



**NEW MEXICO VETERANS
INTEGRATION CENTERS**

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2022,
With Comparative Totals for 2021**

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

**NEW MEXICO VETERANS INTEGRATION CENTERS
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**NEW MEXICO VETERANS INTEGRATION CENTERS
OFFICIAL ROSTER
As of September 30, 2022**

Board of Directors

Name	Title
Gerard (Jerry) Becker	Chairperson
Charles P. Price	Secretary
John M. Garcia	Director
Rob O'Leary	Director
Rob Powell	Director
Michael Skolnick	Director
Joshua Smith	Director

Administration

Name	Title
Brock Wolff	Chief Executive Officer



INDEPENDENT AUDITOR’S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Board of Directors and Management of
New Mexico Veterans Integration Centers
Albuquerque, NM

Opinion

We have audited the accompanying financial statements of the New Mexico Veterans Integration Centers (NMVIC) (a nonprofit organization), which comprise the statement of financial position as of September 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the NMVIC as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

Adoption of New Accounting Principle

As discussed in Note 1, to the financial statements, the NMVIC has adopted the new accounting guidance ASU 2016-02, *Leases* (Topic 842). The changes required by the update have been applied to the prior year presented and as discussed in Note 9 to the financial statements, the 2021 beginning net assets have been restated. Our opinion is not modified with respect to this matter.

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 NMVIC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 NMVIC'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 NMVIC's ability to continue as a going concern for a reasonable period of time.

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

Report on Prior Year Summarized Comparative Information

We have previously audited the NMVIC's September 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2023, on our consideration of the NMVIC'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 NMVIC's internal control over financial reporting and compliance.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.

Albuquerque, NM

June 6, 2023

NEW MEXICO VETERANS INTEGRATION CENTERS
STATEMENT OF FINANCIAL POSITION
As of September 30, 2022, with Comparative Totals for 2021

	Notes	2022	Restated 2021
ASSETS			
<i>Current assets</i>			
Cash, restricted cash, and cash equivalents	2	\$ 195,832	80,836
Grants receivables	3	232,206	148,538
Other accounts receivable, net	3	<u>2,370</u>	<u>18,315</u>
Total current assets		430,408	247,689
Security deposit		8,608	10,408
Earnest money		<u>10,000</u>	<u>-</u>
Total other assets		18,608	10,408
<i>Noncurrent Assets</i>			
Property and equipment, net	4	80,517	18,291
ROU assets-operating leases, net	5	<u>349,659</u>	<u>499,812</u>
Total noncurrent assets		<u>430,176</u>	<u>518,103</u>
Total assets		<u>\$ 879,192</u>	<u>776,200</u>
LIABILITIES AND NET ASSETS			
<i>Current liabilities</i>			
Accounts payable		\$ 8,613	4,826
Payroll related liabilities	7	23,370	21,204
Compensated absences		27,069	29,456
Due to federal government		237,078	-
Operating lease liability - current		<u>150,067</u>	<u>144,848</u>
Total current liabilities		446,197	200,334
<i>Noncurrent Liabilities</i>			
Operating lease liability - noncurrent		<u>213,600</u>	<u>363,667</u>
Total liabilities		659,797	564,001
NET ASSETS			
<i>Without donor restrictions</i>			
Invested in property and equipment, net		80,517	18,291
Undesignated		98,249	193,908
<i>With donor restrictions</i>			
Purpose/time restricted net assets	6	<u>40,629</u>	<u>-</u>
Total net assets		<u>219,395</u>	<u>212,199</u>
Total liabilities and net assets		<u>\$ 879,192</u>	<u>776,200</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

NEW MEXICO VETERANS INTEGRATION CENTERS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022, with Comparative Totals for 2021

