical requirements, compatibility with already existing equipment, or similar circumstances.

2. POLICY & PROCEDURE

- 2.1. New Vendor Processing
 - 2.1.1. Refer new vendors to Accounts Payable for processing. Accounts Payable will need the vendor’s name, description, and contact information.
 - 2.1.2. A/P will send the vendor a New Vendor Form to ensure all vendors have Adelante’s vendor policies and procedures as well as the A/P email address to submit invoices.
 - 2.1.3. The new vendor will need to submit a W-9 for tax purposes.

2.1.4. If necessary, the new vendor will sign an NDA Form, depending on the type of services provided.

2.2. All routine, non-capital and capital purchases, including credit card purchases, must be reviewed, confirmed to be within budget limitations, and approved by the appropriate manager (President, CFO, or VP) or their designee, before the items may be ordered or purchased.

2.3. All purchases will require an approved P.O. with the following exceptions (purchases without a P.O. and Receiver will require an invoice approval signature with the GL Account number (s), and allocation amounts if split, on the first page before A/P will pay the invoice):

2.3.1. Utilities

2.3.2. Insurances

2.3.3. Credit Card purchases

2.3.4. Postage

2.3.5. Tax payments

2.3.6. Attorney and Auditing services

2.3.7. Other purchases as approved by the President or CFO

2.4. All purchases (single item or part of the same project) over \$10,000 will require a minimum of two vendor quotes, unless it is a Sole Source Purchase.

2.5. Standard In-House Inventory items (i.e. Office Supplies, Cleaning Supplies, etc.) will require an annual Request for Quote from a minimum of two vendors.

2.6. Contracts

2.6.1. Only the President, or their designee, is authorized to sign contracts.

2.6.2. Contract approval levels will follow the Purchase Order approval levels below.

2.6.3. A copy of all contracts will be e-mailed to ADCAP@goadelante.org

3. REVIEW AND APPROVAL

3.1. The following chain of authority should be followed to review and authorize the Purchase Order of items needed in each area of responsibility.

\$ AMOUNT OF PURCHASE	AUTHORIZATION LIMITS
\$1,000 or Less	VP, or their designee
\$1,001 - \$5,000	CFO
\$5,001 and Above	President

- 3.2. The Board of Directors approves a capital budget each year for the purchase of vehicles, buildings, major equipment and services.

4. PURCHASING CAPITAL ITEMS

4.1. Capital Purchases

- 4.1.1. Get all required quotes and bids.
- 4.1.2. Fill out a CAPEX form and obtain all signatures.
- 4.1.3. Send the CAPEX form and copy of all quotes to the CFO.
- 4.1.4. Accounting will review the capital request for completeness and issue a GL Account #. Capital projects involving multiple periods and vendors may be assigned a WIP GL Account.
- 4.1.5. Accounting will scan the completed CAPEX form with GL Account to requestor.
- 4.1.6. Attach a copy of the completed CAPEX form with the related invoice(s). No P.O. is necessary as long as cost totals are under approved CAPEX amount.

- 4.2. Buildings — Commercial and Residential. The President/CEO and the CFO/VP of Finance will review and approve all potential purchases.

4.3. Facilities Remodeling

- 4.3.1. The President or CFO works with the Project Supervisor to develop plans and obtain bids for remodel work.
- 4.3.2. The President or CFO reviews the final plans and approves selection of a contractor based on the bids.
- 4.3.3. The President reviews the project and gives final approval.
- 4.3.4. Submit a CAPEX form (procedures in 4.1)

4.4. Vehicles

4.4.1. The Purchasing Department

- 4.4.1.1. Finalizes specifications and seeks bids from dealers, individuals or other sources as appropriate.
- 4.4.1.2. Compares prices on vehicles with recognized used car pricing guides such as Kelley's Blue Book, Edmunds, or the credit union. A written price comparison as close as possible to the vehicle being considered must be obtained.
- 4.4.2. A professional mechanic will inspect all used vehicles. Inspection must include
 - 4.4.2.1. Test drive the vehicle
 - 4.4.2.2. Visual Inspection of all major systems

4.4.2.3. Garage inspection for compression testing and other tests as necessary

4.4.3. The Purchasing Department submits to the President or CFO for review and approval

4.4.3.1. The vehicle bid, price comparison, and mechanic's inspection

4.4.3.2. CAPEX Form

4.4.4. The President reviews the potential purchase and gives final approval. The Purchasing Department completes the sale.

4.4.5. Submit the CAPEX form with all bids and quotes to the CFO.

5. PURCHASING NON-CAPITAL GOODS & SERVICES

5.1. Purchasing non-capital goods and services

5.1.1. Fill out a P.O. and obtain all necessary signature of approval. Electronic signatures are acceptable.

5.1.2. Send the signed P.O. to Purchasing.

5.1.3. Purchasing will review the P.O. for completeness and accuracy.

5.1.4. Once all signatures are complete, Purchasing enter the P.O. into Microsoft Dynamics and send it to the vendor.

5.2. Inventory Requisitions and Routine Supplies

5.2.1. Requesting Inventory Supplies

5.2.1.1. Fill out a Purchase Order Form and e-mail to Purchasing.

5.2.1.2. The Purchasing Department at El Centro maintains a small inventory of frequently used office, cleaning and coffee supplies in the storeroom. If available in inventory, the order will be filled with storeroom supplies.

5.2.1.3. The Purchasing Department checks the inventory frequently and fills requests from the inventory in the supply room.

5.2.1.4. Purchasing will notify the requestor when the inventory item is available for pick up or deliver the supplies.

5.2.1.5. If an item is out of stock or not kept in the supply room inventory, the Purchasing Department notifies the requester and reorders the item if it is an inventory item. If not Purchasing asks the requester to complete a Purchase Order Form.

5.2.2. Ordering Routine Supplies

5.2.2.1. Supply orders are placed as needed using the Department Purchase Order Forms. Order forms must be submitted to the VP of each department, or

their designee, for review and approval before submitting them to the Purchasing Department.

5.3. Credit Card Purchases

- 5.3.1. The authorized credit card user will pay for business expenses with a credit card.
- 5.3.2. If there is any issue with the credit card or there is a need to increase the limit temporarily, contact Accounting for resolution.
- 5.3.3. Credit card user will upload the receipts into the online credit card management system. Detail and General Ledger coding is necessary.
- 5.3.4. The online credit card system will send the purchased items for approval before they are available for posting into the accounting systems.

6. RECEIVE PURCHASED GOODS & SERVICES

6.1. Verifying Receipt of Order or Service

- 6.1.1. The person who receives the goods and services
 - 6.1.1.1. Checks the delivered items against the items listed on the Purchase Order,
 - 6.1.1.2. Returns any incorrect items or items not ordered,
 - 6.1.1.3. Marks any Purchase Order variances on the Order Fulfillment form (i.e. packing/delivery slip).
 - 6.1.1.4. Clearly notes all items returned and/or items not delivered on the Order Fulfillment form.
- 6.1.2. If a return item needs special handling, contact the Purchasing Department for help and direction.
- 6.1.3. Submit the Order Fulfillment form, Purchase Order, and/or any other delivery forms to Purchasing within one (1) business day.
- 6.1.4. Purchasing will review the documents and enter a Microsoft Dynamics Receiver. A/P will match up the Invoice, Purchase Order, and Receiver to pay the invoice.

End of Procedure

Adelante Development Center, Inc.

FINANCIAL STATEMENTS

June 30, 2024 and 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Adelante Development Center, Inc.

Qualified Opinion

We have audited the accompanying financial statements of Adelante Development Center, Inc. (Adelante) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, except for the effects of not combining entities under common control in the financial statements described in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Adelante as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Note 17 to the financial statements, an entity under common control is not combined into the financial statements. Accounting principles generally accepted in the United States of America require combination of entities under common control for financial statement presentation.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Adelante and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Adelante'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, which raise substantial doubt about Adelante'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 audits, significant audit findings and certain internal control related matters that we identified during the audits.

November 19, 2024


Pulakos CPAs, PC

ADELANTE DEVELOPMENT CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

Assets

	2024	2023
Current assets		
Cash and cash equivalents	\$ 8,510,734	\$ 8,139,918
Restricted cash	3,317,069	535,690
Accounts receivable		
Medicaid waiver	367,818	232,133
Program services, net	2,463,919	1,679,856
Governmental	48,012	58,930
Promises-to-give	28,663	153,974
Other receivables	297,259	185,218
Investments	6,214,615	4,932,248
Prepaid expenses and deposits	508,425	287,650
Inventories	565,719	285,102
Total current assets	22,322,233	16,490,719
Non-current assets		
Deferred compensation	218,580	270,558
Endowment	226,476	211,607
Beneficial interest in assets held-by-others	212,370	199,778
State funds held-in-trust	2,314,423	-
Property and equipment, net	13,506,775	14,280,402
Total non-current assets	16,478,624	14,962,345
Total assets	\$ 38,800,857	\$ 31,453,064

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 2,334,532	\$ 2,111,977
Accrued expenses		
Accrued leave and benefits	753,719	767,376
Salaries and wages	423,517	405,853
Other	3,383,057	664,875
Current maturities of long-term debt	378,118	360,611
Current portion of finance lease obligations	399,780	1,041,133
Total current liabilities	7,672,723	5,351,825
Non-current liabilities		
Long-term debt	4,751,045	5,124,443
State funds held-in-trust	2,314,423	-
Finance lease obligations	851,723	957,507
Deferred compensation	218,580	270,558
Total non-current liabilities	8,135,771	6,352,508
Total liabilities	15,808,494	11,704,333
Net assets		
Without donor restrictions	22,551,574	19,404,375
With donor restrictions	440,789	344,356
Total net assets	22,992,363	19,748,731
Total liabilities and net assets	\$ 38,800,857	\$ 31,453,064

