

YOUTH HEARTLINE

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023 and 2022



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YOUTH HEARTLINE

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YOUTH HEARTLINE
BOARD OF DIRECTORS AND PRINCIPAL EMPLOYEE
June 30, 2023

Board of Directors

| | |
|-------------------|-----------|
| Brandy Thompson | President |
| Terry Kamm | Treasurer |
| John Shafto | Member |
| Alice Morillon | Secretary |
| Christine Autumn | Director |
| David Elliott | Director |
| Kristen Forrester | Director |

Principal Employee

| | |
|---------------------|--------------------|
| Colleen Shaughnessy | Executive Director |
|---------------------|--------------------|



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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
Youth Heartline
Taos, New Mexico

Opinion

I have audited the accompanying consolidated financial statements of Youth Heartline (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Heartline as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Youth Heartline and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 raises substantial doubt about Youth Heartline's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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, I:

- 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 Youth Heartline'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Youth Heartline's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Board of Directors and Management
Youth Heartline

Other Information Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated May 8, 2024 on my consideration of Youth Heartline's internal control over financial reporting and on my 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 my 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 Youth Heartline's internal control over financial reporting and compliance.

James L. Hartogensis, CPA LLC

Albuquerque, New Mexico
May 8, 2024

YOUTH HEARTLINE
STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 164,716 | \$ 167,017 |
| Grants receivable | 79,849 | 65,745 |
| Right-of-use asset, net | 51,062 | - |
| Prepaid expenses | 1,675 | 1,675 |
| Total current assets | 297,302 | 234,437 |
| Noncurrent Assets | | |
| Furniture, fixtures and equipment, net | 5,931 | 6,435 |
| Beneficial interest in assets held by community foundation | 14,534 | 13,434 |
| Total noncurrent assets | 20,465 | 19,869 |
| Total assets | \$ 317,767 | \$ 254,306 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 4,646 | \$ 8,257 |
| Accrued salaries | 9,042 | 12,984 |
| Accrued payroll taxes | 5,849 | 1,274 |
| Accrued compensated absences | 45,556 | 29,363 |
| Lease liability-current portion | 19,130 | - |
| Total current liabilities | 84,223 | 51,878 |
| Long-term liabilities | | |
| Lease liability-long-term portion | 32,841 | - |
| Total liabilities | 117,064 | 51,878 |
| Net Assets | | |
| Without donor restrictions | 200,703 | 202,428 |
| Total net assets | 200,703 | 202,428 |
| Total liabilities and net assets | \$ 317,767 | \$ 254,306 |

YOUTH HEARTLINE
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Net Assets Without Donor Restrictions | | |
| Revenue and Other Support | | |
| Contributions | \$ 16,215 | \$ 15,419 |
| Grants and contracts | 699,656 | 760,605 |
| Program service fees | 2,921 | 2,319 |
| Investment income (loss) | 1,109 | |
| Other revenue | 2,391 | (1,227) |
| Total revenue and other support | 722,292 | 777,116 |
| Expenses | | |
| Program expenses | 693,457 | 661,953 |
| General and administrative expenses | 30,560 | 69,571 |
| Total expenses | 724,017 | 731,524 |
| Change in net assets | (1,725) | 45,592 |
| Net assets, beginning of the year | 202,428 | 156,836 |
| Net assets, end of the year | \$ 200,703 | \$ 202,428 |

YOUTH HEARTLINE
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

| | <u>Program Services</u> | <u>General and Administrative</u> | <u>Total Expenses</u> |
|--|-----------------------------|---------------------------------------|---------------------------|
| Salaries and related expenses | | | |
| Salaries and benefits | \$ 465,124 | \$ 9,917 | \$ 475,041 |
| Payroll taxes | 20,287 | 15,489 | 35,776 |
| Total salaries and related expenses | <u>485,411</u> | <u>25,406</u> | <u>510,817</u> |
| Other expenses | | | |
| Advertising | 4,364 | - | 4,364 |
| Insurance | 13,573 | - | 13,573 |
| Professional fees | 51,053 | 775 | 51,828 |
| Repairs and maintenance | 9,632 | - | 9,632 |
| Office supplies and postage | 37,233 | 167 | 37,400 |
| Telecommunication | 17,067 | - | 17,067 |
| Occupancy | 30,832 | 1,385 | 32,217 |
| Travel and meetings | 14,358 | 194 | 14,552 |
| Training and staff development | 13,862 | 211 | 14,073 |
| Other | 16,072 | - | 16,072 |
| Depreciation | - | 2,422 | 2,422 |
| Total other expenses | <u>208,046</u> | <u>5,154</u> | <u>213,200</u> |
| Total expenses | <u>\$ 693,457</u> | <u>\$ 30,560</u> | <u>\$ 724,017</u> |