	2022			Restated 2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Federal grants	\$ 1,215,510	-	1,215,510	1,377,606
Contributions	311,394	40,629	352,023	173,488
State grants and contracts	350,568	-	350,568	349,340
Donated food commodities - federal	204,327	-	204,327	270,280
Donated food commodities - nonfederal	18,181	-	18,181	17,402
Other revenue	12,353	-	12,353	51,760
Program service fees	11,963	-	11,963	8,878
Other grants	10,000	-	10,000	-
Net assets released from restrictions	-	-	-	-
Total revenues and support	<u>2,134,296</u>	<u>40,629</u>	<u>2,174,925</u>	<u>2,248,754</u>
EXPENSES				
Program services	1,935,233	-	1,935,233	2,025,060
General and administrative	213,361	-	213,361	228,804
Fundraising	19,135	-	19,135	15,964
Total expenses	<u>2,167,729</u>	<u>-</u>	<u>2,167,729</u>	<u>2,269,828</u>
Change in net assets	(33,433)	40,629	7,196	(21,074)
Net assets, beginning of year	212,199	-	212,199	241,976
Restatements	-	-	-	(8,703)
Net assets, beginning of year, restated	<u>212,199</u>	<u>-</u>	<u>212,199</u>	<u>233,273</u>
Net assets, end of year	<u>\$ 178,766</u>	<u>40,629</u>	<u>219,395</u>	<u>212,199</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

NEW MEXICO VETERANS INTEGRATION CENTERS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2022, with Comparative Totals for 2021

	Program Services	General and Administrative	Fundraising	2022 Total	Restated 2021 Total
Salaries and wages	\$ 923,040	110,360	9,701	1,043,101	1,002,076
Payroll taxes and	73,023	8,731	767	82,521	96,625
Employee benefits	47,013	5,621	494	53,128	41,132
Total salaries, payroll taxes and employee benefits	1,043,076	124,712	10,962	1,178,750	1,139,833
Program expense	215,263	-	-	215,263	257,440
Donated food - in-kind (federal)	204,327	-	-	204,327	270,280
Advertising	58,396	2,310	4,701	65,407	41,282
Telephone	35,764	4,276	376	40,416	40,801
Direct assistance to beneficiaries	36,528	-	-	36,528	71,737
Professional fees	30,039	-	-	30,039	19,070
Supplies	25,521	3,051	268	28,840	38,390
Insurance	22,118	3,903	-	26,021	21,959
Training	21,051	-	-	21,051	14,260
Other expenses	2,114	18,305	-	20,419	22,884
Utilities	19,270	1,125	-	20,395	21,486
Repairs and maintenance	19,220	833	-	20,053	31,595
Donated food - in-kind (nonfederal)	18,181	-	-	18,181	17,402
Travel and transportation	15,724	-	-	15,724	7,269
Occupancy	12,496	658	-	13,154	7,405
Equipment-non-capital	8,879	987	-	9,866	13,416
Dues and subscriptions	-	9,370	-	9,370	5,228
Lease interest	6,015	2,005	-	8,020	10,691
Printing and reproduction	7,397	-	-	7,397	3,640
Automotive	7,251	-	-	7,251	6,774
Meals	5,693	-	-	5,693	10,486
Fundraising	-	-	2,823	2,823	4,334
Penalties and fees	-	1,404	-	1,404	1,584
Postage	509	61	5	575	563
Contract labor	-	228	-	228	5,510
Bad debt	-	-	-	-	26,676
Total general expenses before depreciation and amortization expense	1,814,832	173,228	19,135	2,007,195	2,111,995
Lease amortization expense	112,615	37,538	-	150,153	144,336
Depreciation expense	7,786	2,595	-	10,381	13,497
Total expense	\$ 1,935,233	213,361	19,135	2,167,729	2,269,828

The independent auditor's report and accompanying notes are an integral part of these financial statements.

NEW MEXICO VETERANS INTEGRATION CENTERS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2022, with Comparative Totals for 2021

	2022	Restated 2021
<u>Cash Flows From Operating Activities</u>		
Cash receipts from grants and contracts	\$ 1,482,410	1,645,346
Cash receipts from contributions	306,920	128,610
Cash receipts from program income	11,963	8,878
Cash receipts from other income	12,353	51,760
Cash payments for wages and benefits	(956,463)	(877,916)
Cash payments to vendors and contractors	(702,189)	(1,083,547)
Interest paid	(8,020)	(10,691)
Cash provided by (used for) operating activities	146,974	(137,560)
<u>Cash Flows From Investing Activities</u>		
Cash paid for purchase of equipment and construction	(72,607)	(5,823)
Cash used for investing activities	(72,607)	(5,823)
<u>Cash Flows From Financing Activities</u>		
Cash receipts from capital campaign funds	40,629	-
Cash provided by (used for) financing activities	40,629	-
Net increase (decrease)	114,996	(143,383)
Cash, restricted cash, and cash equivalents-beginning	80,836	224,219
Cash, restricted cash, and cash equivalents-ending	\$ 195,832	80,836

