



**SJT GROUP LLC**  
CERTIFIED PUBLIC ACCOUNTANTS



**THE LIFELINE**

Independent Auditor's Report,  
Financial Statements,  
and  
Single Audit Information

June 30, 2022 and 2021

# The Life Link

## Table of Contents

	<u>Page</u>
<b>Independent Auditor's Report</b>	1-3
<b>Financial Statements</b>	
Statements of Financial Position	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to the Financial Statements	10-22
<b>Single Audit Information</b>	
Schedule of Expenditures of Federal Awards	23-24
Notes to the Schedule of Expenditures of Federal Awards	25
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26-27
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	28-30
Schedule of Findings and Questioned Costs	31-32



**SJT GROUP LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

Board of Directors  
The Life Link

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of The Life Link (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Life Link as of June 30, 2022 and 2021, 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 Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Life Link and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

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## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Life Link's internal control. Accordingly, no such opinion is expressed.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Life Link's ability to continue as a going concern for a reasonable period of time.

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

## ***Supplementary Information***

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023, on our consideration of The Life Link's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Life Link's internal control over financial reporting and compliance.

SJT Group LLC

Albuquerque, New Mexico  
March 22, 2023

## Financial Statements

**The Life Link**  
**Statements of Financial Position**  
**June 30,**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 66,602	\$ 397,421
Accounts receivable, net	131,728	129,432
Grants receivable	683,410	494,943
Employee Retention Tax Credit receivable	1,550,000	-
Prepaid expenses and deposits	132,941	104,884
Total current assets	2,564,681	1,126,680
Noncurrent assets		
Endowment fund investments	45,764	51,233
Property and equipment, net	1,923,842	1,919,595
Total noncurrent assets	1,969,606	1,970,828
Total assets	\$ 4,534,287	\$ 3,097,508
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 290,043	\$ 157,303
Accrued payroll liabilities	158,726	261,109
Line of credit	170,000	-
Long-term debt, current portion	27,900	32,415
Total current liabilities	646,669	450,827
Long-term debt, net of current portion	1,091,522	1,086,281
Total liabilities	1,738,191	1,537,108
Net assets		
Without donor restrictions	2,669,344	1,488,105
With donor restrictions	126,752	72,295
Total net assets	2,796,096	1,560,400
Total liabilities and net assets	\$ 4,534,287	\$ 3,097,508

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

**The Life Link**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Government grants and contracts	\$ 4,450,562	\$ -	\$ 4,450,562
Other grants and contributions	470,833	133,598	604,431
In-kind contributions	37,702	-	37,702
Client service	1,880,619	-	1,880,619
Program fees	81,685	-	81,685
Rental income	50,685	-	50,685
Investment loss and fees	(4,459)	(501)	(4,960)
Employee Retention Tax Credits	1,550,000	-	1,550,000
Other revenue	2,087	-	2,087
Net assets released from restriction	78,640	(78,640)	-
Total support and revenue	8,598,354	54,457	8,652,811
<b>Expenses</b>			
Program services	6,232,579	-	6,232,579
Supporting services			
Management and general	1,072,034	-	1,072,034
Fundraising	112,502	-	112,502
Total supporting services	1,184,536	-	1,184,536
Total expenses	7,417,115	-	7,417,115
Change in net assets	1,181,239	54,457	1,235,696
Net assets, beginning of year	1,488,105	72,295	1,560,400
<b>Net assets, end of year</b>	\$ 2,669,344	\$ 126,752	\$ 2,796,096