YOUTH HEARTLINE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

| | Program Services | General and Administrative | Total Expenses |
|--|---------------------|-------------------------------|-------------------|
| Salaries and related expenses | | | |
| Salaries | \$ 413,597 | \$ 19,070 | \$ 432,667 |
| Employee benefits | 31,278 | 21,914 | 53,192 |
| Payroll taxes | 14,750 | 20,155 | 34,905 |
| Total salaries and related expenses | 459,625 | 61,139 | 520,764 |
| Other expenses | | | |
| Insurance | 15,224 | 274 | 15,498 |
| Advertising | 3,550 | - | 3,550 |
| Professional fees | 70,343 | 1,583 | 71,926 |
| Repairs and maintenance | 4,368 | - | 4,368 |
| Program, office supplies and postage | 25,705 | 3,243 | 28,948 |
| Telecommunication | 15,217 | - | 15,217 |
| Occupancy | 27,773 | - | 27,773 |
| Travel and meetings | 23,094 | - | 23,094 |
| Training and staff development | 9,339 | 1,254 | 10,593 |
| Other | 7,715 | - | 7,715 |
| Depreciation | - | 2,078 | 2,078 |
| Total other expenses | 202,328 | 8,432 | 210,760 |
| Total expenses | \$ 661,953 | \$ 69,571 | \$ 731,524 |

YOUTH HEARTLINE
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|--------------------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ (1,725) | \$ 45,592 |
| Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities: | | |
| Depreciation | 2,422 | 2,078 |
| Changes in assets and liabilities: | | |
| Grants receivable | (14,104) | 19,765 |
| Right-of-use asset, net of liability | 909 | - |
| Accounts payable | (3,611) | 8,257 |
| Accrued salaries | (2,836) | (5,791) |
| Accrued payroll taxes | 3,469 | 3,469 |
| Accrued compensated absences | 16,193 | (9,786) |
| Net cash provided by (used by) operating activities | <u>717</u> | <u>63,584</u> |
| Cash Flows From Investing Activities | | |
| Purchase of capital assets | (1,918) | (5,800) |
| (Increase) decrease in beneficial interest in community foundation assets | (1,100) | 1,238 |
| Net cash used by investing activities | <u>(3,018)</u> | <u>(4,562)</u> |
| Net change in cash and cash equivalents | (2,301) | 59,022 |
| Cash and cash equivalents, beginning of year | <u>167,017</u> | <u>107,995</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 164,716</u></u> | <u><u>\$ 167,017</u></u> |
| Supplemental cash flow data | | |
| Interest paid | <u><u>\$ 1,322</u></u> | <u><u>\$ -</u></u> |
| Right-of-use asset | <u><u>\$ 72,946</u></u> | <u><u>\$ -</u></u> |
| Lease liability | <u><u>\$ 51,971</u></u> | <u><u>\$ -</u></u> |

YOUTH HEARTLINE
NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Youth Heartline is a not-for-profit organization incorporated in New Mexico in August, 1992. Youth Heartline serves abused and neglected children in Taos, Colfax and Union Counties. Core programs include: Court Appointed Special Advocates (CASA) program to serve the best interests of abused and neglected children in foster care. The Family Empowerment Program provides therapy and support services to children and their families, including grandparents, who have been affected by child abuse. Other programs include: The SmArt House program offers fun and meaningful educational programming for kids on-site in a low-income housing complex. The Outdoor program takes youths on backpacking trips during summer months. The Safe Exchange/Supervised Visitation program provides services to children of separated parents in conflict, allowing them to bond and spend time in a safe environment.

This summary of significant accounting policies of Youth Heartline is presented to assist in the understanding of the entity's financial statements. The financial statements and notes are the representations of Youth Heartline's management who is responsible for their integrity and objectivity.

The Financial Accounting Standards Board (FASB) issued the Accounting Standards Codification (ASC or the Codification) as the source of authoritative accounting principles recognized by the FASB to be used by nongovernmental entities when preparing financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. The Codification essentially reduces the GAAP hierarchy to two levels: authoritative and non-authoritative, with the Codification being authoritative GAAP.