RECONCILIATION OF CHANGE IN NET ASSETS TO NET

CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Change in net assets	\$ 7,196	(21,074)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	160,534	157,833
Bad debt	20,419	26,676
Capital campaign funds	(40,629)	-
Lease liability payments	(144,848)	(144,336)
<i>(Increases) decreases in operating assets:</i>		
(Increase) decrease in grant receivables	(83,668)	(81,600)
(Increase) decrease in other receivables	(4,474)	(44,878)
(Increase) decrease in security deposits	1,800	-
(Increase) decrease in earnest money	(10,000)	-
<i>Increase (decrease) in operating liabilities:</i>		
Increase (decrease) in accounts payable	3,787	(4,416)
Increase (decrease) in accrued wages and benefits	(221)	(25,765)
Increase (decrease) in due to federal government	237,078	-
Cash provided by (used for) operating activities	\$ 146,974	(137,560)

The independent auditor's report and accompanying notes are an integral part of these financial statements.

NEW MEXICO VETERANS INTEGRATION CENTERS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022, with Comparative Totals for 2021

Note 1. Summary of Significant Accounting Policies

A. Organization and Nature of Activities

The New Mexico Veterans Integration Centers (NMVIC), a nonprofit organization, was incorporated under laws of the State of New Mexico on August 15th, 2005. The NMVIC is organized to improve the quality of life of United States Armed Forces veterans, their spouses, and dependents through the provision of temporary, transitional, and permanent housing; case management and social services; employment training and technical assistance; and economic, job development technical assistance. Vital services to Veterans include:

- Emergency, Transitional and Rapid Re-Housing that provides multiple housing options and housing placement assistance, case management, clothing, and furniture, to address the problems that contributed to their homelessness.
- Food Pantry provides a monthly food box to Veterans and their families, Surviving Spouses of Veterans, and impoverished community members who reside in the 87123 zip code area of Albuquerque.
- Community Shuttle available Monday-Friday with fixed-route stops at over 11 essential social service locations in the downtown Albuquerque corridor, including the Alvarado Transportation Center, Social Security Office, and Main Library.

The NMVIC is funded by multiple grants, donations and various charitable foundations including churches, businesses, and private individuals. The NMVIC also has multiple federal, state, county and city government grants including the U.S. Dept. of Veteran Affairs; the New Mexico Human Services Department, Behavioral Health Services Division, passed through Falling Colors Inc., the County of Bernalillo, and the City of Albuquerque.

The NMVIC is governed by a Board of Directors, which has the responsibility for determining policy and for the execution and evaluation of programs and activities conducted by the organization. The Board is limited to a minimum of three members and a maximum of fifteen members. The term served by a Board member is three years.

B. FASB ASC 842 - Leases

In fiscal year 2022, the Financial Accounting Standards Board (FASB) implemented ASC 842, *Leases*, which requires the recognition of lease assets and liabilities for non-cancellable agreements lasting more than one year. As the lessee, the NMVIC has entered

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into lease agreements and appropriately recognized the corresponding payables and right-of-use assets in accordance with this standard. These lease agreements have been accurately recognized and measured as of September 30, 2021, the earliest period presented. Consequently, a restatement is provided, and further details can be found in Note 9.

C. Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than when received and expenses are recognized when the related liability is incurred rather than when paid.

D. Financial Statement Presentation

The NMVIC prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections *Financial Statements of Not-for-Profit Organizations*. Under 958-205, the NMVIC 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.

E. Net Asset Classifications

Net Assets Without Donor Restrictions—Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the NMVIC. The NMVIC’s Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

The undesignated net assets represent the investment in undesignated assets and amounts invested in property and equipment, less accumulated depreciation and amortization and any related debt.

Net Assets With Donor Restrictions—Temporary in Nature—Net assets with temporary donor restrictions are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions can be fulfilled and removed by actions of the organization

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NOTES TO FINANCIAL STATEMENTS
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pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature. See Net Assets with Donor Restrictions Note 6.

Net Assets With Donor Restrictions—Perpetual in Nature—Net assets with perpetual donor restrictions resulting from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of the organization. The NMVIC has no donor restricted net assets that are perpetually restricted.

F. Cash, Restricted Cash, and Cash Equivalents

For purposes of the statement of cash flows, the NMVIC considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash includes cash held in checking and savings accounts at local banking institutions. The NMVIC maintains deposits in financial institutions that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Management believes that there is not a significant risk with respect to these deposits.

G. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

H. Property, Equipment, and Depreciation

Property and equipment are stated at cost or estimated fair value at date of donation. Depreciation of property and equipment is provided over the estimated useful lives (see table below) of the respective assets using the straight-line method. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized. The current policy is to capitalize acquisitions with a cost in excess of \$1,500 with an estimated life of greater than one year.

NEW MEXICO VETERANS INTEGRATION CENTERS
NOTES TO FINANCIAL STATEMENTS
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Estimated useful lives are as follows:

Classification	Depreciable Life
Vehicles	5 years
Furniture, fixtures, and equipment	3-7 years
Leasehold improvements	2 years

I. Food Inventory

Inventories consist of donated food, purchased food, and food received from the USDA through Roadrunner Food Bank, Inc. and various nongovernmental contributors. Purchased food inventories are valued at the lower of cost or market, with cost for purchased food determined using the first-in first-out method. Donated food is valued using the fair value on the date of donation. USDA commodities are valued at the fair market value on the date of donation. For the years ended September 30, 2022 and 2021, food received from the USDA and other contributors was valued at \$1.53 and \$1.70 per pound, respectively, representing an estimated fair value. The NMVIC did not have a material amount of food inventory on hand and therefore inventory was valued at zero as of September 30, 2022 and 2021, respectively.

J. Compensated Absences Payable

Employees of the NMVIC earn annual leave based on stated policies. Annual leave is payable to the employee upon termination. These accrued amounts are shown as a liability on the statement of financial position and the related change in the liability is reflected as an expense for the year in which the change occurs.

K. Revenue Recognition

The NMVIC accounts for its revenue and support under 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:

Contributions—Contributions are reported when an unconditional promise to give or other asset is received (in accordance with ASC 958-605). All contributions are considered available for the organization’s general programs unless specifically restricted by the donor.

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- Contributions of donated non-cash assets and are recorded at their fair values in the period received. Contributions of donated professional services that create or enhance non-financial assets or that require specialized skills, are recorded at their fair values in the period received. Donated stocks, bonds or other securities are recorded at the fair market value on the date of the gift.

Contract Revenue—The NMVIC has contracted with several agencies to provide services related to its mission. These contract revenues are recorded at the time the services are provided and the performance obligation is satisfied. The performance obligation is the delivery of the services over time provided to the participants in the program. The transaction price is established by the NMVIC and the Contractor per the agreement. No allocation of the transaction price of the services is necessary. The recognition method is based on participants served, i.e., the output method. Specifically, when the NMVIC has provided the service in compliance with the general and specific requirements of the contract, both the receivable to the agency and offsetting contract revenue are recorded. Contracts include but are not limited to the BHSD Falling Colors and City of Albuquerque – Community Support Shuttle contracts.

Conditional Contributions— The NMVIC receives several governmental grants in which the grantor provides funding. The terms of the grants specify that the NMVIC must incur certain qualifying expenses or costs in compliance with the rules and regulations established by the grantor. These grant funds are paid predominately on a cost-reimbursement basis, but there can be upfront payments received at the beginning of the grant cycle. The advance payments are considered unearned revenue until services are provided. For expedient purposes, these amounts are recorded as revenue as the services will soon be provided and “trued up” at year-end, if necessary. Any advances of upfront payments must be returned, if unused. Any unused assets are forfeited, and any unallowed costs that have drawn down by the NMVIC are required to be refunded. These grants are determined to be conditional as they are required to be spent on qualifying expenses and therefore the revenue is recognized once the NMVIC has incurred the qualifying expenses. These grants are recorded without donor restrictions. Grants include, but are not limited to, Supportive Services for Veteran Families and the Grant and Per Diem Program grants.

Food Commodities—Food Commodities (non-cash assistance) recorded in the Schedule of Activities consists of food commodities donated by the USDA (The Emergency Food Assistance Program, or TEFAP, AL 10.569) and received from the Roadrunner Food Bank,

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For the Year Ended September 30, 2022, with Comparative Totals for 2021

Inc. to the NMVIC. Donated food is also received from various nongovernmental entities to a lesser extent. For the years ended September 30, 2022 and 2021, food received from the USDA and other contributors was valued at \$1.53 and \$1.70 per pound, respectively, representing an estimated fair value. The donated food commodities are valued at the estimated fair value of \$1.53 per pound (as valued by Feeding America). The NMVIC’s accounting policy for donated inventories is more fully described in Note I to the financial statements and follows accounting principles generally accepted in the United States of America.

L. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more services provided by the organization. Expenses and support services that can be identified with a specific service are charged directly to a program according to the natural expenditure classification. Direct costs are recorded to the functional classification the expense relates to. All other expenses require allocation on a reasonable basis that is consistently applied.

These expenses are allocated among the services on the following basis:

<u>Type of Expenses</u>	<u>Basis *</u>
Salaries, wages and related payroll expenses	A
Telephone, supplies, postage	A
Program, direct assistance, training, printing, travel	B
Occupancy, advertising, utilities, insurance, repairs and maintenance	C
Equipment, lease interest, lease amortization, depreciation	C
Other	C

* Legend for Basis of Allocation of Expenses

- A. Time and effort
- B. Direct to program
- C. Appropriate allocation

M. Indirect Cost Rate

The NMVIC does not have a federally approved indirect cost rate agreement. The NMVIC uses the de minimis rate methodology when charging indirect rates to their grants. Indirect costs are those costs incurred for a common purpose that are too time consuming or costly to allocate to a specific cost objective. Examples include office space rental, utilities, and clerical and managerial staff salaries. Administrative and indirect costs related to other

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government grants are reclassified as program expenses, when authorized. The NMVIC applies this methodology to all of its grants regardless of funding stream.

N. Advertising

The cost of advertising is expensed when incurred or when the first advertising takes place. The NMVIC does not participate in direct-response advertising, which requires the capitalization and amortization of related costs.

O. Income Taxes

Income taxes are not provided for in the financial statements since the NMVIC is exempt from the federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The NMVIC is not classified as a private foundation.

The NMVIC files their Federal Form 990 tax return in the U.S. federal jurisdiction and the online charitable registration in the Office of the Attorney General for the State of New Mexico. Management believes that they are operating within their tax-exempt purpose.

P. Fair Value of Financial Instruments

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

Q. Liquidity and Availability of Financial Resources

The NMVIC regularly monitors liquidity to meet cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, external limitations imposed by donors or contracts with others. The NMVIC is not substantially supported by restricted grants. Because a donor's restriction required resources to be used in a particular manner or in a future period, the NMVIC must maintain sufficient resources to meet those responsibilities to its donors. These financial assets may not be available for general expenditure within one year. As part of the NMVIC's liquidity management, it has an informal policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NEW MEXICO VETERANS INTEGRATION CENTERS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022, with Comparative Totals for 2021

In addition, the NMVIC can invest cash in excess of daily requirements in short-term investments. Donor restricted funds are available for expenditure upon satisfaction of the restriction, the expected timing of which is not generally determinable in advance.

Liquidity is as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 195,832	80,836
Accounts receivable, net	2,370	18,315
Grant receivables	<u>232,206</u>	<u>148,538</u>
Total	430,408	247,689
Less amounts not available to be used within a year:		
Purpose/time restrictions by donor	<u>(40,629)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 389,779</u>	<u>247,689</u>

R. Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S. Prior Year Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not in each net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the NMVIC's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

T. Reclassifications

Certain reclassifications may have been made to the 2021 summarized financial statement information to conform to the current year presentation.

NEW MEXICO VETERANS INTEGRATION CENTERS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022, with Comparative Totals for 2021

Note 2. Cash, Restricted Cash, and Cash Equivalents

At September 30, cash, restricted cash, and cash equivalents were as follows:

	<u>2022</u>	<u>2021</u>
Bank of America:		
Operating	\$ 73,742	69,410
Savings	10	10
Donations	774	6,939
Kirkland Federal Credit Union:		
Operating	-	1,350
BBVA:		
Operating	-	670
WAFD:		
Operating	72,212	-
Donations	7,687	-
New Campus	40,619	-
Cash on hand	788	2,457
Total	<u>\$ 195,832</u>	<u>80,836</u>

The NMVIC held restricted cash of \$40,629 and \$0 for the years ended September 30, 2022 and 2021, respectively. See Note 6 for more information.