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



**The Life Link**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Government grants and contracts	\$ 4,321,892	\$ -	\$ 4,321,892
Other grants and contributions	210,563	50,000	260,563
PPP loan forgiveness	567,300	-	567,300
In-kind contributions	128,831	-	128,831
Client service	1,845,881	-	1,845,881
Program fees	72,088	-	72,088
Rental income	50,645	-	50,645
Investment income (fees)	9,981	(479)	9,502
Gain on sale of property	182,259	-	182,259
Other revenue	2,715	-	2,715
Net assets released from restriction	21,242	(21,242)	-
Total support and revenue	<u>7,413,397</u>	<u>28,279</u>	<u>7,441,676</u>
<b>Expenses</b>			
Program services	<u>6,267,065</u>	<u>-</u>	<u>6,267,065</u>
Supporting services			
Management and general	858,150	-	858,150
Fundraising	102,149	-	102,149
Total supporting services	<u>960,299</u>	<u>-</u>	<u>960,299</u>
Total expenses	<u>7,227,364</u>	<u>-</u>	<u>7,227,364</u>
Change in net assets	186,033	28,279	214,312
Net assets, beginning of year	<u>1,302,072</u>	<u>44,016</u>	<u>1,346,088</u>
<b>Net assets, end of year</b>	<u><u>\$ 1,488,105</u></u>	<u><u>\$ 72,295</u></u>	<u><u>\$ 1,560,400</u></u>

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

**The Life Link**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2022**

	Program	Management and General	Fundraising	Total Expenses
Salaries, benefits, and taxes	\$ 2,768,973	\$ 766,924	\$ 80,156	\$ 3,616,053
Grants, contracts, and direct assistance	2,237,474	-	-	2,237,474
Contract services	447,739	197,314	1,100	646,153
Materials and supplies	250,506	29,304	16,402	296,212
Facilities and equipment	242,279	32,252	-	274,531
Travel and meetings	94,111	1,401	388	95,900
Depreciation	67,008	12,611	-	79,619
Interest	36,791	17,999	-	54,790
Other expenses	45,745	3,658	4,132	53,535
Insurance	41,392	10,571	1,109	53,072
Outreach and training	561	-	9,215	9,776
Total expenses	<u>\$ 6,232,579</u>	<u>\$ 1,072,034</u>	<u>\$ 112,502</u>	<u>\$ 7,417,115</u>

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

**The Life Link**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2021**

	Program	Management and General	Fundraising	Total Expenses
Salaries, benefits, and taxes	\$ 2,521,755	\$ 615,317	\$ 61,441	\$ 3,198,513
Grants, contracts, and direct assistance	2,739,086	-	-	2,739,086
Contract services	361,576	79,697	12,095	453,368
Materials and supplies	235,928	59,219	9,196	304,343
Facilities and equipment	235,940	48,592	-	284,532
Travel and meetings	48,238	3,757	269	52,264
Depreciation	53,458	4,715	-	58,173
Interest	23,685	1,899	-	25,584
Other expenses	14,921	33,002	3,531	51,454
Insurance	32,478	11,936	-	44,414
Outreach and training	-	16	15,617	15,633
Total expenses	<u>\$ 6,267,065</u>	<u>\$ 858,150</u>	<u>\$ 102,149</u>	<u>\$ 7,227,364</u>

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

**The Life Link**  
**Statements of Cash Flows**  
**For the Years Ended June 30,**

	2022	2021
<b>Cash flows from operating activities</b>		
Cash received from grants, contracts, and contributions	\$ 4,866,526	\$ 4,450,155
Cash received from client services	1,878,323	1,771,424
Cash received from tenants	50,685	50,645
Other cash received	83,772	74,803
Interest and dividends received	509	661
Cash paid to employees and suppliers	(7,242,704)	(7,064,872)
Cash paid for interest	(38,539)	(25,584)
Net cash used by operating activities	(401,428)	(742,768)
<b>Cash flows from investing activities</b>		
Proceeds from the sale of property	-	405,000
Purchase of equipment	(83,866)	(30,000)
Net cash provided (used) by investing activities	(83,866)	375,000
<b>Cash flows from financing activities</b>		
Proceeds from the refinance of long-term debt	336,274	-
Proceeds from draws on the line of credit	888,000	-
Principal payments on the line of credit	(718,000)	-
Principal payments on long-term debt	(351,799)	(9,647)
Net cash provided (used) by financing activities	154,475	(9,647)
Net change in cash and cash equivalents	(330,819)	(377,415)
Cash and cash equivalents, beginning of year	397,421	774,836
<b>Cash and cash equivalents, end of year</b>	\$ 66,602	\$ 397,421
<b>Supplemental disclosure of noncash activities</b>		
Forgiveness of PPP loan	\$ -	\$ 567,300
In-kind contributions of services and materials	\$ -	\$ 53,831
In-kind contributions of property	\$ -	\$ 75,000
Interest accrued on the Economic Injury Disaster Loan (EIDL)	\$ 16,251	\$ -
Unrealized gain on investments	\$ (4,968)	\$ 9,320