Adelante Development Center, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Public Support			
Fees for Services			
Medicaid waiver	\$ 8,816,826	\$ -	\$ 8,816,826
Program service fees	989,694	-	989,694
Total fees for services	9,806,520	-	9,806,520
Revenues Generated from Affirmative Enterprises			
Enterprise sales revenue	30,328,768	-	30,328,768
Public Support			
Federal and State grants	54,144	404,479	458,623
United Way	-	3,367	3,367
Contributions	420,871	-	420,871
In-kind contributions	171,445	-	171,445
Total public support	646,460	407,846	1,054,306
Other Revenues, Gains and Losses			
Leases	588,115	-	588,115
Miscellaneous	252,561	-	252,561
Investment income, net	566,410	12,592	579,002
Total other revenues, gains and losses	1,407,086	12,592	1,419,678
Net assets released from restriction	324,005	(324,005)	-
Total revenues, gains and public support	42,512,839	96,433	42,609,272
Expenses			
Program services:			
Community Living	6,303,349	-	6,303,349
Adelante Enterprises	15,513,733	-	15,513,733
Facility support services	8,260,054	-	8,260,054
Community options	2,039,114	-	2,039,114
Adelante Employment Services	988,334	-	988,334
In-kind contributions consumed	122,735	-	122,735
Total program services	33,227,319	-	33,227,319
Supporting services:			
Fundraising	334,520	-	334,520
Management and general	5,803,801	-	5,803,801
Total supporting services	6,138,321	-	6,138,321
Total program and supporting services	39,365,640	-	39,365,640
Change in net assets	3,147,199	96,433	3,243,632
Net assets, beginning of year	19,404,375	344,356	19,748,731
Net assets, end of year	<u>\$ 22,551,574</u>	<u>\$ 440,789</u>	<u>\$ 22,992,363</u>

Adelante Development Center, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Public Support			
Fees for Services			
Medicaid waiver	\$ 8,807,221	\$ -	\$ 8,807,221
Program service fees	851,058	-	851,058
Total fees for services	<u>9,658,279</u>	<u>-</u>	<u>9,658,279</u>
Revenues Generated from Affirmative Enterprises			
Enterprise sales revenue	28,570,471	-	28,570,471
Public Support			
Federal and State grants (as restated)	208,367	482,565	690,932
United Way	-	6,220	6,220
Contributions	274,755	-	274,755
In-kind contributions	101,867	-	101,867
Total public support	<u>584,989</u>	<u>488,785</u>	<u>1,073,774</u>
Other Revenues, Gains and Losses			
Leases	611,871	-	611,871
Miscellaneous	367,304	-	367,304
Investment loss, net	262,010	3,462	265,472
Total other revenues, gains and losses	<u>1,241,185</u>	<u>3,462</u>	<u>1,244,647</u>
Net assets released from restriction	472,493	(472,493)	-
Total revenues, gains and public support	<u>40,527,417</u>	<u>19,754</u>	<u>40,547,171</u>
Expenses			
Program services:			
Community Living	5,996,997	-	5,996,997
Adelante Enterprises	14,414,236	-	14,414,236
Facility Support Services	7,549,255	-	7,549,255
Community Options	1,784,510	-	1,784,510
Adelante Employment Services	830,247	-	830,247
In-kind contributions consumed	101,867	-	101,867
Total program services	<u>30,677,112</u>	<u>-</u>	<u>30,677,112</u>
Supporting services:			
Fundraising	292,259	-	292,259
Management and general	5,522,253	-	5,522,253
Total supporting services	<u>5,814,512</u>	<u>-</u>	<u>5,814,512</u>
Total program and supporting services	<u>36,491,624</u>	<u>-</u>	<u>36,491,624</u>
Change in net assets	4,035,793	19,754	4,055,547
Net assets, beginning of year (as restated)	<u>15,368,582</u>	<u>324,602</u>	<u>15,693,184</u>
Net assets, end of year	<u>\$ 19,404,375</u>	<u>\$ 344,356</u>	<u>\$ 19,748,731</u>

Adelante Development Center, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services					Supporting Services				Total Functional Expenses
	Community Living	Adelante Enterprises	Facility Support Services	Community Options	Adelante Employment Services	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Salaries	\$ 3,802,316	\$ 4,131,103	\$ 6,051,480	\$ 1,355,557	\$ 715,045	\$ 16,055,501	\$ 234,427	\$ 2,524,726	\$ 2,759,153	\$ 18,814,654
Payroll taxes and employee benefits	882,525	876,549	816,979	347,141	198,214	3,121,408	59,706	637,574	697,280	3,818,688
Total salaries and related expenses	4,684,841	5,007,652	6,868,459	1,702,698	913,259	19,176,909	294,133	3,162,300	3,456,433	22,633,342
Activity expense	30,117	29,576	25,544	13,027	5,356	103,620	1,971	50,223	52,194	155,814
Advertising and marketing	1,240	12,753	224	317	121	14,655	-	14,871	14,871	29,526
Bank fees	-	42,429	-	-	-	42,429	643	9,238	9,881	52,310
Cost of goods - other	-	6,667,715	743	-	-	6,668,458	-	-	-	6,668,458
Cost of goods - thrift items	-	15,641	-	-	-	15,641	-	-	-	15,641
Employee training	-	38	-	-	-	38	1,331	8,801	10,132	10,170
Food, care and support	873,436	6,435	4,334	19,790	638	904,633	89	2,230	2,319	906,952
Insurance - liability	181,148	148,674	162,469	88,485	12,823	593,599	-	875,122	875,122	1,468,721
Interest	-	139,964	-	-	-	139,964	-	257,088	257,088	397,052
Miscellaneous	1,193	58,079	2,888	2,052	534	64,746	339	8,273	8,612	73,358
Postage and mailing	92	6,428	1,101	102	61	7,784	89	12,865	12,954	20,738
Professional fees	10,674	218,786	468,296	1,601	328	699,685	11,178	477,650	488,828	1,188,513
Publications	3,189	10,392	290	581	331	14,783	8,947	33,267	42,214	56,997
Rent	7,883	545,169	19,732	7,014	3,238	583,036	4,104	176,564	180,668	763,704
Repairs and maintenance	180,015	301,172	20,143	74,048	7,728	583,106	1,767	181,157	182,924	766,030
Supplies	10,883	439,497	502,470	21,590	3,504	977,944	2,035	108,228	110,263	1,088,207
Telephone and utilities	146,554	242,761	40,913	76,398	16,402	523,028	3,832	141,519	145,351	668,379
Transportation	36,282	121,838	44,227	14,897	17,256	234,500	281	23,917	24,198	258,698
Travel	2,050	14,108	1,455	984	375	18,972	1,684	26,244	27,928	46,900
Total expense before depreciation	6,169,597	14,029,107	8,163,288	2,023,584	981,954	31,367,530	332,423	5,569,557	5,901,980	37,269,510
Depreciation and amortization	133,752	1,484,626	96,766	15,530	6,380	1,737,054	2,097	234,244	236,341	1,973,395
Total expenses	<u>\$ 6,303,349</u>	<u>\$ 15,513,733</u>	<u>\$ 8,260,054</u>	<u>\$ 2,039,114</u>	<u>\$ 988,334</u>	<u>\$ 33,104,584</u>	<u>\$ 334,520</u>	<u>\$ 5,803,801</u>	<u>\$ 6,138,321</u>	<u>\$ 39,242,905</u>

Adelante Development Center, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services					Supporting Services			Total Functional Expenses	
	Community Living	Adelante Enterprises	Facility Support Services	Community Options	Adelante Employment Services	Total Program Services	Fundraising	Management and General		Total Supporting Services
Salaries	\$ 3,783,420	\$ 3,792,799	\$ 5,668,077	\$ 1,217,976	\$ 611,536	\$ 15,073,808	\$ 196,687	\$ 2,353,308	\$ 2,549,995	\$ 17,623,803
Payroll taxes and employee benefits	791,472	728,512	786,760	271,107	155,189	2,733,040	53,441	614,974	668,415	3,401,455
Total salaries and related expenses	4,574,892	4,521,311	6,454,837	1,489,083	766,725	17,806,848	250,128	2,968,282	3,218,410	21,025,258
Activity expense	26,270	27,879	21,304	9,593	3,746	88,792	2,436	62,683	65,119	153,911
Advertising and marketing	-	6,974	43	-	-	7,017	77	20,647	20,724	27,741
Bank fees	37	39,885	11	12	5	39,950	624	14,880	15,504	55,454
Cost of goods - other	-	6,266,260	6,850	-	-	6,273,110	-	-	-	6,273,110
Cost of goods - thrift items	-	15,755	-	-	-	15,755	-	-	-	15,755
Employee training	748	4,538	216	368	103	5,973	290	8,980	9,270	15,243
Food, care and support	777,203	8,119	6,301	15,715	418	807,756	196	5,155	5,351	813,107
Insurance - liability	91,214	75,880	76,008	51,976	7,043	302,121	-	1,061,025	1,061,025	1,363,146
Interest	-	146,010	-	-	-	146,010	-	273,142	273,142	419,152
Miscellaneous	1,858	47,422	2,701	1,424	678	54,083	402	-	402	54,485
Postage and mailing	278	9,164	710	76	61	10,289	65	12,276	12,341	22,630
Professional fees	18,441	327,969	342,256	5,695	1,655	696,016	16,965	418,305	435,270	1,131,286
Publications	2,840	5,503	334	698	413	9,788	6,982	25,601	32,583	42,371
Rent	7,733	485,736	18,948	6,653	3,224	522,294	4,230	120,686	124,916	647,210
Repairs and maintenance	157,272	300,583	45,457	66,784	5,216	575,312	1,310	168,712	170,022	745,334
Supplies	18,735	418,097	393,844	20,553	3,613	854,842	1,885	72,444	74,329	929,171
Telephone and utilities	138,872	228,473	38,465	66,664	19,366	491,840	3,948	133,893	137,841	629,681
Transportation	43,444	123,815	48,018	13,739	11,398	240,414	11	22,390	22,401	262,815
Travel	1,396	10,696	2,241	430	169	14,932	619	3,950	4,569	19,501
Total expense before depreciation	5,861,233	13,070,069	7,458,544	1,749,463	823,833	28,963,142	290,168	5,393,051	5,683,219	34,646,361
Depreciation and amortization	135,764	1,344,167	90,711	35,047	6,414	1,612,103	2,091	129,202	131,293	1,743,396
Total expenses	<u>\$ 5,996,997</u>	<u>\$ 14,414,236</u>	<u>\$ 7,549,255</u>	<u>\$ 1,784,510</u>	<u>\$ 830,247</u>	<u>\$ 30,575,245</u>	<u>\$ 292,259</u>	<u>\$ 5,522,253</u>	<u>\$ 5,814,512</u>	<u>\$ 36,389,757</u>

Adelante Development Center, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Cash received from customers and donors	\$ 41,168,795	\$ 40,975,129
Cash paid to suppliers and employees	(34,546,655)	(34,790,109)
Interest paid	(402,238)	(424,338)
Net cash provided by operating activities	6,219,902	5,760,682
Cash flows from investing activities		
Purchases of investments	(4,734,186)	(2,193,731)
Proceeds from sale of investments	3,989,300	8,741
Purchase of property and equipment	(921,430)	(1,229,073)
Proceeds from the sale of property and equipment	1,200	8,475
Net cash used by investing activities	(1,665,116)	(3,405,588)
Cash flows from financing activities		
Payment on long-term debt	(355,891)	(1,338,081)
Payment on finance leases	(1,046,700)	(925,462)
Net cash used by financing activities	(1,402,591)	(2,263,543)
Net change in cash and cash equivalents	3,152,195	91,551
Cash and cash equivalents, beginning of year	8,675,608	8,584,057
Cash and cash equivalents, end of year	\$ 11,827,803	\$ 8,675,608
Supplemental schedule of non-cash investing and investing and financing activities - asset additions through finance lease	\$ 299,563	\$ 909,419

Adelante Development Center, Inc.

