

**ENLACE COMUNITARIO**

**Financial Statements**

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



**PATTILLO, BROWN & HILL, LLP**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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**ENLACE COMUNITARIO**

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**ENLACE COMUNITARIO  
BOARD OF DIRECTORS  
JUNE 30, 2022**

Board of Directors

Meriah Heredia-Griego	President
Veronica Salcido	Vice-President
Armando Sanchez	Treasurer
Javier Aceves	Secretary
Penny Holland	Director
Sonia Bettez	Director
Zoila Alvarez Hernandez	Director
Ian Esquibel	Director
Estela Vasquez Guzman	Director
Jennifer Moore	Director

Administration

Sara Yvonne (Bonnie) Escobar	Executive Director
Lizbeth Alcudia	Associate Director of Finance

## Independent Auditor's Report

The Board of Directors  
Enlace Comunitario  
Albuquerque, New Mexico

### ***Opinion***

We have audited the accompanying financial statements of Enlace Comunitario (Enlace), a nonprofit organization, which comprise the statement of financial position, as of June 30, 2022, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Enlace as of June 30, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Enlace and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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; this includes 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 Enlace's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

### ***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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Enlace'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 Enlace's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis 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*, and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2023, on our consideration of the Enlace’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 solely 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 the effectiveness of Enlace’s 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 Enlace’s internal control over financial reporting and compliance.

*Pattillo, Brown & Hill, LLP*

Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
March 20, 2023

**ENLACE COMUNITARIO**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets		
Cash and restricted cash	\$ 1,083,119	860,341
Investments	51,575	51,187
Grants and contracts receivable	588,295	487,820
Pledges receivable	-	4,000
Prepaid expenses	26,052	10,369
	<u>1,749,041</u>	<u>1,413,717</u>
<b>Total current assets</b>	<b>1,749,041</b>	<b>1,413,717</b>
Property and equipment, net of accumulated depreciation	608,808	524,007
	<u>608,808</u>	<u>524,007</u>
<b>Total assets</b>	<b>\$ <u>2,357,849</u></b>	<b><u>1,937,724</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 31,678	75,706
Held for others	1,565	1,565
Accrued expenses	138,698	118,136
Deferred revenue	-	729
	<u>171,941</u>	<u>196,136</u>
<b>Total liabilities</b>	<b>171,941</b>	<b>196,136</b>
Net assets		
Without donor restrictions:		
Undesignated	1,167,433	1,039,955
Invested in property and equipment, net	608,808	524,007
With donor restrictions:		
Purpose/Time restrictions	409,667	177,626
	<u>2,185,908</u>	<u>1,741,588</u>
<b>Total net assets</b>	<b>2,185,908</b>	<b>1,741,588</b>
<b>Total liabilities and net assets</b>	<b>\$ <u>2,357,849</u></b>	<b><u>1,937,724</u></b>

**ENLACE COMUNITARIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022 and 2021**

	2022		Total	2021
	Without Donor Restrictions	With Donor Restrictions		
Revenues and Other Support				
Contract revenue	\$ 768,378	281,003	1,049,381	992,134
Federal grant revenue	1,713,610	-	1,713,610	1,461,319
Other grants	125,943	-	125,943	202,052
Contributions	536,065	155,000	691,065	132,028
In-kind contributions	57,305	-	57,305	55,480
Miscellaneous	3	-	3	7,620
Program income	1,039	-	1,039	-
Childcare	-	-	-	-
Interest income	2,309	-	2,309	2,220
Net assets released from restrictions	203,962	(203,962)	-	-
<b>Total support and revenues</b>	<b>3,408,614</b>	<b>232,041</b>	<b>3,640,655</b>	<b>2,852,853</b>
Expenses				
Program services	2,672,136	-	2,672,136	2,357,041
General and administrative	361,186	-	361,186	331,848
Fundraising	163,013	-	163,013	163,207
<b>Total expenses</b>	<b>3,196,335</b>	<b>-</b>	<b>3,196,335</b>	<b>2,852,096</b>
<b>Change in net assets</b>	<b>212,279</b>	<b>232,041</b>	<b>444,320</b>	<b>757</b>
Net assets at beginning of year	1,563,962	177,626	1,741,588	1,740,831
<b>Net assets at end of year</b>	<b>\$ 1,776,241</b>	<b>409,667</b>	<b>2,185,908</b>	<b>1,741,588</b>

See Notes to Financial Statements.