Note 3. Receivables

Grant and contract receivables as of September 30 are as follows:

	<u>2022</u>	<u>2021</u>
U.S. Dept. of Veterans Affairs-GPD	\$ 88,267	65,171
U.S. Dept. of Veterans Affairs-SSVF	82,530	45,296
City of Abq-DFCS	30,437	18,079
Bernalillo County-MH	14,671	6,647
RX Abuse Leadership Initiative	10,000	-
NM Human Services Dept.	6,301	13,345
Total	<u>\$ 232,206</u>	<u>148,538</u>

Management considers grant and contract receivables fully collectible, and therefore, no allowance has been recorded.

NEW MEXICO VETERANS INTEGRATION CENTERS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022, with Comparative Totals for 2021

Other receivables as of September 30 are as follows:

	<u>2022</u>	<u>2021</u>
IRS receivable	\$ 21,661	21,661
Other	2,370	8,591
Bank fraud receivable	-	14,739
Less: Allowance for doubtful accounts	<u>(21,661)</u>	<u>(26,676)</u>
Total	<u>\$ 2,370</u>	<u>18,315</u>

Note 4. Property, Equipment, and Depreciation

At September 30, property and equipment consisted of the following:

	<u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>2022</u>
Vehicles	\$ 127,059	-	-	127,059
Furniture, fixtures, and equipment	72,322	-	-	72,322
Leasehold improvements	13,177	-	-	13,177
Construction in progress	-	72,607	-	72,607
Total	<u>212,558</u>	<u>72,607</u>	<u>-</u>	<u>285,165</u>
Less: Accumulated depreciation	<u>(194,267)</u>	<u>(10,381)</u>	<u>-</u>	<u>(204,648)</u>
Total, net	<u>\$ 18,291</u>	<u>62,226</u>	<u>-</u>	<u>80,517</u>

Depreciation expense was \$10,381 and \$13,497 for 2022 and 2021, respectively.

Note 5. Leases

Right-of-Use Leased Assets and Amortization

The major classes of right-of-use assets and accumulated amortization related to operating leases are as follows as of September 30:

	<u>Restated 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>2022</u>
Right of use assets - Operating Leases				
Office space	\$ 792,800	-	-	792,800
Total RoUA - operating leases	<u>792,800</u>	<u>-</u>	<u>-</u>	<u>792,800</u>
Less accumulated amortization for:				
Office space	<u>(292,988)</u>	<u>(150,153)</u>	<u>-</u>	<u>(443,141)</u>
Total accumulated amortization	<u>(292,988)</u>	<u>(150,153)</u>	<u>-</u>	<u>(443,141)</u>
RoUA - Operating Leases, net	<u>\$ 499,812</u>	<u>(150,153)</u>	<u>-</u>	<u>349,659</u>

NEW MEXICO VETERANS INTEGRATION CENTERS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022, with Comparative Totals for 2021

Amortization expense was \$150,153 and \$147,482 for 2022 and 2021, respectively.

Lease Liabilities

The NMVIC is entered into the following leases as a lessee:

	Restated 2021	Increases	Decreases	2022
Lease liabilities - Operating Leases				
Office space	\$ 508,515	-	(144,848)	363,667
Total lease liabilities - operating leases	<u>\$ 508,515</u>	<u>-</u>	<u>(144,848)</u>	<u>363,667</u>

During the year, the NMVIC did not recognize any variable payment amounts.

Information associated with the measurement of the NMVIC's lease obligations as of September 30, 2022 is as follows:

Weighted-average remaining lease term	2.03 years
Weighted-average discount rate	1.88%

The NMVIC's lessee leasing arrangements at September 30, 2022 are summarized below (excluding short-term leases):

- Office space (El Sereno) - On 12/1/2019, the NMVIC entered into a 24-month lease as a lessee for the use of their office space. The term commences December 1, 2019, and terminated November 30, 2021, with 3 additional 1-year terms ending on November 30, 2024. The NMVIC is required to make monthly fixed payments that gradually increase 3% from the base amount of \$10,720. The NMVIC has elected to use the risk-free rate as the discount rate for their entire portfolio of leases, determined from the government treasury bill using a period comparable with the lease term. The lease has an interest rate of 1.65%.
- Office space (Westland) - On 8/1/2018, the NMVIC entered into a 24-month lease as a lessee for the use of their office space. The term commences August 1, 2018, and terminated July 31, 2020, with additional 2-year addendums ending on July 31, 2025. The NMVIC is required to make monthly fixed payments of \$1,854 set to increase to \$1,954. The NMVIC has elected to use the risk-free rate as the discount rate for their entire portfolio of leases, determined from the government treasury bill using a period comparable with the lease term. The lease has an interest rate of 3.00%.