STATEMENTS OF CASH FLOWS - CONTINUED

Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 3,243,632	\$ 4,055,547
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,973,395	1,743,396
Bad debt expense	(7,291)	(13,392)
Unrealized gain on investments	(564,942)	(252,305)
Loss on disposal of assets	20,025	14,333
 (Increase) decrease in:		
Accounts receivable	(888,269)	679,322
Prepaid assets and deposits	(220,775)	95,071
Inventories	(280,617)	23,859
 Increase (decrease) in:		
Accounts payable	222,555	(62,885)
Accrued liabilities	2,722,189	(522,264)
	2,976,270	1,705,135
 Total adjustments		
	\$ 6,219,902	\$ 5,760,682
 Net cash provided by operating activities		

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1 – NATURE OF BUSINESS

Adelante Development Center, Inc. (Adelante) is a diverse nonprofit organization that supports people with mental and physical disabilities, seniors, and disadvantaged populations. The organization was founded in New Mexico in 1978 and has innovated and expanded to meet the needs of the community. Adelante currently provides employment support, vocational and life skills training, residential and day services, and free durable medical equipment for people with disabilities and seniors. Adelante is working to address the issue of hunger through Desert Harvest Food Rescue and Senior Meals and providing resources for disadvantaged populations including a Benefits Connection Center and GiveABQ, nonprofit donations resource center. Adelante has grown and adapted over the years to address needs that move the community forward, and to help the people the organization supports to move forward in their lives, too.

In 2014, Adelante stepped up to support continued operation of the Storehouse New Mexico food pantry, and continues to offer management and marketing, and fundraising support to the organization.

In 2017, Adelante assumed operating responsibilities for another nonprofit, New Mexico AIDS Services (NMAS). NMAS continues to support people affected by HIV/AIDS through food and housing assistance. Adelante handles the management and marketing for NMAS.

Adelante currently operates the following programs:

Community Living

Residential services including 24/7 Supported Living, Independent Living and Home-Based Living, enable people with disabilities the opportunity to live as independently as possible.

Community Options

In the counties of Bernalillo and Valencia, Community Options day programs teach the life skills necessary for people with severe mental and physical disabilities to have the opportunity to live their lives to the fullest as contributing members of the community. Personal and social support is provided for clients who choose not to participate in a full-day work program, including meaningful volunteer opportunities.

Adelante Enterprises

Adelante Enterprises division provides a variety of high-quality business services including bulk printing and mailing; janitorial and facility management services; document management including scanning, storage and shredding services, and call center operations to business; and contact center operations for businesses and governmental agencies throughout New Mexico. The agency also operates a thrift store. Following a social enterprise model, the nonprofit provides valuable business and community services while providing employment for people with disabilities.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1 – NATURE OF BUSINESS – CONTINUED

Facility Support Services (FSS)

Through competitive contracts negotiated with commercial, state, and federal entities, people with disabilities are employed providing facility maintenance, laundry, administration, janitorial and landscape maintenance services for rest areas, state and local commercial, state and federal buildings.

Adelante EmployAbility (Employment Services)

EmployAbility is an employment service designed to assist people with disabilities in the process of securing and maintaining employment with commercial businesses in the community.

Senior Meal Services

Under contract with New Mexico’s non-metro Area Agencies on Aging, Adelante provides meals to seniors in Dona Ana County at six congregate senior center locations, as well as home delivered meals. The service also includes some transportation services and employment opportunities for low-income seniors who qualify in the Las Cruces metro area.

DiverseIT

Adelante DiverseIT is a program working to increase diversity in tech and address the digital divide by offering training to populations that have been largely excluded from tech – people with disabilities, seniors, women, and people of color – and providing free computers for people with disabilities and local nonprofit organizations. DiverseIT has over a decade of work teaching technical skills as well as refurbishing and repairing computers. Over the years, DiverseIT expanded the training options to include business fundamentals and IT certifications.

Back in Use

Back in Use is a service that takes in donations of gently used assistive devices such as wheelchairs, walkers, shower chairs, and more, and gives it away to people with disabling conditions or seniors who need it.

GiveABQ

GiveABQ is a nonprofit donations resource center utilized by over 80 local nonprofits. The program takes in donations of household furniture from across the Albuquerque metro area, allowing access, both in the warehouse and on a website, so other nonprofits can access items for their clients. Sharing a truck and a staff, all of the participating nonprofits benefit, especially those supporting people who are unhoused or who have experienced homelessness.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1 – NATURE OF BUSINESS – CONTINUED

Contact Center Services

Several programs that benefit the community are provided through Adelante Contact Center Services. For example, the Benefits Connection Center offers a free service connecting eligible applicants with governmental benefits such as SNAP, LIHEAP, LIS, and Medicaid Savings Program. The Wellness Referral Center is working to improve the health of our community by helping referred clients find and enroll in chronic disease self-management classes, physical activities, and nutritious cooking classes in partnership with local health providers. The Contact Center has also helped low-income populations to enroll in the federal Affordable Connectivity Program, to gain access to low or no-cost intranet services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of the statements of cash flows, Adelante considers unrestricted highly liquid investments with an original maturity date of 90 days or less to be cash equivalents.

Accounts Receivable

Receivables are stated at their estimated net realizable value. The allowance for credit losses reflects the expected collectability of receivables based on past collection history, specific risks identified based on current conditions and expected future economic conditions when necessary. The allowance for credit losses was \$10,000 as of June 30, 2024 and 2023, respectively. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Basis of Accounting and Presentation

The financial statements of Adelante have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require Adelante to report information regarding its financial position and activities and changes in net assets according to the following net asset classifications:

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

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

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

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting and Presentation - Continued

Management has elected to not comply with the requirement to combine entities under common control. Adelante, NMAS and the Storehouse should be reported on a combined basis.

Contributions and Promises-to-Give

Contributions and unconditional promises-to-give are recognized as revenues in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Non-cash donations are recorded at their estimated fair value on the date of donation.

Contributions

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire in the reporting period in which revenue is recognized.

Investments

Investments have been presented at fair market value. Certain investments are held to satisfy deferred compensation arrangements and are classified as long-term. Alternative investments are carried at their net realizable value. Unrealized and realized gains and losses on investments are reported in the statements of activities and changes in net assets. Accordingly, the fair value measurement provisions of accounting principles generally accepted in the United States of America have been adopted by Adelante as disclosed in Note 6 to these financial statements.

Endowment

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides industry guidance to organizations similar to Adelante. The State of New Mexico adopted UPMIFA effective July 1, 2009. Adelante's Board of Directors has determined that certain funds administered by the Albuquerque Community Foundation (the Foundation), a New Mexico non-profit corporation, meet the definition of endowment funds under UPMIFA.

Net assets with donor restrictions at June 30, 2024 and 2023, respectively, include a donation that is permanent in nature of \$5,000 administered by the Foundation.

Adelante invests funds in investment pools as offered by the Foundation. Distributions are based on actual investment earnings. Income from the endowment is appropriated for program specific operational expenses as deemed necessary.

The investment with the Foundation is allocated among marketable securities, hedge funds, real estate, private equity and land.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories

Inventories are comprised of assembly hardware, new tools held for resale, donated clothing and furniture at the Valencia County thrift store. Postage used for mailing services is also held in the inventory account. Inventory is valued at the lower of cost or market on a first-in, first-out basis.

Donated Assets and Services

Donated assets and services are recorded at their estimated fair values as of the date of contribution and capitalized if exceeding the \$2,500 threshold policy. Contributions of services are recognized in the financial statements if the services received enhance or create nonfinancial assets, require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services are provided by volunteers who perform a variety of tasks that benefit Adelante but are not recorded, as they do not meet the above criteria. Total in-kind contributions were \$171,445 and \$101,867 for the years ended June 30, 2024 and 2023, respectively.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation and amortization of fixed assets are computed using the straight-line method at rates sufficient to recover the basis of the asset over its estimated useful life. The lives used to compute depreciation and amortization range from three to forty years. Acquisitions of property and equipment over \$2,500 and useful life greater than one year are capitalized.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are recorded as net assets with donor restrictions support. It is Adelante's policy to record donations of property and equipment that have no donor restrictions as net assets without donor restrictions support in the period of contribution.

Impairment of Long-lived Assets and Long-lived Assets to be Disposed of

Adelante reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of, if any, are reported at the lower of the carrying amount or the fair value less costs to sell.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition

Support from grants and contracts is recognized when earned or when expenditure has been incurred in accordance with provisions of the grants and contracts. Monies received but not earned during the fiscal year are recorded as deferred revenue. Service revenue is recognized when the service is performed.

Functional Classification of Expenses

Adelante presents its expenses on a functional basis among its various programs and support services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs were \$29,526 and \$27,741 for the years ended June 30, 2024 and 2023, respectively.

Income Taxes

Adelante is a nonprofit charitable corporation and has been recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Adelante has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Management believes that the activities of Adelante are within their tax-exempt purpose, and that there are no uncertain tax positions.