**ENLACE COMUNITARIO**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022 and 2021**

	2022				2021
	Program Services	Management and General	Fundraising	Total	
	Supporting Services				
Salaries and wages	\$ 1,125,481	152,128	68,660	1,346,269	1,276,637
Employee benefits	160,164	21,649	9,771	191,584	134,920
Payroll taxes	86,944	11,752	5,304	104,000	92,413
Total salaries and related expenses	1,372,589	185,529	83,735	1,641,853	1,503,970
Client housing and utility assistance	717,615	96,998	43,778	858,391	655,499
Contractual service	291,040	39,339	17,755	348,134	393,323
Equipment and software	55,283	7,472	3,373	66,128	60,293
Occupancy	15,200	2,055	927	18,182	16,989
In-kind goods and supplies	47,857	6,469	2,919	57,245	47,278
Telephone and communications	18,478	2,498	1,127	22,103	30,345
Supplies	18,859	2,549	1,151	22,559	21,413
Travel	15,832	2,140	966	18,938	19,856
Insurance	27,245	3,683	1,662	32,590	19,675
Miscellaneous	17,462	2,359	1,065	20,886	17,119
Dues and subscriptions	14,053	1,900	857	16,810	9,832
Repairs and maintenance	13,513	1,827	824	16,164	7,740
Office	1,662	225	101	1,988	6,666
In-kind professional services	50	7	3	60	6,312
Staff training	18,872	2,551	1,151	22,574	4,855
Advertising and marketing expense	-	-	-	-	66
Total expenses before depreciation	2,645,610	357,601	161,394	3,164,605	2,821,231
Depreciation	26,526	3,585	1,619	31,730	30,865
Total expenses	\$ 2,672,136	361,186	163,013	3,196,335	2,852,096

See Notes to Financial Statements.

**ENLACE COMUNITARIO**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Cash receipts from grants, contracts and contributions	\$ 3,540,441	3,000,683
Cash receipts from program income	1,039	-
Cash receipts from miscellaneous	3	7,620
Cash receipts from interest	2,309	2,220
Cash paid to employees and suppliers	<u>(3,204,483)</u>	<u>(2,855,758)</u>
<b>Net cash provided by operating activities</b>	<u>339,309</u>	<u>154,765</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Capital Assets	<u>(116,531)</u>	<u>-</u>
<b>Net cash (used by) investing activities</b>	<u>(116,531)</u>	<u>-</u>
<b>Cash Flows from Financing Activities</b>		
<b>Net cash (used by) financing activities</b>	<u>-</u>	<u>-</u>
<b>Net Increase in Cash for Year</b>	222,778	154,765
<b>Cash, beginning of year</b>	<u>860,341</u>	<u>705,576</u>
<b>Cash, end of year</b>	<u>\$ 1,083,119</u>	<u>860,341</u>

**ENLACE COMUNITARIO**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities:</b>		
Changes in net assets	\$ 444,320	757
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	31,730	30,867
(Increase) decrease in investments	(388)	(728)
(Increase) decrease in receivables	(96,476)	158,397
(Increase) decrease in prepaid expenses	(15,683)	(4,040)
Increase (decrease) in accounts payable	(44,028)	(20,083)
Increase (decrease) in deposits held for others	-	-
Increase (decrease) in deferred revenue	(728)	(6,272)
Increase (decrease) in accrued expenses	<u>20,562</u>	<u>(4,133)</u>
<b>Net cash used by operating activities</b>	<b><u>\$ 339,309</u></b>	<b><u>154,765</u></b>