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

**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

**1) Organization and Nature of Activities**

The Life Link, a nonprofit organization, was incorporated under the laws of the State of New Mexico on June 13, 1988. The mission of the Life Link is to help hungry, homeless and displaced individuals and families achieve self-sufficiency through emergency assistance, housing, employment services, and other supportive programs including advanced addiction and mental health treatment services.

The Life Link's major funding is provided by the U.S. Department of Housing and Urban Development; the U.S. Department of Health and Human Services; the U.S. Department of Justice; U.S. Probation and Parole; and the State of New Mexico, with additional support from various individuals and private foundations.

The Life Link operates the following social service programs:

Housing Support

- ◆ *La Luz*: Provides 30 permanent supportive housing units for those needing both independence and structure as they work on recovery from mental illness and substance abuse.
- ◆ *Linkages*: Provides 45 units of housing and support services. Each household receives at a minimum a once-a-month home visit and additional support services as identified and agreed upon.
- ◆ *Permanent Supportive Housing*: Permanent Supportive Housing voucher program provides rental assistance for permanent housing in connection with supportive services. The rental assistance is provided by HUD (Housing and Urban Development) with The Life Link matching that rental assistance with an equal amount of supportive services.
- ◆ *Rental Assistance Program (RAP)*: The program provides rental assistance, case management, and life skills education to individuals meeting specific requirements.

Mental Health Support

- ◆ *Intensive Outpatient Program*: Licensed by the State as a Community Mental Health Center, The Life Link offers help for those experiencing difficulties with depression, anxiety, bipolar conditions, and other chronic and persistent mental illness. The Life Link employs counselors with a wealth of training and experience in a wide range of mental health issues, as well as a staff psychiatrist to prescribe and monitor medication when needed.

**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

1) Organization and Nature of Activities – continued

Substance Abuse Support

- ◆ *Outpatient Treatment:* The Life Link offers an array of outpatient treatment services for alcohol and drug abuse and dependence. Within an educational, supportive, and positive treatment environment, clients are given the opportunity to embrace a healthier lifestyle. Treatment programs at The Life Link are available in both English and Spanish, and may be provided in individual, group, or family settings.

Human Trafficking Aftercare

- ◆ *Anti-Human Trafficking Initiative:* The Life Link’s Anti-Human Trafficking Initiative, located in Santa Fe, is New Mexico’s only comprehensive aftercare program for victims of human trafficking. Through partnerships with State government, law enforcement, community stakeholders, healthcare providers, and other interested crisis responders, intensive case management, advocacy, benefit acquisition, mental health and substance abuse services, emergency and permanent supportive housing, trauma treatment, and linkage to additional community resources to assist them.

2) **Summary of Significant Accounting Policies**

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements are presented in accordance with the accounting and reporting standards required by FASB ASC 958, *Not for Profit Entities*. FASB ASC 958 requires The Life Link to report information regarding its financial position and activities according to the following classes of net assets:

- ◆ *Net assets without donor restrictions* represent the portion of The Life Link’s net assets that are not restricted by donor-imposed stipulations and are available for operations at management’s discretion. All contributions made to The Life Link are considered to be received without donor restrictions unless specifically restricted by the donor.
- ◆ *Net assets with donor restrictions* represents resources restricted by donors as to purpose or by the passage of time and resources whose use by The Life Link is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of The Life Link. See Note 12 for more information on The Life Link’s net assets with donor restrictions.

**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

2) Summary of Significant Accounting Policies – continued

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, The Life Link considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Life Link maintains its cash depository accounts with various financial institutions. Balances in the accounts may, at times, exceed Federal or other insurance limits. The Life Link has not experienced, and believes it is not exposed to, significant credit risk from these deposits.