Basis of accounting. The financial statements of Youth Heartline have been prepared on the accrual basis of accounting.

Basis of presentation. Youth Heartline's financial statements are presented in accordance with the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presenting Financial Statements*. Under ASC 958-205, Youth Heartline is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions, and net assets with donor restrictions. No net assets with donor restrictions were held during the year; accordingly, these financial statements do not reflect any activity related to this class of net assets.

Cash and cash equivalents. For the purposes of the statement of cash flows, all highly liquid investments with an initial maturity of 90 days or less are considered to be cash equivalents.

YOUTH HEARTLINE
NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Grants receivable. Management considers grants receivable to be fully collectible. Accordingly, no allowance has been provided for uncollectible accounts.

Property and equipment. Acquisitions of property and equipment of \$500 or more are recorded at cost if purchased and at fair market value if donated. Expenditures for minor replacements, repairs and maintenance are charged to expense as incurred. Depreciation is calculated on a straight line basis over the following estimated useful lives:

| | |
|------------------------|---------|
| Office equipment | 5 years |
| Furniture and fixtures | 7 years |

Gifts of long-lived operating assets such as land, buildings or equipment are reported as unrestricted support and are excluded from excess of revenues, gains and other support over expenses, 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 restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

Depreciation expense for the years ended June 30, 2023 and 2022 was \$2,422 and \$2,078, respectively.

Revenue: Youth Heartline adopted ASC 606 “Revenue from Contracts with Customers” and ASU 2018-08 “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made” in accordance with accounting principles generally accepted in the United States of America.

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

Grants and Contributions—Grants and contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Grants and contributions received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is satisfied, 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. Grants and contributions received with donor stipulations that are met in the same year will be initially identified as restricted and then released. There may be other donor restricted funds with donor stipulations that are met in the same year in which the contributions are received; these are classified as revenue and net assets without donor restrictions.

YOUTH HEARTLINE
NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Donated Materials and Services—Donated services and materials are recorded as both revenue and expense in the accompanying statement of activities at their estimated values. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

Contract Revenue—Contract revenue is recorded at the time the services are provided and the performance obligation is satisfied. The performance obligation is the delivery of the services supplied to the customer. The transaction price is established by Youth Heartline and the contracting entity per an agreement. No allocation of the transaction price of the services is necessary. Some contracts are on a reimbursement basis. Specifically, when Youth Heartline has incurred expenses in compliance with the general and specific requirements of the funding source, both the receivable from the government agency and offsetting contract revenue are recorded. Medicaid and other contracts are fee-per-service.

Fair value measurements. Accounting Standards establish 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 Youth Heartline 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.

An 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.

YOUTH HEARTLINE
NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income taxes. Youth Heartline is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code on all income except for unrelated business income. In addition, Youth Heartline has been classified as other than a private foundation. Youth Heartline evaluates uncertain tax positions in accordance with ASC 450, *Accounting for Contingencies*, whereby the effect of the uncertainties in tax positions would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2023 and 2022, Youth Heartline had no uncertain tax positions. Youth Heartline’s open audit periods are 2019 to 2022.

Advertising costs. Advertising costs are expensed as incurred.

Functional expense allocation. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of operations and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

Risk management. Youth Heartline is exposed to various risks of loss from torts; theft of damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Youth Heartline has obtained commercial insurance coverage to protect itself against such losses.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

| | 2023 | 2022 |
|---------------------------|-------------------|-------------------|
| Cash and cash equivalents | \$ 164,716 | \$ 167,017 |
| Grants receivable | 79,849 | 65,745 |
| | <u>\$ 244,565</u> | <u>\$ 232,762</u> |

YOUTH HEARTLINE
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2023 and 2022

NOTE 3 – GRANTS RECEIVABLE

Youth Heartline had the following grants receivable as of June 30,

| | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| Receivable from 8th Judicial District Court | \$ 7,569 | \$ 11,148 |
| Receivable from New Mexico Children, Youth and Families Dept. | 1,777 | 1,485 |
| Receivable from U.S. Department of Justice | 65,687 | 38,119 |
| Other receivables | <u>4,816</u> | <u>14,993</u> |
| Total grants receivable | <u>\$ 79,849</u> | <u>\$ 65,745</u> |

NOTE 4 – BENEFICIAL INTEREST IN COMMUNITY FOUNDATION ASSETS

Youth Heartline maintains a board-designated endowment fund with the Taos Community Foundation to be used for various charitable, scientific or educational purposes of Youth Heartline.