**ENLACE COMUNITARIO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022**

**NOTE 1 – ORGANIZATION**

**Nature of Activities**

Enlace Comunitario (Enlace), a nonprofit organization, was founded in New Mexico on July 1, 2000. Enlace is a social justice organization led by Latinas in Central New Mexico and located in Albuquerque. Enlace Comunitario transforms lives of individuals and their families experiencing domestic violence by working to decrease gender inequity and intimate partner violence in the Latino immigrant community in Central New Mexico. Enlace accomplishes this through transformative direct services, leadership development, preventative community education, outreach and policy advocacy in collaboration with community partners.

Enlace’s culturally and linguistically appropriate direct services for victims of domestic violence and their children include:

- Crisis intervention and safety planning;
- Individual and group counseling for adults, teens, and children;
- Parenting and life skills classes;
- Legal advocacy and representation;
- Case management;
- Referrals to housing, legal, health, financial, educational and other needed services

Enlace also participates in public policy formulation, community education and outreach, and has an active leadership development project that trains former Enlace adult and youth clients to be leaders in the domestic violence prevention movement. The agency sponsors presentations about immigrant rights, domestic violence, and healthier ways of relating. Enlace disseminates information regarding services, programs and alternatives to domestic violence, as well as provides facts on immigrant rights through outreach and community education.

Enlace’s major programs and sources of funding are as follows:

**Domestic Violence Intervention Services**

Enlace provides the following direct services for victims and their children: individual, family and, group therapy; parenting classes to repair the damage caused by domestic violence; transitional housing, and supportive services, including referrals to a variety of community resources such as public benefits, food, transportation and more. Enlace also provides civil legal representation for divorce, custody and orders of protection. To determine what services are needed by each client, Enlace provides victims with a case manager who conducts an in-depth assessment and works with the client to create a safety plan. Following the assessment, the case manager refers the client to the appropriate internal team (Clinical, Legal or Advocacy services) who provide one or several of the services mentioned above.

**ENLACE COMUNITARIO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022**

**NOTE 1 – ORGANIZATION – CONTINUED**

The Domestic Violence Intervention Program is supported by grants from the Victims of Crime Act (VOCA), Department of Justice Office on Violence Against Women, New Mexico Coalition Against Domestic Violence, the NM Civil Legal Services Commission, Equal Access to Justice, the State of New Mexico Children, Youth and Family Department (CYFD), the City of Albuquerque, the Anderson Foundation, the United Way, the McCune Foundation, the Albuquerque Community Foundation, the Wells Fargo Foundation and the U.S. Department of Housing and Urban Development through the New Mexico Mortgage Finance Authority (MFA).

**Domestic Violence Outreach and Prevention**

This program provides community education, leadership development, and outreach through:

- Promotoras: Enlace trains former clients to serve as community educators about domestic violence and to assist with outreach and information efforts;
- La Alianza: a leadership program aimed at engaging and training volunteer male and female young adults (18-24 years of age) who promote healthy relationships and prevention of domestic violence;
- PLATICAS: a three-year placed-based initiative that aims to improve childhood experiences by strengthening the relationship between young children (0-5) and their primary care givers as means to decrease domestic violence and improve early childhood opportunities in the South Valley, including Westgate; and the
- Youth Program: a program that builds leadership capacity of adolescents and teens and deploys them to address teen dating violence in the schools.

These programs have been recognized by the Mary Byron Project and the Robert Wood Johnson Foundation as among the most innovative and promising in the country.

The Domestic Violence Outreach and Prevention program is supported by the New Mexico Community Foundation, Con Alma, the Department of Justice Office on Violence Against Women, and the W.K. Kellogg Foundation.

**Transitional Housing for Domestic Violence Survivors**

Enlace also has a transitional housing rental assistance program that is funded by the New Mexico Mortgage Finance Authority and the Department of Justice Office on Violence Against Women.