NEW MEXICO VETERANS INTEGRATION CENTERS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022, with Comparative Totals for 2021

The future minimum lease obligations of these minimum lease payments as of September 30, 2022, were as follows:

Year Ending September 30,	Principal Payments	Interest Payments	Total
2023	\$ 150,067	5,291	155,358
2024	164,987	2,352	167,339
2025	42,614	226	42,840
2026	-	-	-
2027	-	-	-
	<u>\$ 357,668</u>	<u>7,869</u>	<u>365,537</u>

Cash Flow for Leases

The cash flow for each type of lease is presented below:

<u>Long-term leases</u>	<u>2022</u>	<u>2021</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ <u>(144,848)</u>	<u>(144,336)</u>
Right-of-use assets obtained in exchange for lease liabilities		
Operating leases	\$ <u>150,153</u>	<u>147,482</u>

Other Short-Term Operating Leases and Other Commitments

The NMVIC leases office space, storage space, and equipment under non-cancellable operating leases that expire at various dates through June 2023.

Lease expense not capitalized in the lease liabilities are as follows:

	<u>2022</u>	<u>2021</u>
Lease expense - short term (storage)	\$ 6,510	5,430
Lease expense - low-value lease (copier)	2,375	2,457
Lease expense - low-value lease (office space)	2,400	2,400
Total	<u>\$ 11,285</u>	<u>10,287</u>

NEW MEXICO VETERANS INTEGRATION CENTERS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022, with Comparative Totals for 2021

Note 6. Net Assets with Donor Restrictions

The NMVIC's net assets with donor restrictions at September 30 were as follows:

<u>Restricted Net</u>	<u>Type of Restriction</u>	<u>2021</u>	<u>Additions</u>	<u>Released</u>	<u>2022</u>
New Campus	Purpose	\$ -	40,629	-	40,629
Total		<u>\$ -</u>	<u>40,629</u>	<u>-</u>	<u>40,629</u>

Note 7. Payroll Related Liabilities

Payroll related liabilities at September 30 were as follows:

	<u>2022</u>	<u>2021</u>
Accrued payroll	\$ 16,562	17,931
Accrued payroll taxes and benefits	<u>6,808</u>	<u>3,273</u>
Total	<u>\$ 23,370</u>	<u>21,204</u>

Note 8. Concentration of Risk

The NMVIC receives the majority of its funding from government grants, which are subject to possible cutbacks due to changes in funding priorities. Should the NMVIC lose program funding, management believes that the NMVIC would be able to receive program funding from other resources. The NMVIC is actively seeking donations from sources other than governmental entities. Concentration of revenues is as follows:

<u>Concentrations</u>	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>
Federal grants	\$ 1,215,510	56%	1,377,606	61%
State grants and contracts	<u>350,568</u>	<u>16%</u>	<u>349,340</u>	<u>16%</u>
		72%		77%
Total revenue	<u>\$ 2,174,925</u>		<u>2,248,754</u>	

Note 9. Restatement

The NMVIC restated its net assets due to implementation of new accounting principle FASB ASC 842, Leases.

<u>Net Asset Restatement</u>	<u>Amount</u>
Net effect of FASB 842, Leases Implementation	<u>\$ (8,703)</u>

Note 10. Evaluation of Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The NMVIC recognizes in the financial

NEW MEXICO VETERANS INTEGRATION CENTERS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022, with Comparative Totals for 2021

statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The NMVIC's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. The NMVIC has evaluated subsequent events through June 6, 2023, which is the date the financial statements were available to be issued.

Note 11. Future Event

The NMVIC has secured funding of \$3.2 million from the U.S. Department of Veterans Affairs, \$3.5 million from Bernalillo County, \$1 million from the City of Albuquerque, \$1.4 million in Capital Outlay from the State of New Mexico, and \$300,000 from Representative Melanie Stansbury for the purpose of constructing a State-of-the-Art Campus exclusively designed for Veterans and their family members. An agreement dated April 2023 has been established with Jaynes Corporation with the contract sum guaranteed not to exceed \$7,124,329. Construction has begun as of June 2023 and the facility is expected to be fully operational by July 2024.