Fair Value Measurements

Accounting Standards Codification Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical investments that Adelante has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, inputs other than observable quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements – Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

State Funds Held-In-Trust

During 2023, Adelante began administering the FundAbility program. FundAbility is a financial loan program designed to help New Mexico residents who have disabilities to purchase the adaptive or assistive equipment they need. This program holds in trust state funds from the State of New Mexico Governor's Commission on Disability to guarantee the loans. Resources and financial literacy training are provided, and the applicant's financial health is considered when approving loans.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and 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. Those estimates and assumptions affect the reported revenues and expenses. Actual results could differ from these estimates.

Financial Instruments

The carrying amounts of cash, receivables, payables, debt, and accrued liabilities and other obligations approximate fair value due to the short-term nature of these instruments.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

Subsequent Events

Adelante has evaluated all events occurring subsequent to June 30, 2024 through November 19, 2024, which is the date that the financial statements were issued and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects Adelante 's financial assets as June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash	\$ 8,510,734	\$ 8,139,918
Restricted cash	3,317,069	535,690
Accounts receivable	3,205,671	2,310,111
Investments	6,214,615	4,932,248
State funds held-in-trust	2,314,423	-
Deferred compensation	218,580	270,558
Endowment	226,476	211,607
Beneficial interest in assets held-by-others	<u>212,370</u>	<u>199,778</u>
Total financial assets	24,219,938	16,599,910
Less amounts not available to be used within one year:		
Net assets with donor restrictions	440,789	344,356
Restricted cash	3,317,069	535,690
State funds held-in-trust	2,314,423	-
Deferred compensation	218,580	270,558
Endowment	226,476	211,607
Beneficial interest in assets held-by-others	<u>212,370</u>	<u>199,778</u>
	<u>6,729,707</u>	<u>1,561,989</u>
Financial assets available to meet cash needs for general expenditure within one year from June 30, 2024 and 2023	<u>\$ 17,490,231</u>	<u>\$ 15,037,921</u>

Adelante manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to cover current operational needs. Adelante's goal is generally to maintain a level of financial assets sufficient to cover, at a minimum, of 45 days of operating expenses. As part of its liquidity plan, Adelante is continuously evaluating the amount of cash on hand and expected to be collected within 30 days, against current financial obligations.

NOTE 4 – RESTRICTED CASH

Adelante has a contract to perform mailing services. At times throughout the year, Adelante receives advance funding in order to purchase postage for services to be rendered in the future. As a result, this amount is recorded as restricted cash. Cash restricted for the contracts was \$3,317,069 and \$535,690 at June 30, 2024 and 2023, respectively.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 5 – ACCOUNTS RECEIVABLE

As of June 30, 2024 and 2023, accounts receivable consisted of the following:

	2024	2023
Program services:		
Industries	\$ 1,354,090	\$ 747,603
Source America - FLETC	431,517	406,891
Department of Labor	159,085	114,140
Source America - KAFB	340,038	295,625
Source America - Other	162,127	114,554
Army Reserve	18,990	-
NM AIDS Services, Inc.	8,072	11,043
	2,473,919	1,689,856
Less allowance	(10,000)	(10,000)
Total program services	\$ 2,463,919	\$ 1,679,856
	2024	2023
Governmental:		
NM Department of Health	\$ 26,780	\$ 20,320
National Council of Aging	-	16,545
NM Department of Education - Division of Vocational Rehabilitation	21,232	22,065
Total governmental	\$ 48,012	\$ 58,930
	2024	2023
Contract receivable balances:		
Medicaid waiver, beginning of year	\$ 232,133	\$ 685,909
Medicaid waiver, end of year	367,818	232,133
Program services, beginning of year	1,679,856	1,364,983
Program services, end of year	2,463,919	1,679,856
Governmental, beginning of year	58,930	124,417
Governmental, end of year	48,012	58,930
Other receivables, beginning of year	185,218	86,102
Other receivables, end of year	297,259	185,218

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 6 – FAIR VALUE MEASUREMENT

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2024:

Assets at Fair Value				
Description	Total	Level 1	Level 2	Level 3
Investments				
Fixed income	\$ 2,057,740	\$ 2,057,740	\$ -	\$ -
Equity securities	2,447,046	2,447,046	-	-
Mutual funds	1,709,829	1,709,829	-	-
Total investments	6,214,615	6,214,615	-	-
State Funds Held-In-Trust				
Certificates-of-Deposit	918,532	-	918,532	-
U.S. Government Money Market	757,073	757,073	-	-
Total State Funds Held-In-Trust	1,675,605	757,073	918,532	-
Deferred compensation agreement	218,580	218,580	-	-
Endowment	226,476	-	-	226,476
Beneficial interest in assets held-by-others	212,370	-	-	212,370
	<u>\$ 8,547,646</u>	<u>\$ 7,190,268</u>	<u>\$ 918,532</u>	<u>\$ 438,846</u>

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2023:

Assets at Fair Value				
Description	Total	Level 1	Level 2	Level 3
Investments				
Fixed income	\$ 2,077,673	\$ 2,077,673	\$ -	\$ -
Equity securities	2,854,575	2,854,575	-	-
Total Investments	4,932,248	4,932,248	-	-
Deferred compensation agreement	270,558	270,558	-	-
Endowment	211,607	-	-	211,607
Beneficial interest in assets held-by-others	199,778	-	-	199,778
	<u>\$ 5,614,191</u>	<u>\$ 5,202,806</u>	<u>\$ -</u>	<u>\$ 411,385</u>

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 6 – FAIR VALUE MEASUREMENT – CONTINUED

The following tables present the Adelante’s activities for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Beginning balances	\$ 411,385	\$ 387,594
Investment gains	33,087	29,319
Distributions	-	-
Investment management fees	<u>(5,626)</u>	<u>(5,528)</u>
Ending balances	<u>\$ 438,846</u>	<u>\$ 411,385</u>

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Fixed income, Equity securities, Mutual funds, U.S. government money market and Deferred Compensation Agreement: Fair value determined using quoted prices in active markets for shares held at the end of the year.

Certificates-of-deposit: Valued at net realizable value.

Endowment and Beneficial interest in assets held-by-others: Fair value determined using net realizable value as determined in good faith by the investment fund manager at the end of the year.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 7 – LONG-TERM INVESTMENTS

Adelante maintains a Deferred Compensation Agreement for the benefit of certain employees. Adelante is the Plan sponsor. The market value of assets held by The Standard Insurance Company was approximately \$218,580 and \$270,558 at June 30, 2024 and 2023, respectively. The principal of the agreement, and any earnings thereon, is held separate and apart from other funds of Adelante and is segregated for the purposes of Plan participants.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 7 – LONG-TERM INVESTMENTS – CONTINUED

Investments classified as endowment and beneficial interest in assets held-by-others are administered by the Foundation. The Foundation manages a pool of charitable funds in which Adelante's endowment and beneficial interest are invested. That pool is then invested in various investments including marketable securities, hedge funds, real estate, private equity, and land. In the case of Adelante's investments in the Foundation's investment pool, the inputs which would be used to measure its fair value fall into different levels of the fair value hierarchy. Classification is determined based on the lowest level in the fair value hierarchy therefore, the entire investment is classified as Level 3.

The endowment consists of \$5,000 of donor restricted net assets to be held in perpetuity at June 30, 2024 and 2023, respectively, with remaining balances recorded as net assets without donor restrictions of \$221,476 and \$206,607 at June 30, 2024 and 2023, respectively. Distributions in the amount of \$2,162 and zero were made in 2024 and 2023, respectively. No contributions were made in either 2024 and 2023, respectively. All accumulation resulted from investment earnings that were recorded as net assets without donor restrictions, as Adelante can use these funds at their discretion for operations.

The beneficial interest in assets held-by-others is net assets with donor restrictions (see Note 11). Distributions in the amount of zero were made in 2024 and 2023, respectively. There were no contributions in 2024 and 2023, respectively. All investment earnings were recorded as net assets with donor restrictions due to purpose restrictions imposed by the donor.

NOTE 8 – PROPERTY AND EQUIPMENT

As of June 30, 2024 and 2023, property and equipment consisted of the following:

	<u>2024</u>	<u>2023</u>
Buildings	\$ 19,121,010	\$ 18,450,806
Furniture, equipment and machinery	8,774,284	9,215,449
Vehicles	4,312,896	4,141,543
Leasehold improvements	<u>498,756</u>	<u>498,756</u>
	32,706,946	32,306,554
Less accumulated depreciation	<u>(21,480,284)</u>	<u>(20,412,788)</u>
	11,226,662	11,893,776
Construction in progress	18,294	124,817
Land	<u>2,261,819</u>	<u>2,261,819</u>
Total property and equipment, net	<u>\$ 13,506,775</u>	<u>\$ 14,280,402</u>

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 8 – PROPERTY AND EQUIPMENT – CONTINUED

Construction in progress at June 30, 2024 and 2023 consists of miscellaneous costs incurred for housing and building renovations.

NOTE 9 – LINE-OF-CREDIT

Adelante has available an operating line-of-credit at a bank secured by accounts receivable and inventory with no stated maturity. The line-of-credit has \$2,500,000 available and matures in February 2025. The interest rate is set at 2.5 percentage points above the term secured overnight financing rate published by the Federal Reserve Bank of New York (5.33% and 5.09% at June 30, 2024 and 2023, respectively) and payment is due monthly. The outstanding balance was zero at June 30, 2024 and 2023, respectively.