Services provided by Enlace are also supported by the Enlace Annual Appeal, individual donations, silent auction donations from area businesses, in-kind donations, and fundraising events.

**ENLACE COMUNITARIO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**NOTE 1 – ORGANIZATION – CONTINUED**

**Board of Directors**

Enlace is governed by a board of directors which has the responsibility for determining policy and execution and evaluation of programs and activities conducted by the organization. The board shall consist of no less than three members and is currently made up of ten members. Board members include individuals from both the public and private sectors. Board members may serve three successive 2-year terms.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

**Financial Statement Presentation**

The Organization's financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 2016-14, *Not-for-Profit Entities, Presenting Financial Statements*. Under ASC 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Organization is required to present a statement of cash flows and statement of functional expenses.

These classes of net assets are described below:

**Net Assets without Donor Restrictions and Board Designated Net Assets** Undesignated net assets without donor restrictions are used to account for all resources over which the Board of Directors has discretionary control. The net assets without donor restrictions represent the investment in unrestricted assets and the investment in property and equipment, less accumulated depreciation and related debt.

**Net Assets with Donor Restrictions in Purpose/Time**

Net assets with donor restrictions in purpose/time result from contributions and other inflows of assets whose use by Enlace is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled and removed by actions of Enlace pursuant to those stipulations. See Net Assets with Donor Restrictions in Purpose/Time Note 10.

**Net Assets with Donor Restrictions Perpetual in Nature**

Net assets with donor restrictions perpetual in nature are those for which use by Enlace is limited by donor-imposed stipulations that cannot be removed by actions of Enlace. There were no net assets with donor restrictions perpetual in nature for the years ended June 30, 2022 and 2021.

**ENLACE COMUNITARIO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**New Accounting Pronouncement**

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The guidance requires the Organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contract with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

ASU 2014-19 requires organizations to exercise more judgment and recognize revenue using a five-step process. The Organization adopted the requirements of the new guidance retrospectively to all periods presented in this report. Adoption of the new guidance did not result in significant changes to the accounting policies for revenue recognition, receivables, and deferred revenues since most of the Organization's revenue sources are not included in the scope of ASU 2014-19.

**Cash, Restricted Cash and Cash Equivalents**

Cash, restricted cash and cash equivalents consist of money market accounts and cash account balances with local financial institutions. The amounts on deposit with these institutions may at times exceed the \$250,000 of insurance available to individual depositors through the Federal Deposit Insurance Corporation (FDIC).

For purposes of the statement of cash flows, Enlace considers all highly liquid debt instruments with a maturity date of three months or less at the time of purchase to be a cash equivalent. Cash and cash equivalents consist of checking accounts, savings accounts, and cash on hand. Enlace maintains its cash accounts at local banks as identified in Note 3. Enlace does not believe that its risk for amounts in excess of federally insured limits is significant. As of June 30, 2022 and 2021, Enlace's bank balances exceeded FDIC insurance by \$918,619 and \$693,745, respectively.

Enlace has \$1,565 and \$1,565 of restricted cash as of June 30, 2022 and 2021, respectively. Restricted cash is comprised of monies earmarked for client court costs and is included in cash and cash equivalents for purposes of the statement of cash flow.

**Property, Equipment and Depreciation**

Purchased property, furniture, and equipment are stated at cost. Property received by donation is recorded at the estimated fair value on the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as support with donor restrictions. Absent donor stipulations regarding how long donated assets must be maintained, Enlace reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Enlace reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Purchased or donated property in excess of \$5,000 is capitalized. Depreciation is calculated on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which range from three to forty years.

**ENLACE COMUNITARIO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Impairment of Long-lived Assets**

Enlace accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10 and subsections, Accounting for the Impairment of Long-Lived Assets. ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. Management does not believe impairment indicators are present as of June 30, 2020.