Grants Receivable

Grants receivable represent amounts due for expenditures incurred prior to year-end, but not yet reimbursed.

Accounts Receivable

Accounts receivable are recorded at net realizable value and are evaluated for collectability by using historical experience applied to an aging of the accounts. Generally, collateral is not required on receivables. Contractual terms determine when receivables become delinquent. The Life Link utilizes the allowance method to provide a valuation for estimated uncollectible accounts receivable.

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over useful lives ranging from three to thirty-nine years.

Impairment of Long-Lived Assets

The Life Link 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 asset exceeds the fair value of the asset. Management does not believe impairment indicators are present as of June 30, 2022 and 2021.

**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

2) Summary of Significant Accounting Policies – continued

Accrued Paid Leave Time

The Life Link offers personal leave time to full time and part time employees after they have completed the 90-day probation period. Paid leave time (PLT) is an all-purpose time-off policy for all eligible employees to use for vacation, illness or injury, and personal business. The maximum amount of PLT hours that employees can accumulate is 240 hours. Upon resignation, with a 2-week notice, up to 80 hours of unused PLT will be paid to the employee on their last paycheck.

Revenue Recognition

Revenue on contracts and grants is recognized when funds are spent in accordance with contractual provisions.

Contribution revenue is recognized when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions upon which they depend have been met. Contributions received are recorded as net assets with or without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (i.e., when the time or purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as “net assets released from restrictions.”

The Life Link reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

Program fees are recognized as the services are performed. Services required in the mental health support and substance abuse support programs are recorded at standard rates, less a sliding fee scale adjustment based on the clients’ ability to pay.

Donated Services and Materials

Significant contributions of services are recorded if the services create or enhance non-financial assets or require specialized skills. Recognized contributed services are recorded at the fair value of the services on the date of donation. Significant donations of materials are recorded at their fair value on the date of donation.



**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

2) Summary of Significant Accounting Policies – continued

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include facilities and equipment and depreciation, which are allocated on the basis of the actual usage of equipment and the square footage of buildings, as well as interest and insurance, which are allocated based on a staffing allocation. All other expenses are allocated directly to functions at the time expenses are incurred through the use of cost centers.

Income Taxes

The Life Link is a non-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, its normal activities do not result in any income tax liability. The Life Link is classified as other than a private foundation.

The Life Link applies the provisions of FASB ASC 740, *Income Taxes*. FASB ASC 740 provides detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions in an entity's financial statements. Uncertain income tax positions must meet a more-likely-than-not recognition threshold to be recognized. The Life Link's policy is to classify income tax penalties and interest according to their natural classification rather than as income tax expense.

As of June 30, 2022, management does not believe The Life Link has any uncertain tax positions that would require financial statement recognition, measurement, or disclosure under FASB ASC 740. Due to statutes of limitation, The Life Link's tax returns are no longer subject to examinations by tax authorities for fiscal years before 2019.

3) **Endowment Fund Investments**

The Life Link's endowment fund is made up of assets held by the Santa Fe Community Foundation (SFCF) as a part of their pooled investments. The assets held by SFCF will be returned to The Life Link if the SFCF ceases to be a charitable organization.

Annual distributions can be made pursuant to current SFCF policies. Current policy states that annual distributions will be based on 5% of the average restricted account balance. Upon written request by the Board of Directors of The Life Link and approval of the Board of Directors of the SFCF, additional distributions in excess of SFCF's annual distribution policies may be requested under extraordinary circumstances, such as financial deficits, capital needs, or other emergencies.

**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

3) Endowment Fund Investments – continued

Changes in endowment fund net assets are as follows for the years ended:

<u>June 30, 2022</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 16,389	\$ 34,844	\$ 51,233
Investment loss	(4,968)	-	(4,968)
Investment fees	-	(501)	(501)
Endowment net assets, end of year	<u>\$ 11,421</u>	<u>\$ 34,343</u>	<u>\$ 45,764</u>

  

<u>June 30, 2021</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 7,069	\$ 35,323	\$ 42,392
Distributions	(1,510)	-	(1,510)
Investment income	10,830	-	10,830
Investment fees	-	(479)	(479)
Endowment net assets, end of year	<u>\$ 16,389</u>	<u>\$ 34,844</u>	<u>\$ 51,233</u>

4) **Liquidity and Availability**

The following table reflects The Life Link’s financial assets as of June 30, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date. Amounts not available to meet general expenditures within one year include endowment investment funds with donor restrictions.