NOTE 10 – LONG-TERM DEBT

As of June 30, 2024 and 2023, long-term debt consisted of the following:

	<u>2024</u>	<u>2023</u>
Note payable to bank, secured by land and building, due in monthly installments of \$51,082, including interest at 4.75% with final payment due March 2035.	\$ 5,129,163	\$ 5,485,054
Less current maturities	<u>(378,118)</u>	<u>(360,611)</u>
Total	<u>\$ 4,751,045</u>	<u>\$ 5,124,443</u>

Long-term debt maturities are as follows:

Years ending June 30:

2025	\$ 378,118
2026	396,475
2027	415,723
2028	435,906
2029	457,068
Thereafter	<u>3,045,873</u>
	<u>\$ 5,129,163</u>

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 10 – LONG-TERM DEBT - CONTINUED

Adelante must comply with certain financial covenants, including a debt service coverage ratio, minimum net assets and a leverage ratio, as defined in the agreement. Management believes Adelante is in compliance with its financial covenants for the years ended June 30, 2024 and 2023, respectively.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Adelante's net assets with donor restrictions consisted of the following:

<u>Restrictions</u>	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Restriction Released</u>	<u>Balance June 30, 2024</u>
United Way	\$ 2,377	\$ 3,367	\$ (3,909)	\$ 1,835
Wilhelmina Coe/ Friends in Time	199,780	12,592	-	212,372
Endowment	5,000	-	-	5,000
Other	<u>137,199</u>	<u>309,864</u>	<u>(225,481)</u>	<u>221,582</u>
Total	<u>\$ 344,356</u>	<u>\$ 420,438</u>	<u>\$ (324,005)</u>	<u>\$ 440,789</u>

<u>Restrictions</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Restriction Released</u>	<u>Balance June 30, 2023</u>
United Way	\$ 1,785	\$ 6,220	\$ (5,628)	\$ 2,377
Wilhelmina Coe/ Friends in Time	199,703	3,462	(3,385)	199,780
Endowment	5,000	-	-	5,000
Other	<u>118,114</u>	<u>482,565</u>	<u>(463,480)</u>	<u>137,199</u>
Total	<u>\$ 324,602</u>	<u>\$ 492,247</u>	<u>\$ (472,493)</u>	<u>\$ 344,356</u>

Net assets with donor restrictions are contributions with donor-imposed stipulations. The promise-to-give receivable balance was \$28,663 and \$153,974 at June 30, 2024 and 2023, respectively.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 12 – EMPLOYMENT PROGRAM FUNDING

For the years ended June 30, 2024 and 2023, program service fees and enterprise sales revenue include various employment programs funded, in part, by the following:

	<u>2024</u>	<u>2023</u>
Industry Sales	\$ 7,416,865	\$ 7,006,644
Source America FLETC - Ability 1	5,353,449	4,809,582
Source America KAFB - Ability 1	3,182,323	2,975,678
Senior meal services	1,112,957	1,166,756
Retail sales	663,185	708,973
Recycle revenues	186,187	307,844
Ticket to work	243,651	207,679
Private pay	241,746	177,101
Other janitorial contracts	115,625	121,628
Computer services	81,107	12,596
Snack bars and vending machines	<u>932</u>	<u>8,062</u>
Total employment program funding	<u>\$ 18,598,027</u>	<u>\$ 17,502,543</u>

NOTE 13 – LEASE REVENUE

Adelante leases portions of its commercial office buildings as operating leases to unrelated third-parties. The operating leases expire at various times through July 2029. The remaining leases operate on a month-to-month basis.

Minimum future rentals do not include contingent rentals that may be received over the base amount, which are tied to operating results of the lessee. There were no contingent rentals received in 2024 and 2023, respectively. Annual lease revenue was \$588,115 and \$611,871 for 2024 and 2023, respectively. Future minimum lease payments related to the operating lease revenues are approximately:

Years ending June 30:	
2025	\$ 290,563
2026	309,043
2027	315,241
2028	271,691
2029	171,199
Thereafter	<u>14,301</u>
Total minimum lease payments	<u>\$ 1,372,038</u>

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 14 – BENEFIT PLANS

The Adelante Development Center, Inc. 403(b) Plan (the Plan) was established January 1, 2000 for the benefit of the employees of Adelante. Adelante acts as the Plan discretionary sponsor and administrator. The Plan is a defined contribution plan covering substantially all employees of Adelante. Employees may elect not to participate in the salary deferral program. Employees must have attained age eighteen to be eligible for contributions other than elective deferral contributions. The Plan entry dates for participant deferrals and employer matching contributions occurs immediately upon attaining eligibility. Adelante contributed \$308,248 and \$177,137 to this Plan during the years ended June 30, 2024 and 2023, respectively.

NOTE 15 – LEASING ACTIVITIES

Adelante has operating and finance leases for certain buildings for corporate office, vehicles and various equipment used for general operations or Bulk Printing and Mailing. The determination of whether an arrangement is a lease is made at the lease's inception. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Adelante does not record lease liabilities or ROU assets for leases with an initial term of 12 months or less, or those whose impact are insignificant to the financial statements.

Operating leases are month to month in nature or expire in fiscal year 2024. Monthly lease expenses range from approximately \$325 to \$8,500.

Total rent expense was \$763,704 and \$647,210 for the years ended June 30, 2024 and 2023, respectively.

Finance leases are included in property and equipment and finance lease liabilities the accompanying statements of financial position as of June 30, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Property and equipment	\$ 5,930,949	\$ 5,631,387
Less accumulated depreciation and amortization	<u>(4,671,009)</u>	<u>(3,658,284)</u>
Property and equipment, net	<u>\$ 1,259,940</u>	<u>\$ 1,973,103</u>
Finance lease liability	<u>\$ 1,251,503</u>	<u>\$ 1,998,640</u>

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 15 – LEASING ACTIVITIES – CONTINUED

Finance leases have remaining lease terms ranging from 1 to 7 years.

The maturities of lease liabilities of finance leases as of June 30, is as follows:

Years ending June 30:	<u>Finance</u>
2025	\$ 483,195
2026	319,080
2027	257,484
2028	228,624
2029	121,944
Thereafter	<u>53,373</u>
Total lease payments	1,463,700
Less: interest	<u>(212,197)</u>
Present value of lease liabilities	<u>\$ 1,251,503</u>

The weighted average remaining lease term as of June 30, 2024 and 2023 was 3.73 years and 3.49, respectively. The weighted average discount rate as of June 30, 2024 and 2023 was 8.84% and 7.13%, respectively.

NOTE 16 – RELATED PARTY TRANSACTIONS

As discussed in Note 1, Adelante controls the Storehouse's operations. The Storehouse reimburses Adelante for any costs incurred on behalf of Storehouse, as well as the cost of full-time employees assigned to the Storehouse and a management fee. Income recognized for management fees was \$114,775 and \$89,256 in 2024 and 2023, respectively, and is included in miscellaneous income in the accompanying statements of activities and changes in net assets. Costs reimbursed for salaries and related costs and various operating costs incurred on behalf of the Storehouse was \$743,833 and \$471,571 in 2024 and 2023, respectively. Amounts receivable from the Storehouse was \$62,904 and \$71,036 at June 30, 2024 and 2023, respectively, and is included in other receivables in the accompanying statements of financial position.

As discussed in Note 1, Adelante controls the NMAS's operations. The NMAS reimburses Adelante for any costs incurred on behalf of NMAS, as well as the cost of full-time employees assigned to the NMAS and a management fee. Income recognized for management fees was \$53,778 and \$50,916 in 2024 and 2023, respectively, and is included in miscellaneous income in the accompanying statements of activities and changes in net assets. Costs reimbursed for salaries and related costs and various operating costs incurred on behalf of the NMAS was \$137,384 and \$188,906 in 2024 and 2023, respectively. Amounts receivable from the NMAS was \$5,744 and \$30,311 at June 30, 2024 and 2023, respectively, and is included in other receivables in the accompanying statements of financial position.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 17 – DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PROCEDURES

The Storehouse

In 2014 the Storehouse was created as a separate 501(c)(3) organization operating for the purpose of providing food to those in need. Adelante, at the Board's discretion, has the ability to appoint board members and to direct the activities of the Storehouse. As a result, Adelante directly controls the Storehouse and is required to combine entities under common control in accordance with accounting principles generally accepted in the United States of America. Management has elected to not comply with the requirement to combine entities under common control.

Selected 2024 and 2023 summarized financial information for the Storehouse is as follows:

	<u>2024</u>	<u>2023</u>
Assets	\$ 2,288,324	\$ 2,300,972
Liabilities	504,501	504,280
Net assets	1,783,823	1,796,692
Revenues	4,430,583	3,487,754
Expenses	4,443,452	3,335,234

NMAS

In August 2017 operations of NMAS were transferred to Adelante, in order to maintain continuous operations of the 501(c)(3) organization. NMAS is an organization whose mission is to enhance the quality of life for people and communities affected by HIV/AIDS through innovative and comprehensive services, support and prevention education, and continues to support that nonprofit entity with management and marketing support. Adelante, at the Board's discretion, has the ability to appoint board members and to direct the activities of NMAS. Adelante's Board of Directors has the ability to appoint Board members and direct the activities of NMAS, the NMAS Board of Directors cannot change the relationship with Adelante without the express permission of Adelante's Board of Directors. Management has elected to not comply with the requirement to combine entities under common control.

Selected 2024 and 2023 summarized financial information for the NMAS is as follows:

	<u>2024</u>	<u>2023</u>
Assets	\$ 3,036,111	\$ 3,117,313
Liabilities	42,131	66,423
Net assets	2,993,980	3,050,890
Revenues	346,286	339,852
Expenses	403,196	424,149

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Major Customers

Adelante receives a significant portion of its revenue from grants and contracts from government agencies, which subjects it to possible fluctuations due to changes in funding priorities. During 2024 and 2023 respectively, Adelante received approximately 57% and 55%, of its gross revenues from the most significant grants and contracts. Related receivables were approximately 48% and 39% of total receivables at June 30, 2024 and 2023, respectively.

Contingencies

Certain funds received are subject to review and audit by grantor agencies. Such audits could result in requests for reimbursements by the grantor agencies for amounts disallowed under terms and conditions of the grantor agencies. As of June 30, 2024 and 2023, no amounts were due from these examinations.

Adelante is subject to various claims that arise in the ordinary course of business. In the opinion of management, the amount of the ultimate liability will not materially affect the financial position, results of operations, or liquidity of Adelante.



**BOARD OF DIRECTORS CERTIFICATE OF RESOLUTION
CONCERNING THE PURSUIT OF FUNDING THROUGH THE NEW
MEXICO DEPARTMENT OF TRANSPORTATION**

WHEREAS, in accordance with Article XII, Section 5 of the By-laws, the Board of Directors may, acting within their discretion and upon their motion, authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these By-laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation; and

WHEREAS, The New Mexico Department of Transportation FTA funding through the 5310 Program is now available for application,

NOW, THEREFORE, BE IT RESOLVED THAT:

Adelante Development Center, Inc. shall be authorized to apply for funding through the FY27 5310 program in the amount of \$400,416.00 for the purchase of four vans that will provide client transportation with the local share amounting to \$80,083.20.