**Revenue Recognition**

In accordance with accounting principles generally accepted in the United States of America, revenue is recorded when earned rather than received. The following summarizes the revenue recognition policies for major classifications of revenue:

- **Government Grants**—Government grants are typically recorded on a reimbursement basis. Specifically, when Enlace has incurred the expenses in compliance with the general and specific requirements of the funding source, both the receivable from the government granting agency and offsetting grant revenue is recorded.
- **Private Grants**—Private grants are typically recorded as revenue with donor restrictions based on either a purpose (program) restriction and/or a time restriction based on when the grantor has notified or advanced funds to Enlace.
- **Contributions**—Contributions are reported when an unconditional promise to give or other asset is received (in accordance with ASC 958-605). Gifts of securities are recorded at their fair market value when received. Enlace reports contributions of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets or specify the time period for which the assets may be expended. When a donor restriction expires, 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 restriction. Contributions with donor- imposed restrictions spent in the same year as contributed are included as revenue without donor restrictions.
- **Contract Revenue** – Revenue is recorded at the time the services are provided. The contracts are on reimbursement basis. Specifically, when Enlace has incurred the expenses in compliance with the general and specific requirements of the funding source, both the receivable from the government agency and offsetting grant revenue are recorded.



**ENLACE COMUNITARIO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Donated Property, Material and Services**

Donations of property, materials and services are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Enlace.

Additionally, Enlace had volunteers who donated hours of services during each of the years ended June 30 as noted below. The value of the volunteer services was not recognized as contributions since the recognition criteria was not met.

	<u>2022</u>	<u>2021</u>
Approximate # of volunteers	4	2
Estimated hours of service	460	8

**Income Taxes**

Enlace is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Enlace 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. Enlace is generally no longer subject to examination by the Internal Revenue Service and the New Mexico Taxation and Revenue Department for fiscal years before 2016. The organization is not currently under audit nor has the organization been contacted by any of these jurisdictions. Management believes that they are operating within their tax-exempt purpose.

**Functional Allocation of Expenses**

Expenses are charged directly to program and supporting services based on specific identification, when possible. Those expenses of more of an indirect nature or which benefit all programs are allocated based upon predetermined allocation factors. These expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated based on the following criteria: salaries, wages, benefits and payroll taxes are allocated based on estimates of effort and time; client service expenses are all used for programs; travel expenses are all used for programs; operations, office expenses and allocations are based on effort and time spent.

**Compensated Absences Payable**

Enlace employees accrue Paid Time Off (PTO) as an earned benefit. All regular full-time and part-time employees scheduled to work a minimum of 20 hours per week are eligible to accrue and utilize PTO. Employees' accrued PTO is payable upon resignation and termination as stated in the Employee handbook.

**ENLACE COMUNITARIO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Grants and Contract Service Revenue**

Enlace is funded by grants received from the U.S. Department of Justice, U.S. Department of Health and Human Services, U.S. Department of Housing and Urban Development, and other public and private resources. Grant revenues are recognized when received unless they are a grant based on fee for service, in that case, revenues are recognized when earned. Contract services revenues are accrued as earned.

**Advertising**

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

**Estimates**

The preparation of financial statements in conformity with U.S. 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.

**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 Enlace’s financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**Litigation**

Enlace, in the normal course of business, is subject to claims and litigation. Management believes that there are no outstanding claims or assessments which would be subject to a material unfavorable outcome that would not be covered by insurance.

**NOTE 3 – CASH, RESTRICTED CASH, AND INVESTMENTS**

At June 30, cash, restricted cash and cash equivalents were the following:

	<u>2022</u>	<u>2021</u>
Nusenda – Operating	\$ 401,516	180,527
Nusenda - Reserve	198,446	197,950
Nusenda – Savings	481,092	479,799
Bank of Albuquerque (restricted)	1,565	1,565
Petty cash	500	500
	<u>\$ 1,083,119</u>	<u>860,341</u>

**ENLACE COMUNITARIO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**NOTE 3 – CASH, RESTRICTED CASH, AND INVESTMENTS (CONTINUED)**

The cash in Bank of Albuquerque is restricted for Court fees.