	<u>2022</u>	<u>2021</u>
Financial assets, at year-end		
Cash and cash equivalents	\$ 66,602	\$ 397,421
Accounts receivable, net	131,728	129,432
Grants receivable	683,410	494,943
Endowment fund investments	<u>45,764</u>	<u>51,233</u>
Total financial assets, at year-end	927,504	1,073,029
Less amounts unavailable for general expenditures within one year	<u>(34,343)</u>	<u>(34,844)</u>
Financial assets available for general expenditures within one year	<u>\$ 893,161</u>	<u>\$ 1,038,185</u>

To help manage unanticipated liquidity needs, The Life Link has access to a line of credit with a local bank. More information on the line of credit is available in Note 6.

**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

**5) Fair Value Measurements**

The Life Link follows accounting standards for fair value measurements, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value measurements define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

- ◆ *Level 1 Inputs* – unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- ◆ *Level 2 Inputs* – include:
  - Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- ◆ *Level 3 Inputs* – unobservable inputs which reflect the organization’s own assumptions about the assumptions market participants would use in pricing the asset or liability.

The Life Link’s endowment fund investments are measured at fair value on a recurring basis and are valued using level 2 inputs as defined above.

**6) Line of Credit**

As of June 30, 2021, The Life Link had a \$100,000 line of credit agreement with a local financial institution. In January 2022, the line of credit was renewed and increased to \$200,000. The line carries interest at the bank’s prime lending rate (3.25%) plus 1% and is secured by deposit accounts, inventory, accounts receivable, equipment, and a right of setoff in The Life Link’s accounts with the financial institution. At June 30, 2022 and 2021, The Life Link had \$170,000 and \$0 in outstanding borrowings on the line.

**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

**7) Grants Receivable**

Grants receivable are due from the following agencies at June 30:

	<u>2022</u>	<u>2021</u>
U.S. Department of Justice	\$ -	\$ 92,409
U.S. Department of Housing and Urban Development	-	62,378
U.S. Department of Health and Human Services	<b>65,218</b>	-
Falling Colors (State of NM)	<b>72,518</b>	103,926
Crime Victim Reparations Commission (State of NM)	<b>47,008</b>	39,811
New Mexico Mortgage Finance Authority	<b>84,982</b>	70,784
City of Santa Fe	<b>89,975</b>	58,940
Santa Fe County	<b>630</b>	66,695
New Mexico Community Trust	<b>309,072</b>	-
La Pinon	<b>12,565</b>	-
New Mexico Immigrant Law Center	<b>1,442</b>	-
Total grants receivable	<u><b>\$ 683,410</b></u>	<u><b>\$ 494,943</b></u>

**8) Property and Equipment**

Property and equipment consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Depreciable		
Buildings and improvements	\$ 2,099,061	\$ 2,051,806
Vehicles	<b>33,243</b>	33,243
Furniture and equipment	<b>406,358</b>	369,747
Less: Accumulated depreciation	<u><b>(1,102,101)</b></u>	<u>(1,022,482)</u>
Total depreciable property and equipment, net	<b>1,436,561</b>	1,432,314
Land	<u><b>487,281</b></u>	<u>487,281</u>
Total property and equipment, net	<u><b>\$ 1,923,842</b></u>	<u><b>\$ 1,919,595</b></u>

**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

**9) Accrued Payroll Liabilities**

Accrued payroll liabilities consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Salaries	\$ 64,568	\$ 168,830
Paid leave time	86,467	86,140
Employee benefits and payroll taxes	<u>7,691</u>	<u>6,139</u>
Total accrued payroll liabilities	<u>\$ 158,726</u>	<u>\$ 261,109</u>

**10) Refundable Advance – Paycheck Protection Program (PPP) Loan**

During fiscal year 2020, The Life Link was granted a \$567,300 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Life Link was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Life Link met the forgiveness criteria as specified by the SBA during fiscal year 2021 and recorded the forgiveness of the loan as support and revenue in the amount of \$567,300 for the year ended June 30, 2021.