The undersigned, Kyle Biederwolf, Secretary of the Board of Directors hereby certifies that the Board of Directors duly adopted the foregoing resolutions on the 25th Day of September 2025.

Kyle Biederwolf, Secretary of the Board of Directors

September 25, 2025
Date

NOTARIAL SEAL:

State of New Mexico
County of Bernalillo

STATE OF NEW MEXICO
NOTARY PUBLIC
Glenna J. Donnell
Commission No. 1066390
December 26, 2025

Signed or attested before me on September 25, 2025 by Kyle Biederwolf.

Glenna J. Donnell
Expiration Date: 12/26/2025



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

06/27/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Poms & Associates Insurance Brokers 201 3rd Street NW, Suite 1400 Albuquerque NM 87102		CONTACT NAME: Connie Semanco (Kraguljac) PHONE (A/C, No, Ext): (800) 898-6236 FAX (A/C, No): (505) 797-1432 E-MAIL ADDRESS: ckraguljac@pomsassoc.com																						
INSURED Adelante Development Center, Inc. 3900 Osuna Road, NE Albuquerque NM 87109		<table border="1"> <thead> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A: Tokio Marine Specialty</td> <td></td> <td>23850</td> </tr> <tr> <td>INSURER B: Philadelphia Indemnity Ins/PHI</td> <td></td> <td>18058</td> </tr> <tr> <td>INSURER C: StarStone Specialty Insurance Co</td> <td></td> <td>44776</td> </tr> <tr> <td>INSURER D: New Mexico Security Insurance Company</td> <td></td> <td>15349</td> </tr> <tr> <td>INSURER E:</td> <td></td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A: Tokio Marine Specialty		23850	INSURER B: Philadelphia Indemnity Ins/PHI		18058	INSURER C: StarStone Specialty Insurance Co		44776	INSURER D: New Mexico Security Insurance Company		15349	INSURER E:			INSURER F:		
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INSURER E:																								
INSURER F:																								

COVERAGES

CERTIFICATE NUMBER: 25-26 MASTER

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY			PPK2576039-003	07/01/2025	07/01/2026	EACH OCCURRENCE	\$ 1,000,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 1,000,000
	<input checked="" type="checkbox"/> Professional Liab - \$1M/3M						MED EXP (Any one person)	\$ 20,000
	GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:							PERSONAL & ADV INJURY
B	AUTOMOBILE LIABILITY			PHPK2573604-019	07/01/2025	07/01/2026	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO						BODILY INJURY (Per person)	\$
	<input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY						BODILY INJURY (Per accident)	\$
	<input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	\$
C	<input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB			HLC00115581P-03	07/01/2025	07/01/2026	EACH OCCURRENCE	\$ 3,000,000
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE						AGGREGATE	\$ 3,000,000
	DED RETENTION \$							\$
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			18745.130	07/01/2025	07/01/2026	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y / N	N / A				E.L. EACH ACCIDENT	\$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
A	Employee Dishonesty			PPK2576039-003	07/01/2025	07/01/2026	Limit	\$1,000,000
							Deductible	\$10,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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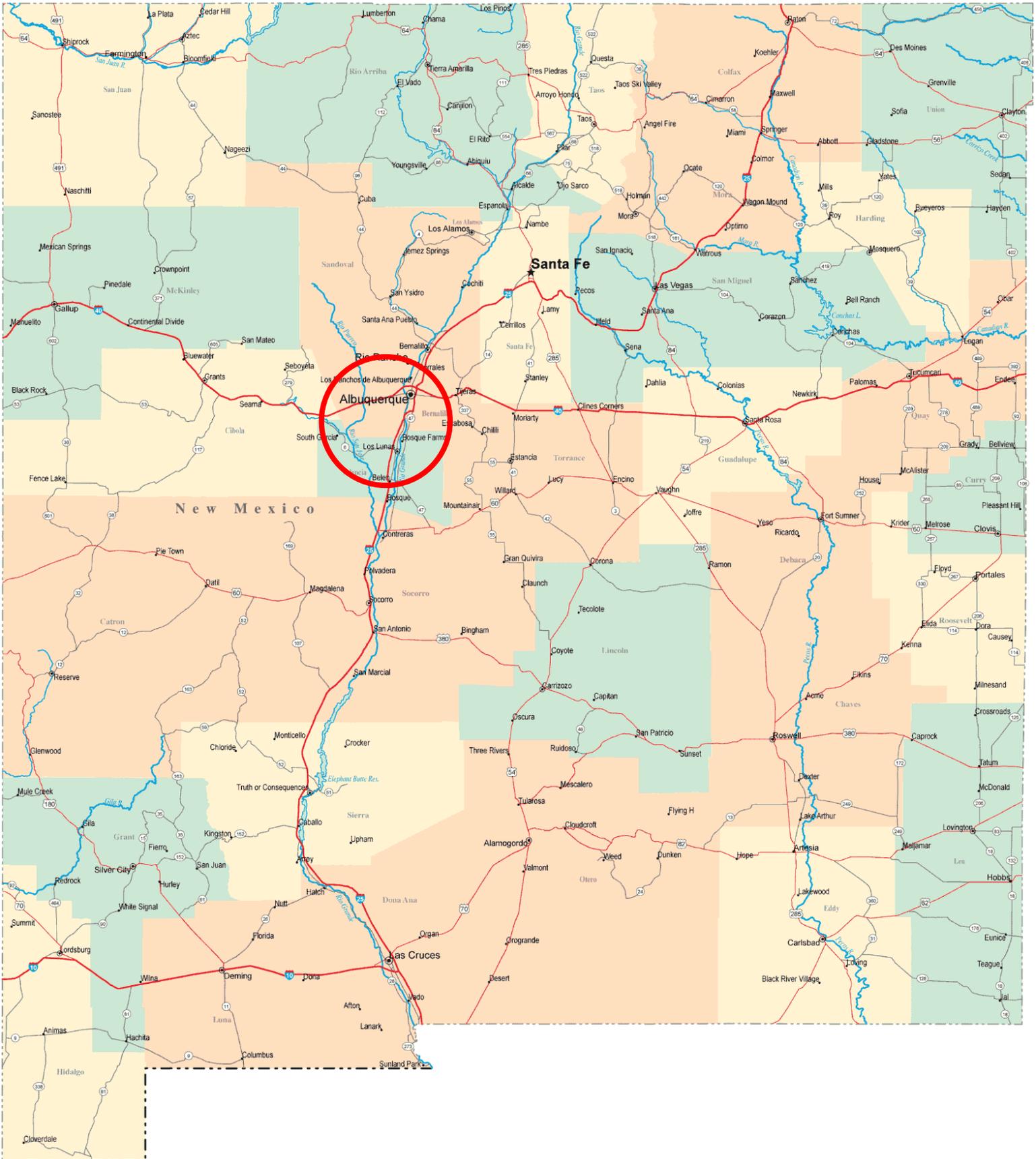


Adelante Transportation Budget

Expense Category	FY23	FY24	Application Year FY27
Drivers Salaries/Fringe Benefits	\$ 1,694,326	\$ 1,831,097	\$ 2,120,361
Support Staff/Fringe Benefits	\$ 423,582	\$ 457,774	\$ 530,090
Fuel, Lubricants, Tires	\$ 213,513	\$ 191,319	\$ 183,545
Maintenance	\$ 200,084	\$ 171,228	\$ 175,921
Insurance	\$ 385,846	\$ 811,138	\$ 765,000
Other: Depreciation, Registration, Fees	\$ 229,922	\$ 375,127	\$ 386,727
TOTAL TRANSPORTATION	\$ 3,147,273	\$ 3,837,683	\$ 4,161,645

Funding Sources - Total Agency	FY23	FY24	Application Year FY27
Contract	\$20,551,093	\$21,974,892	\$23,000,051
Medicaid Waiver	\$8,807,221	\$8,816,826	\$9,906,856
Sales	\$8,071,100	\$8,420,386	\$9,304,245
Donations and Grants	\$242,449	\$703,941	\$673,966
Department of Health	\$296,840	\$349,730	\$243,665
Other Client Based Revenue	\$397,497	\$501,906	\$482,319
Rental	\$611,871	\$588,115	\$815,905
Miscellaneous	\$262,396	\$217,889	\$260,631
NM DVR	\$156,721	\$138,058	\$136,425
Interest Income	\$3,572	\$62,614	\$204,000
TOTAL AGENCY REVENUE	\$39,400,760	\$41,774,357	\$44,824,064

Map of Service Area



Program Coordination

In addition to issuing a public notice in the Albuquerque Journal published on August 28, 2025, coordination letters were sent to the following organizations:

- Share Your Care
- ARCA
- Cornucopia
- Mandy's Special Farm
- Four Winds Transportation Services, LLC.

A copy of the letter is attached below. No responses were received.



August 25, 2025

Re: #5310 Program - Public Transportation

Adelante Development Center, Inc. intends to apply for financial assistance under the Federal Transit Act #5310 Program administered by the Rail and Transit Division of the New Mexico Department of Transportation. If awarded, this grant will allow us to continue to provide transportation services within Bernalillo and Valencia Counties, New Mexico. We will be offering the following transportation services to and from desired locations to adults with disabilities:

- Work
- Volunteer activities
- Community services
- Shopping
- Medical appointments
- Other related transportation needs

These services will be delivered on both demand response and scheduled routes. Federal law and State administrative procedures require that all other transportation providers serving in the area be given a fair and timely opportunity to participate to the maximum extent feasible in the planning and provision of the proposed transportation services. For this reason, we invite your comments on this service until September 5, 2025. If you wish to comment, please contact us in writing by that time.

Sincerely,

Justin Gomez
Senior Development Manager

Affidavit of Publication

STATE OF NEW MEXICO } SS
COUNTY OF BERNALILLO }

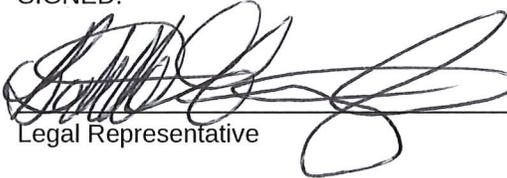
Ad Cost: \$104.61
Ad Number: 281770
Account Number: 1009651
Classification: NON-GOVERNMENT LEGALS

I, Bernadette Gonzales, the undersigned, Legal Representative of the Albuquerque Journal, on oath, state that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, chapter 167, Session Laws of 1937, and payment of fees has been made of assessed and a copy of which is hereto attached, was published in said publication in the daily edition, 1 time on the following date:

August 28, 2025

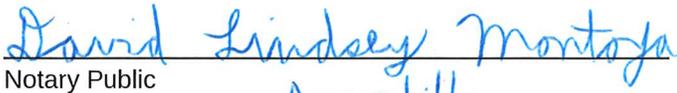
That said newspaper was regularly issued and circulated on those dates.