Enlace also has a 12-month CD with Nusenda for \$51,575, which has been classified as an investment.

**NOTE 4 – LIQUIDITY AND AVAILABILITY**

Enlace is substantially supported by restricted contributions. Because donors’ restrictions require resources to be used in a particular manner or in a future period, Enlace 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 Enlace’s liquidity management, a policy is in place to structure financial assets to be available as general expenditures, liabilities, and other obligations come due.

Liquidity is as follows:

	<u>2022</u>	<u>2021</u>
Financial assets, at year end	\$ 1,722,989	1,403,348
Less those unavailable for general expenditures within one year:		
Held for others	(1,565)	(1,565)
Restricted by donor with purpose/time restrictions	<u>(409,667)</u>	<u>(177,626)</u>
Financial assets available to meet cash needs within one year	\$ <u>1,311,757</u>	<u>1,227,287</u>

Note: financial assets consist of cash, investments, and receivables.

**ENLACE COMUNITARIO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**NOTE 5 – CONTRACTS AND GRANTS RECEIVABLE**

Contracts and grants receivable as of June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Contracts receivable		
University of New Mexico Pathways	\$ 3,621	17,864
Bernalillo County Commission	-	1,828
Mortgage Finance Authority	16,026	3,574
City of Albuquerque	80,083	139,088
Total contracts receivable	<u>99,730</u>	<u>162,354</u>
Grants receivable		
Culturally & Linguistically Specific Services Program	-	2,797
Kellogg Foundation	150,000	-
Legal Assistance for Victims Grant	14,632	33,799
Men’s Grant	-	4,913
Violence Against Women	-	9,949
NM Children, Youth & Families Department	65,950	29,704
Transitional Housing	130,057	5,489
United Way of Central New Mexico	-	1,667
Victims of Crime Act	71,526	135,986
Justice for Families	11,952	25,162
Civil Legal Services	1,382	-
Access to Justice	38,000	66,000
Albuquerque Community Foundation	5,066	10,000
Total grants receivable	<u>488,565</u>	<u>325,466</u>
Total contracts, grants, and other receivables	<u>\$ 588,295</u>	<u>487,820</u>

Management considers all contracts and grants fully collectible, and therefore, no allowance has been recorded.

**ENLACE COMUNITARIO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**NOTE 6 – PROPERTY, EQUIPMENT AND DEPRECIATION**

Property and equipment at June 30 include:

	Balance 6/30/21	Increases	Decreases	Balance 6/30/22
Land	\$ 134,000	-	-	134,000
Building	536,000	-	-	536,000
Building improvements	226,969	92,324	-	319,293
Land improvements	45,294	-	-	45,294
Furniture and equipment	71,503	24,205	-	95,708
Total	<u>1,013,766</u>	<u>116,529</u>	-	<u>1,130,295</u>
Less accumulated depreciation	<u>(489,758)</u>	<u>(31,729)</u>	-	<u>(521,487)</u>
Total property & equipment, net	<u>\$ 524,008</u>	<u>84,800</u>	-	<u>608,808</u>

The land and buildings, with a carrying amount of \$670,000, were partially acquired with grant funds in the amount of \$470,000 received from the City of Albuquerque. Under the terms of this contract, Enlace agrees to utilize the property to provide social service programs to immigrant victims of domestic violence and their children for a minimum of 30 years from the date of execution of the grant. In the event Enlace fails to utilize the property in accordance with this restrictive covenant, Enlace shall remit the amount of funds authorized under the grant plus an equity share of appreciation of the property to the City of Albuquerque. Depreciation expense was \$31,729 and \$30,865 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 7 – SIGNIFICANT CONCENTRATIONS OF CREDIT RISK**

Enlace maintains its cash balances in two financial institutions located in Albuquerque, New Mexico. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2022 and June 30 2021, Enlace’s uninsured cash balances were \$918,619 and \$693,745, respectively.