This ambitious undertaking holds immense significance for the organization's financial landscape, as it will eliminate the need for rental expenses that are currently incurred. The project's anticipated impact extends beyond financial considerations. The enhanced facilities are poised to increase NMVIC's Census, providing Veterans with an appealing alternative to life on the streets. The provision of single rooms and family rooms will accommodate the diverse needs of its clients, while the inclusion of a walking trail and a dedicated dog park on the campus will contribute to a more holistic and enriching environment.

**NEW MEXICO VETERANS INTEGRATION CENTERS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Expended
<u>U.S. Department of Veteran Affairs</u>			
<i>Direct</i>			
VA Homeless Providers Grant and Per Diem Program	64.024	NMVI604-2345-501-CM-22	\$ 504,707
VA Homeless Providers Grant and Per Diem Program	64.024	NMVI604-1549-501-PD-21	44,050
VA Supportive Services for Veteran Families	64.033	* 14-NM-246	666,753
Total Department of Veteran Affairs			<u>1,215,510</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through the Roadrunner Food Bank, Inc.</i>			
Emergency Food Assistance Program (Food Commodities)	10.569	17-630-9000-0012	204,327
Total Expenditures of Federal Awards			<u>\$ 1,419,837</u>
<u>Reconciliation to Financial Statements</u>			
Federal award expenditures reported on the SEFA			\$ 1,419,837
Federal revenues per the Statement of Activities			1,215,510
Add: Donated food commodities - federal			<u>204,327</u>
Total			<u>1,419,837</u>
Difference			<u>\$ -</u>

* Denotes major program

Selected Disclosures

1) The accompanying schedule of expenditures of federal awards includes the federal grant activity of the NMVIC and presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

2) NMVIC had no subrecipients for the year ended September 30, 2022.

3) Non-cash assistance recorded in the Schedule consists of food Commodities donated by the USDA (The Emergency Food Assistance Program, or TEFAP, AL 10.569) and passed through the Roadrunner Food Bank, Inc. to NMVIC. The donated food commodities are valued at the estimated fair value of \$1.53 per pound (as valued by Feeding America). NMVIC's accounting policy for donated inventories is more fully described in Note 1-I to the financial statements and follows accounting principles generally accepted in the United States of America.

4) NMVIC has elected to use the 10% de minimis indirect cost rate.



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 of
New Mexico Veterans Integration Centers
Albuquerque, NM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New Mexico Veterans Integration Centers (NMVIC)(a nonprofit organization), which comprise the statement of financial position as of September 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 June 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the NMVIC’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NMVIC’s internal control. Accordingly, we do not express an opinion on the effectiveness of the NMVIC’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.

June 6, 2023

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

Purpose of This Report

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



Hinkle + Landers, P.C.

Albuquerque, NM

June 6, 2023



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors and Management of
New Mexico Veterans Integration Centers
Albuquerque, NM

Opinion on Each Major Federal Program

We have audited the NMVIC’s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the NMVIC’s major federal programs for the year ended September 30, 2022. The NMVIC’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 NMVIC 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 September 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 NMVIC 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 NMVIC’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 NMVIC's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the NMVIC'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 NMVIC'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 NMVIC'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 NMVIC'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 NMVIC '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.

June 6, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, continued

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.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.

Albuquerque, NM

June 6, 2023

**NEW MEXICO VETERANS INTEGRATION CENTERS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2022**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of auditor's report issued **Unmodified**

Internal control over financial reporting:

- | | |
|---------------------------------------------------------|------|
| 1. Material weakness(es) identified | None |
| 2. Significant deficiency(ies) identified | None |
| 3. Noncompliance material to financial statements noted | None |

Federal Awards

Internal control over major programs:

- | | |
|-------------------------------------------|------|
| 1. Material weakness(es) identified | None |
| 2. Significant deficiencies(s) identified | None |

Type of auditor's report issued on compliance for major program **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? None

Identification of major programs:

AL Number	Name of Federal Program or Cluster	Funding Source
64.033	VA Supportive Services for Veteran Families	Dept. of Veteran Affairs

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

Auditee qualified as low-risk auditee? Yes

**NEW MEXICO VETERANS INTEGRATION CENTERS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2022**

SECTION II and III—SUMMARY OF FINDINGS

Finding	Status of Current and Prior Year Findings	Type of Finding
PRIOR YEAR		
None	N/A	N/A
CURRENT YEAR		
None	N/A	N/A

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance with Federal Awards