**11) Long-Term Debt**

Long-term debt consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Mortgage loan - Los Alamos National Bank	\$ -	\$ 345,016
Mortgage loan - New Mexico Bank & Trust	333,566	-
Mortgage loan - Homewise, Inc.	270,596	274,670
Economic Injury Disaster Loan (EIDL)	<u>515,260</u>	<u>499,010</u>
Total long-term debt	1,119,422	1,118,696
Current portion	<u>(27,900)</u>	<u>(32,415)</u>
Total long-term debt, net of current portion	<u>\$ 1,091,522</u>	<u>\$ 1,086,281</u>

**Mortgage Loan – Los Alamos National Bank**

The Life Link had a mortgage payable to Los Alamos National Bank in the original amount of \$444,932 with an interest rate of 6%. The mortgage was payable in monthly installments of \$2,668 including interest. The mortgage was collateralized by real estate in Santa Fe, New Mexico. The unpaid principal of the loan was due in August 2038, but in fiscal year 2022, The Life Link refinanced this loan with New Mexico Bank & Trust, as described on the next page.

**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

11) Long-Term Debt – continued

Mortgage Loan – New Mexico Bank & Trust

During fiscal year 2022, The Life Link refinanced its previous mortgage loan with Los Alamos National Bank. This loan was issued in the amount of \$336,274. The mortgage is payable in 60 monthly installments of \$2,094, including interest at 4.25%, followed by 59 monthly installments of \$2,129 with interest at the prime rate plus 1%. There is a prepayment penalty of 5% of the balance of the loan at the time of prepayment. The mortgage is collateralized by real estate located in Santa Fe, New Mexico. The unpaid principal of the loan is due in March 2032.

Mortgage Loan – Homewise, Inc.

The Life Link has a mortgage payable to Homewise, Inc. in the original amount of \$275,000 with an interest rate of 5%. The mortgage is payable in monthly installments of \$1,476 including interest. The mortgage is collateralized by land and any buildings, structures, and other improvements on the land located in Santa Fe, New Mexico, as well as any rents or revenues relating to the land. The unpaid principal of the loan is due in May 2051.

Economic Injury Disaster Loan (EIDL)

The Life Link received an Economic Injury Disaster Loan (EIDL) of \$500,000 by a Small Business Administration (SBA) approved partner on April 8, 2020. Monthly installment payments, including principal and interest of \$2,136, began twelve months from the date of the promissory note. Interest accrues on the loan at a rate of 2.75%. The balance of principal and interest will be payable thirty years from the date of the promissory note. The note is secured by all of The Life Link’s tangible and intangible personal property because the loan amount exceeds \$25,000.

Future principal payments on long-term debt as of June 30, 2022 are as follows:

*For the year ending June 30,:*

2023	\$	27,900
2024		28,950
2025		30,041
2026		31,177
2027		32,293
Thereafter		969,061
		\$ 1,119,422

**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

**12) Net Assets With Donor Restrictions**

Net assets with donor restrictions consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Endowment investments	\$ 34,343	\$ 34,844
Empty Stocking Fund	1,113	37,451
Telehealth initiative	21,987	-
Lamplighter initiative	<u>69,309</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 126,752</u>	<u>\$ 72,295</u>

**13) Commitments and Contingencies**

Grants and Contracts

The Life Link receives financial assistance from federal, state and local governmental agencies in the form of grants and contracts. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and the Single Audit Act, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of The Life Link and are not considered to be material as of June 30, 2022 and 2021.

**14) Operating Leases**

In January 2010, The Life Link entered into a 25-year lease agreement with Santa Fe County for an outpatient building to be owned by the County and placed on land owned by The Life Link. As part of the lease agreement, The Life Link provides mental health support services for sick and/or indigent residents of Santa Fe County in satisfaction of the rent. During the year ended June 30, 2022 and 2021, The Life Link provided services of \$37,702 and \$44,748, respectively, in lieu of the rent payments. Since the inception of the agreement, the value of the services performed by The Life Link each year has exceeded the amount of the rent. The lease may be terminated upon written agreement by both parties.