SIGNED:



Legal Representative

Subscribed to and sworn to me this 28th day of August 2025.



Notary Public

County Bernalillo
ID#: 1140229
My commission expires: 04-26-2027

NOTICE OF INTENT TO APPLY FOR PUBLIC TRANSPORTATION FUNDS

Be it known that Adelante Development Center, Inc, 3900 Osuna Rd. NE, Albuquerque, NM 87109, intends to apply for financial assistance under the Federal Transit Administration's 5310 Transit Programs Bureau of the New Mexico State Highway and Transportation Department. If awarded, this grant will fund the purchase of passenger vans with lifts which will in turn allow the agency to operate transportation services for adults with disabilities to go to and from work, access community services, go shopping and attend medical appointments, as well as accommodate related transportation needs. These transportation services will be offered to adult citizens with disabilities and seniors in Bernalillo and Valencia Counties, and services will be delivered on both demand-response and fixed-route schedules.

Federal law and state administrative procedures require that all other transportation providers servicing the area be given a fair and timely opportunity to participate to the maximum extent feasible in the planning and provision of the proposed transportation services. Comments on the proposed service will be received until September 5, 2025. Comments should be directed in writing to: Adelante Development Center, Inc., Attn: Justin Gomez, Senior Development Manager, 3900 Osuna Rd. NE, Albuquerque, NM 87109. If you would like to request a public hearing on this matter, please contact Mr. Gomez at the address shown above prior to the end of the September 5th comment period.

Journal: August 28, 2025

ADELANTE DEVELOPMENT
3900 OSUNA RD NE
ALBUQUERQUE, NM 87109

STATE OF NEW MEXICO
NOTARY PUBLIC
DAVID LINDSEY MONTOYA
COMMISSION NUMBER 1140229
EXPIRATION DATE 04-26-2027



September 26, 2025

Justin Gomez
Adelante Development Center, Inc.
3900 Osuna Rd. NE
Albuquerque, NM 87109

Mr. Gomez,

As per your intentions to apply for financial assistance under the Federal Transit Administrators 5310 Program to purchase four vans to provide transportation services for individuals with disabilities served by Adelante Development Center, Inc. in Bernalillo and Valencia Counties, we the Board of Directors for Adelante Development Center, Inc. fully support your efforts to upgrade vehicles and provide better services to those with disabilities.

Sincerely,

Board of Directors of Adelante Development Center, Inc.
Kyle Biederwolf, Secretary

Ryan Baca, Chair
Andres Garcia, Vice-Chair
Kyle Biederwolf, Secretary
Pamela Sullivan, Treasurer
Bob Walton
Dustin Berg
Heather Brislen, MD
Julie Bennefield
Matthew Zamora
Pam Villegas
Steve Essington

Program Justification

1. Mission, Description & History

Adelante Development Center, Inc. is a local nonprofit 501(c)3 human service agency with locations throughout New Mexico. The agency was founded in 1978, a time when ideas such as independence, rights, choice and respect were emerging. **Adelante's mission** is to move our community forward by providing employment, residential and day services and community resources to people with disabilities, seniors, and other disadvantaged populations. The word 'Adelante' means 'forward' in Spanish and describes our approach to supporting people with disabilities.

The agency currently offers residential support, therapy services, employment opportunities, and a variety of individualized services for people with moderate to severe developmental and physical disabilities. **Today, as one of the largest nonprofits in New Mexico, Adelante supports over 3,400 individuals with disabilities in addition to the overall 79,909 people served** through programs including Senior Meal Services, Desert Harvest, The Storehouse, and Benefit Connection Center last year. The agency also employs approximately 500 people, about 100 of whom are people with disabilities working in Adelante's social business enterprises.

Adelante continually strives to provide the highest quality programs for people with disabilities. Over the past 47 years, we have won numerous quality awards and accreditations. **In 2003, Adelante was one of the first nonprofit agencies in the nation to receive an ISO 9001:2000 quality certification and in May of 2022, Adelante accepted the Innovation Award from SourceAmerica, a national organization that supports employment for people with disabilities.** The agency also works to provide a wide variety of programs to meet the individual goals of the people we support. It is essential that we continue to help people with disabilities have greater access to the community, offering individuals the opportunity to live, work, learn, volunteer, and socialize in the community. As such, transportation is a crucial component in every aspect of providing these opportunities and their overall independence.

2. Need and Justification

Funds from the 5310 Program are crucial to providing transportation to clients served by Adelante in Bernalillo and Valencia counties. Adelante Development Center, Inc. is requesting an FTA share of **\$320,332.80** to purchase **four vans**. The justification of need for additional vehicles and cameras is outlined below:

Final Rule – In 2014, CMS issued a “Final Rule” with the intention of making services for individuals with disabilities more community-based. As a result, organizations like Adelante are required to move services from centralized locations to community-based outings, with vehicles being the main “home-base” for these programs. This ruling drastically changed the way Adelante serves individuals with disabilities. As a result, the use of vehicles increased significantly the number of trips, ridership, and mileage. Adelante continues to provide this service and is a significant part of the agency and its future, including during the FY27 grant period.

Increased Use – Adelante responds to the needs and goals of people with disabilities and to the desire of the New Mexico Department of Health to provide more meaningful days for the people we support. Individuals choose how they will spend the day from a variety of services including

employment, life skills, and volunteering.

Adelante has steadily increased activities since the pandemic and continually strives to increase the amount of “community integration” hours and volunteer hours for clients, thus increasing the number of trips and hours for each vehicle. Adelante must provide the transportation and staffing that make these choices available for people with disabilities throughout the community, requiring heavy use of Adelante’s aging, high-mileage passenger vans and busses.

High Mileage and Age - Funds from the 5310 program are crucial to providing transportation to clients we support in Bernalillo and Valencia counties. 65% of vehicles in our fleet will be ten years old or older by FY27 and currently 20% of the van fleet has 75,000 miles or more. **Furthermore, four vehicles have high mileage over 200,000 miles.**

Maintenance - Van repair and maintenance is tracked through Adelante’s service request system. Annual maintenance costs are compounded by the aging and over-used fleet of vans. Unreliable transportation poses a large problem for the organization, since transportation resources are limited and demand is high. Adelante must juggle working vans between programs to ensure the safety of passengers.

Expansion of Services – Many individuals with disabilities need safe, specialized transportation to and from their homes, jobs, weekend and evening activities, day programs, and volunteer activities. In many cases, public transportation cannot safely transport our clients. The vehicles we are requesting will allow us to accommodate the need for specialized transportation, as well as replace vans with higher mileage.

3. Socioeconomic Characteristics and Need for Specialized Transportation

Adelante’s client population is made up individuals 18 to 65 years of age or older who have developmental and other disabilities. The vast majority have multiple disabilities including Down’s Syndrome, cerebral palsy, autism and seizure disorders. Many clients are medically fragile and require 24-hour care. Additionally, some have physical disabilities like limited motor skills and speech impediments, making active involvement in the community without one-on-one support difficult, if not impossible.

In Bernalillo and Valencia Counties where we provide services, one in ten individuals have a disability. Several of these riders require accommodation for wheelchairs and specialized equipment. Individuals with disabilities face significant barriers when encountering public transit. While public transit vehicles themselves may be ADA compliant, arriving at a bus stop or station can pose challenges to individuals with disabilities including lack of sidewalks, outdated curbs, lack of streetlights, etc. Safety and acceptance on public transit are also common concerns for individuals with disabilities. Specialized transportation helps eliminate most of these barriers.

In Bernalillo and Valencia counties, transportation services exist for the general population with mass transit systems such as the Railrunner and city buses readily available, but these systems are not always practical for individuals with disabilities nor do they adequately accommodate people with severe physical and developmental disabilities. In order to effectively and safely transport much of our client population, specialized transportation in the form of vans with modified safety lifts and specially trained drivers are necessary.

4. Summary

Adelante provides crucial transportation services to over 3,400 individuals with disabilities in Bernalillo and Valencia counties. Our request for funds through the 5310 program is outlined through the following:

- The need for transportation resources for people with severe disabilities is documented and continues to increase.
- Adelante's ability to effectively manage and coordinate the 5310 program and numerous
- Federal grants has been demonstrated.
- Program staff is knowledgeable, experienced, and familiar with the requirements of the 5310 program.
- Adelante is dedicated to providing clients with the highest level of safety and quality services as well as a wide variety of choices, each of which are dependent upon transportation resources.

Despite Adelante's large operating budget, **there is little or no funding for capital purchases, including buildings, renovations, or vehicles.** As a result, these projects and purchases are often put off until something breaks down or is completely necessary for safety.

Adults with severe disabilities cannot operate vehicles or navigate conventional public transportation, however, they still need to access places such as work, home, doctor appointments, and day programs among others. **Additionally, many individuals with severe disabilities require experienced and knowledgeable staff who can quickly accommodate and respond to medical needs such as seizures, anxiety attacks, and various other disabling conditions, excluding them from use of conventional public transportation systems even if they are ADA compliant.** People with disabilities often require special equipment such as lifts and tie-downs to enable them to travel safely. Adelante has the capacity and experience to successfully manage a specialized transportation system. **Adelante is dependent upon this partnership with the New Mexico Department of Transportation through the 5310 program to meet transportation and client needs.**

Adelante provides transportation services for residential and independent living clients as well as for day program clients that include community-based outings. Residential programs, especially the senior residential programs continue to expand to meet the growing needs of seniors looking for alternatives to large nursing home and retirement communities.



XI. Operations Profile

1. Table of Contents

2. Mission Statement

3. Brief Description of Transit Program

- (a) Service Route(s)
- (b) Schedule (days and hours of operation)
- (c) Fare structure (amounts, how set and by whom?)