NOTE 5 – FAIR VALUE MEASUREMENTS

The following table presents the fair value measurements of assets reported in the accompanying statement of financial position, measured at fair value on a recurring basis and the level within the ASC 820-10 fair value hierarchy in which the fair value measurements fall at June 30, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|---------|-------------|-------------|
| Level 1 | \$ - | \$ - |
| Level 2 | - | - |
| Level 3 | 14,534 | 13,434 |

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended June 30, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|--|------------------|------------------|
| Balances, beginning of year | \$ 13,434 | \$ 14,672 |
| Contributions | - | 1,082 |
| Dividend income | 471 | 629 |
| Realized and unrealized gains (losses) | 759 | (2,730) |
| Management fees | <u>(130)</u> | <u>(219)</u> |
| Balances, end of year | <u>\$ 14,534</u> | <u>\$ 13,434</u> |

YOUTH HEARTLINE
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2023 and 2022

NOTE 6 – FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, insurance and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

NOTE 7 – DONATED SERVICES

Generally accepted accounting principles require that the fair value of professional service hours (attorney, accountants, etc.) be recorded in the financial statements, but not volunteer hours. Volunteers and board members have donated significant amounts of time to Youth Heartline's programs. These volunteer services do not meet the criteria for recognition in the financial statements. Accordingly, no donated services were recorded in the accompanying financial statements for 2023 or 2022.

NOTE 8 – CONCENTRATIONS OF CREDIT, MARKET AND BUSINESS RISK

Geographical concentration. Youth Heartline's operations are limited to Taos, Colfax and Union Counties, New Mexico.

NOTE 9 – LEASES

Youth Heartline leases office space under a long-term non-cancelable operating lease agreement. The lease expires on October 31, 2025. Youth Heartline's operating lease provides for increases in future minimum annual rental payments. The discount rate is based on the rate for borrowing established by Youth Heartline. The borrowing rate option has been applied to the office lease.

Total lease costs for the year ended June 30, 2023 was \$23,648.

The following table summarizes supplemental cash flow information of lease liabilities:

| | |
|--|----------|
| Cash amounts included in the measurement of lease liabilities | |
| Operating cash flows from operating leases | \$ 2,058 |
| The following summarizes the remaining lease term and discount rate: | |
| Remaining lease term in months | 28 |
| Discount rate | 2% |

YOUTH HEARTLINE
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2023 and 2022

NOTE 9 – LEASES - CONTINUED

Future minimum payments under the noncancelable office lease as of June 30, 2023 are as follows:

| Year Ending | Minimum Lease Payments |
|------------------------|------------------------------|
| June 30, 2024 | \$ 22,744 |
| June 30, 2025 | 22,968 |
| June 30, 2026 | 7,656 |
| | 53,368 |
| Less interest | (1,397) |
| Total minimum payments | \$ 51,971 |

NOTE 10 – GRANT CONTINGENCIES

Youth Heartline receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of Youth Heartline's management, such disallowances, if any, will not be significant.

NOTE 11 - PREPARATION OF FINANCIAL STATEMENTS

These financial statements were prepared by James L. Hartogensis, CPA LLC from the books and records of Youth Heartline. However, the contents of these financial statements remain the responsibility of Youth Heartline's management.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. Youth Heartline recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the balance sheet date, including estimates inherent in the process of preparing the financial statements. Youth Heartline's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the balance sheet date.

Youth Heartline has evaluated subsequent events through May 8, 2024, the date the financial statements were available for management's review. No events occurred that met the criteria for disclosure.

SUPPLEMENTAL INFORMATION



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**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 and Management
Youth Heartline
Taos, New Mexico

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Youth Heartline (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated May 8, 2024.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Youth Heartline's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Youth Heartline's internal control. Accordingly, I do not express an opinion on the effectiveness of the Youth Heartline'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Youth Heartline's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James L. Hartogensis, CPA LLC

Albuquerque, New Mexico
May 8, 2024

YOUTH HEARTLINE
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2023

Current Year Findings:

None.

Prior Year Findings:

None.