In addition to the lease agreement with Santa Fe County, The Life Link has other noncancelable operating leases for buildings, mostly for one-year terms. During the year ended June 30, 2022 and 2021, rent expense totaled \$147,682 and \$193,582, respectively, which is reported as a portion of facilities and equipment expenses in the statements of functional expenses. Future minimum lease payments under noncancelable leases are \$72,000 for 2022.

**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

**15) Employee Retention Tax Credits**

The Employee Retention Tax Credit (ERC) is a refundable tax credit program created in response to the COVID-19 pandemic that incentivized companies and small business to maintain payroll during 2020 and 2021. To qualify, The Life Link had to experience either full or partial suspension by government order due to the COVID-19 pandemic or have gross receipts fall below certain thresholds as compared to the comparable quarter in 2019. The tax credit was equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expanded the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit in 2021 was equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was increased to \$10,000 of qualified wages per quarter.

The Life Link determined that it is eligible to participate in this program and received a total of \$331,832 in ERC's in August 2022 for qualified wages in the second and fourth quarters of 2020. An additional \$1.2 million is expected to be received based on the qualified wages incurred for the first, second and third quarters of 2021. Because of the eligibility requirements of the ERC, The Life Link has determined that the conditions for recording the ERC as revenue were met when the amended payroll tax returns were prepared and submitted to the IRS. As a result, The Life Link has reported ERC revenue of \$1,550,000 in the statement of activities for the year ended June 30, 2022.

**16) Pension Plan**

The Life Link participates in a defined contribution retirement plan. This plan is for the benefit of all eligible professional and support staff of The Life Link who qualify under applicable participation requirements. Under the terms of the plan, contributions are made under Section 401(k) of the Code and are invested, at the discretion of the plan participant, in one or more of the investment vehicles available under the plan. The plan provides for The Life Link to make discretionary contributions up to an annually determined percentage of eligible employee salary. Retirement expense for the years ended June 30, 2022 and 2021 totaled \$49,474 and \$42,169, respectively.



**The Life Link**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

**17) Recently Issued Accounting Pronouncements**

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, to make leasing activities more transparent and comparable. This new standard will require all leases with terms of more than 12 months be recognized by lessees as a right-of-use asset and a corresponding lease liability on the balance sheet. It will apply to both capital (or finance) leases and operating leases. In addition, ASU No. 2016-02 requires retrospective application to leases that exist at the beginning of the earliest comparative period presented.

For leases with a term of 12 months or less, a lessee is permitted to make an accounting election not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. Cash flows related to operating leases will continue to be reported within operating activities on the statement of cash flows. This pronouncement is effective for fiscal years beginning after December 15, 2021 (The Life Link's fiscal year ending June 30, 2023).

As of the date of these financial statements, management has not determined the impact this new accounting pronouncement will have on future reporting periods.

**18) Subsequent Events**

Generally accepted accounting principles state that the financial statements should include the effects of all subsequent events that provide additional information about conditions in existence as of the balance sheet date. The Life Link has evaluated subsequent events for possible adjustment or disclosure through March 22, 2023, the date the financial statements were available to be issued.