4. Organizational Structure

A. Administrative Employees

- (a) Title and job description
- (b) Code of Conduct Policy
- (c) Training Plan/Record Keeping Policy and Procedures

B. Operations Employees: Managers, Drivers, Mechanics and Dispatchers

- (a) Titles and Job descriptions
- (b) Hiring procedures (i.e.) background check, driving record, valid driver's license
- (c) Code of Conduct Policy
- (d) Training Plan/Record Keeping Policy and Procedures
- (e) Drug & Alcohol Policy for Safety Sensitive Employees (Required for all 5311 applicants and those 5310 applicants using program vehicles requiring CDL drivers)

5. Vehicle Fleet

A. Update in BlackCat - all vehicle inventories must be updated within 3 months of application due date. This includes recalls and accident reporting.

B. Maintenance schedules

C. Inspection procedures

D. Fleet Replacement Plan for FY 27

E. Accident/Incident Reporting Procedures

- (a) Procedures to include accident reporting and documentation in the corresponding vehicle inventory record in BlackCat
- (b) Insurance forms, Accident/incident reporting forms in vehicle

2. Mission Statement

Adelante Development center is a nonprofit organization with a mission to move our community forward. Adelante supports people with disabilities, seniors, and disadvantaged populations by providing employment, residential and day services, and other community resources.

3. Brief Description of Transit Program

The goal of the program is to provide transportation to individuals with disabilities who want to be more involved in their communities. Adelante will provide modified-fixed route and demand-responsive services to clients. This may include trips to and/or from home, employment, volunteer activities, community events, grocery shopping, doctor appointments, and day programs.

Additionally, Adelante staff meets with clients regularly to assist in setting goals, evaluating progress, and determining individual needs. The main objectives of the program are to:

- Determine and meet each client's needs associated with attaining their individual goals.
- Determine and provide demand-responsive and fixed-route services based on client needs. The transportation schedule is determined by the originating location of the vehicle, vehicle resources, length of time issued, etc.
- Comply with Section 5310 program requirements in order to meet the transportation needs of our clients and maintain funding.

In order to maintain a high standard of quality and continuous improvement, Adelante utilizes an internal reporting system that allows the agency to recognize an occurrence and to correct it quickly if needed. The occurrences system assigns responsibility to a particular individual who must complete a root cause analysis, define needed actions, ensure action completion, and gather evidence of completed actions. This system also generates reports for management to review and analyze. Additionally, Adelante uses an internally developed management software tool called Blueprint that tracks staff activity across all programs and positions relevant to the accomplishment of goals and tasks associated with projects.

a) Service Route(s)

Adelante provides transportation and services for people with disabilities within Bernalillo and Valencia counties. The agency operates residential homes, day programs, and social enterprises that provide opportunities for individuals with disabilities to remain active in the community within these two counties.

Adelante's transportation services in Bernalillo County is provided in the urban environments of Albuquerque while services in Valencia County are provided in more rural areas of Belen, Los Lunas, and the surrounding areas. These areas are centrally located in New Mexico, bordered to the east by the Sandia and Manzano mountain ranges along the banks of the Rio Grande. Together, these counties comprise the state's largest concentrated population.

Through integration of individuals with disabilities into the community, the agency will transport clients to destinations that fulfill their goals for work, help them to lead more independent lives, and give them opportunities to give back to the community through volunteer activities.

Transportation is provided by Adelante to seniors and individuals with disabilities throughout Bernalillo and Valencia counties, and is not restricted to any city or other boundaries within the counties. Maps illustrating Adelante's service area can be found in Section VI (Description of Service Area).

b) Schedule

Transportation schedules vary by need and by program. The following is a brief summary of potential schedules by program:

- Day Programs: 8:00 a.m. to 4:00 p.m. Monday - Friday
- Residential Programs: 24 hours, 7 days a week
- Independent Living: 8:00 a.m. to 9:00 p.m., 7 days a week

c) Fare Structure

Not Applicable

4. Organizational Structure

The Vice President of Community Operations oversees transportation at all residences, supported employment programs, social enterprises, and day programs while managing day-to-day transportation services, and monitoring individual client transportation needs. The Chief Financial Officer oversees fleet maintenance through supervision of the Facilities Department. The Vice President of Development oversees the 5310 grant program. All have strong management backgrounds and extensive knowledge of Bernalillo and Valencia counties, as well as experience in administration of the 5310 program.

A. Employees

a) Title and Job Description

Adelante's team of managers and staff are dedicated to the organization and its mission. Those directly responsible for administering the 5310 program have years of experience with the organization and the transportation program.

Reina Chavez, VP of Community Operations

Reina is responsible for all day and residential programs. She schedules transportation for clients based on their needs and the resources of the organization. Reina has been with the organization for over 36 years.

Maria Otero, Chief Financial Officer

Maria is responsible for overseeing maintenance of agency facilities and vehicle fleet. Maria has extensive knowledge of service delivery, finance, and data management. She has 25 years of experience in management and has been with Adelante for over 5 years.

Drivers: Any person who drives for the agency has the following requirements included in their job description: Must have reliable transportation, valid NM driver's license, insurable driving record and proof of current liability insurance. Any person transporting clients must undergo training and recertification through the agency.

b) Hiring Procedures, Background Checks, Driving Records, Valid Driver's Licenses

- Hiring Procedures - Driving is performed by client supervisors, assistants and other qualified staff. Driver qualification with Adelante is a one-time process that occurs during the pre-employment screening. The Human Resources department assures that all drivers remain qualified on an on-going basis.
- Background Checks - Motor Vehicle Record Checks are obtained annually and as deemed necessary for all employees who transport clients or drive Adelante vehicles. Driver qualification files are kept to review employee adherence to the Driving Policy. Traffic violations are reported to Adelante's insurance carrier to determine if coverage should be discontinued.
- Driving Record - Drug screening and background checks are performed prior to hiring and drug and alcohol testing is performed in the event of an automobile accident.
- Valid Driver's License - All employed drivers undergo routine verification to ensure that they hold a valid driver's license and clean driving record.

c) Code of Conduct Policy

The employees of Adelante work closely together and rely on each other's work. It is therefore important that each employee conduct him/herself in a manner conducive to benefitting Adelante, our clients, and fellow employees. The policies relating to

employee conduct are outlined in the Employee Handbook. Other employee conduct guidelines are contained in this policy.

Employees of Adelante are expected to know and follow the policies outlined in the Employee Handbook and any department specific guidelines that may exist. Our Mission and Values have existed for several years and generally are those principals expected of employees in any well-regarded, ethical organization. We must all use good judgement, have high ethical standards, and be honest in all of our interactions.

Further, detailed information is available on these specific topics throughout the Employee Handbook. If, after further reading, you have any questions about the applicability of these requirements to a given circumstance, ask your supervisor or Human Resources.

Failure to meet these expectations outlined in the Employee Handbook could lead to disciplinary action, which may include termination of employment.

Please note that nothing in Adelante's employment policy requires the use of progressive discipline prior to termination of employment. Adelante will make all such decisions on a case-by-case basis.

d) Training Plan/Record Keeping Policy and Procedures

Adelante has an internal team of training experts who ensure that all employees are continuously trained and certified in their specialized areas including transportation of individuals with severe disabilities and defensive driving. Records of training are entered in an online database and retained indefinitely.

Required training is given to all drivers, which includes basic bus/vehicle safety, First Aid, CPR, defensive driving, van tie-down/passenger assistance (wheelchair training), and training for transporting individuals with disabilities. This training is provided through Adelante's Training program within 6 months of hire date.

e) Drug and Alcohol Policy for Safety Sensitive Employees

Section 4.2 Drug Free Workplace and Substance Abuse – Adelante Employee Handbook:

“Adelante is committed to providing a safe, healthy, and productive working environment for our employees and others. As a federal contractor, Adelante maintains a drug and alcohol-free workplace to protect employees, property, and clients, and ensure efficient operations. Illegal drugs defined under federal law, including medical and/or recreational use of cannabis/marijuana, are prohibited. Prescription drugs are

allowed only if the use of prescription drugs is not abused and does not impair job performance or safety.

Individuals under the influence of alcohol, prescribed medication and/or illegal drugs may pose serious safety and health risks not only to themselves, but also to those who come in contact with them. Possessing, using, consuming, purchasing, distributing, manufacturing, dispensing, selling, or being under the influence of illegal drugs, prescribed medication that renders an employee unable to perform the essential functions of the job and/or alcohol, at any time while on Adelante's premises and at any time while the employee is working and/or representing Adelante, will result in disciplinary action up to and including immediate termination."

5. Vehicle/Facilities

A. Updated Inventories

Please see Blackcat inventory list.

B. Maintenance Schedules

The Adelante Facilities Department, employs staff that support Bernalillo, and Valencia counties through oversight of vehicle maintenance. Adelante utilizes an online system that tracks all maintenance, including scheduled maintenance, invoices, mileage, etc. Oil changes and other routine maintenance is outsourced to local vendors and scheduled at regular intervals according to manufacturer recommendations or previous maintenance history. Major inspections are performed on a quarterly basis and are outsourced to qualified local mechanics. Adelante's excellent vehicle safety record is testimony to the agency's driver training and vehicle maintenance programs.

C. Inspection Procedures

Before starting vehicles, drivers use the Daily Vehicle Inspection Form to record information and to determine if any problems exist. Statistics are tracked on all vehicles with regard to passenger trips, trip purpose (employment, medical, volunteer work, social/recreational, etc.), mileage, and maintenance. Any problems with vehicles are reported immediately to the Facilities Department and promptly corrected.

D. Fleet Replacement Plan for FY27

Vehicle replacement is determined by previous maintenance history and overall condition and safety of each vehicle. For FY26, three vans are scheduled to be replaced due to high mileage and age.

E. Accident/Incident Reporting Procedures

- a) Procedures to include accident reporting and documentation in the corresponding vehicle inventory record in Blackcat. When an accident occurs, documentation is uploaded into Blackcat.
- b) Insurance forms, Accident/Incident forms in vehicle
All vehicles have current insurance and registration forms, which are located on the driver's sun visor at all times.

All vehicles are equipped with a vehicle accident reporting kit that is located on the driver-side sun visor. Additionally, a copy of the Driver's Handbook is located in every vehicle, which indicates step-by-step procedures to follow in the event of an accident.