## Single Audit Information

**The Life Link**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

Federal Grantor / Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-through Grantor or Other Identifying Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through the New Mexico Mortgage Finance Authority</i>			
COVID-19 - Emergency Solutions Grant Program			
Rental Assistance Program	14.231	20-02-TLL-CAR-001	\$ 59,410
Rental Assistance Program	14.231	21-02-TLL-RAP-001	10,370
Total COVID-19 - Emergency Solutions Grant Program			<u>69,780</u>
Home Investment Partnership Program	14.239	20-02-TLL-RAP-001	<u>46,676</u>
<i>Direct Awards</i>			
Continuum of Care Program			
Project-Based (La Luz Life Link)	14.267	NM0026L6B012013	151,412
Tenant-Based A & B	14.267	NM0034L6B012013	495,503
Total Continuum of Care Program			<u>646,915</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>763,371</u></b>
<b>U.S. Department of Justice</b>			
<i>Direct Awards</i>			
Services for Trafficking Victims			
New Mexico Human Trafficking Task Force	16.320	2018-VT-BX-K022	141,753
Sojourners NM	16.320	2018-VT-BX-K044	176,071
Total Services for Trafficking Victims			<u>317,824</u>
<i>Passed through the State of New Mexico, Crime Victims Reparation Commission</i>			
Crime Victims Assistance			
Victims of Crime Act (VOCA) Victim Assistance	16.575	2021-VA-974	99,096
Victims of Crime Act (VOCA) Victim Assistance	16.575	2022-VA-175	231,555
Total Crime Victims Assistance			<u>330,651</u>
Violence Against Women Act (VAWA) Formula Grants	16.588	2022-WF-836	<u>14,326</u>
<b>Total U.S. Department of Justice</b>			<b><u>662,801</u></b>

**The accompanying notes are an integral part of this schedule.**

**The Life Link**  
**Schedule of Expenditures of Federal Awards – continued**  
**For the Year Ended June 30, 2022**

Federal Grantor / Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-through Grantor or Other Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>			
<i>Passed through the State of New Mexico, Behavioral Health Services Department</i>			
Projects for Assistance in Transition from Homelessness	93.150	12-630-7903-0009	\$ <u>110,000</u>
<i>Direct Awards</i>			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance - Opening Doors	93.243	SM080668-01	<u>414,017</u>
Block Grants for Community Mental Health Services - Revive	93.958	H79SM085629	<u>722,141</u>
Block Grants for Prevention and Treatment of Substance Abuse - Street Outreach	93.959	B800 F80M	<u>81,000</u>
<b>Total U.S Department of Health and Human Services</b>			<b><u>1,327,158</u></b>
<b>Total expenditures of federal awards</b>			<b><u>\$ 2,753,330</u></b>

**The accompanying notes are an integral part of this schedule.**

**The Life Link**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

**1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of The Life Link under programs of the federal government for the year ended June 30, 2022. Because the Schedule presents only a selected portion of the operations of The Life Link, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Life Link.

**2) Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**3) Indirect Cost Rate**

The Life Link has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**4) Reconciliation of the Schedule to the Financial Statements**

The following is a reconciliation of the expenditures reported in the Schedule to the government grants and contracts revenue reported in the financial statements:

Expenditures from the schedule of expenditures of federal awards	\$ 2,753,330
Expenditures funded by state and nonfederal funding sources	<u>1,697,232</u>
Total government grants and contracts revenue reported in the statement of activities	<u><u>\$ 4,450,562</u></u>



Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Board of Directors  
The Life Link

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Life Link, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 22, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

SJT Group LLC

Albuquerque, New Mexico  
March 22, 2023



## Independent Auditor's Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors  
The Life Link

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited The Life Link's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on The Life Link's major federal programs for the year ended June 30, 2022. The Life Link's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Life Link complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of The Life Link and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Life Link's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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

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## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

## **Report on Internal Control over Compliance**

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

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

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

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

*SJT Group LLC*

Albuquerque, New Mexico  
March 22, 2023

**The Life Link**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2022**

**Section I—Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies reported?	No
Noncompliance material to the financial statements noted?	No

***Federal Awards***

Type of auditor’s report issued on compliance for each of the major programs:	Unmodified
Internal control over each of the major programs:	
Material weaknesses identified?	No
Significant deficiencies reported?	No
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

**The Life Link**  
**Schedule of Findings and Questioned Costs – continued**  
**For the Year Ended June 30, 2022**

Section I—Summary of Auditor’s Results—continued

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.243	Substance Abuse and Mental Health Services and Projects of Regional and National Significance – Opening Doors
93.958	Block Grants for Community Mental Health Services – Revive

Dollar threshold used to distinguish  
between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**Section II—Financial Statement Findings**

None.

**Section III—Federal Award Findings and Questioned Costs**

None.