**NOTE 8 – COMMITMENTS**

In July 2020, Enlace purchased a phone system and signed a 36-month contract to receive services from the same vendor. The contract is renewable under the same terms. Also, in February 2020, a 60-month lease for a new copier was signed. The payments are \$376/month. The lease and service contract commitments are as follows:

**ENLACE COMUNITARIO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022**

**NOTE 8 – COMMITMENTS - CONTINUED**

	Lease	Service Contract
2023	\$ 8,892	16,009
2024	8,892	-
2025	5,187	-
2026	-	-
2027	-	-
	<u>\$ 22,971</u>	<u>16,009</u>

The expenses for the above commitments as of June 30, 2022 and 2021 were \$27,893 and \$25,118, respectively.

**NOTE 9 – CONTINGENCIES; LAND AND BUILDING**

See Note 6 for contingencies related to land and building.

**Grants**

Amounts received from grantor agencies and other third parties are subject to audit and adjustment by these entities. Any disallowed claims, including amounts already collected, may constitute a liability of Enlace. The amount, if any, of expenses which may be disallowed cannot be determined at this time, although Enlace expects such amount, if any, to be immaterial.

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS IN PURPOSE/TIME**

Enlace has the following net assets with donor restrictions at June 30:

Program	2022	2021	Time/Purpose
DV Legal Services	\$ 409,667	177,626	Victims of domestic violence to receive information about the legal system, legal advocacy, and legal representation.
	<u>\$ 409,667</u>	<u>177,626</u>	

**ENLACE COMUNITARIO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022**

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS IN PURPOSE/TIME - CONTINUED**

Enlace had the following net assets released from restrictions at June 30:

<u>Program</u>	<u>2022</u>	<u>2021</u>
DV Legal Services	\$ 188,962	109,263
PLATICAS	-	312,993
Unrestricted	15,000	-
PROSPER	-	20,000
	<u>\$ 203,962</u>	<u>442,256</u>

**NOTE 11 – SPECIAL EVENTS**

Enlace may hold special events throughout the year to raise funds and awareness. Expenses related to these special events that are considered a direct benefit to the donor are shown in the statement of activities as a reduction of gross revenues. For the years ending June 30, 2022 and 2021, Enlace special event expenses were \$3,649 and \$4,582, respectively.

**NOTE 12 – RETIREMENT PLAN**

Enlace participates in a SIMPLE IRA plan through American Funds.

**Eligibility**

Prior to January 1, 2016, an employee was eligible to participate in the plan who had completed one year of employment and who had received at least \$5,000 in compensation from Enlace in the preceding calendar year and who was reasonably expected to receive \$5,000 in the current calendar year.

As of January 1, 2016, a qualified employee is eligible to participate in the plan on the first of the month following his or her hire if they are reasonably expected to receive at least \$5,000 during the current calendar year.

**Contributions**

Participants may defer a portion of their salary (up to federal limits) to the plan on a pre-tax basis. Beginning January 1st, 2016, Enlace's Board adjusted the plan to provide a non-elective 2% of each eligible employee's compensation and so each eligible participant receives a retirement contribution equal to 2% of their compensation from Enlace regardless of whether they make their own contributions. Employer contributions for the years ended June 30 to the plan were as follows:

	<u>2022</u>	<u>2021</u>
Contributions	\$ <u>26,420</u>	<u>24,791</u>

**ENLACE COMUNITARIO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**NOTE 13 – ECONOMIC DEPENDENCY**

Enlace receives a significant portion of its revenue in the form of grants and awards from governmental entities, private foundations, and other contributions. Enlace expects these grants and awards to continue into the foreseeable future. If, however, a significant portion of these funds are not continued, Enlace’s ability to continue all programs would be diminished. The following is a summary of concentrations from contributions and grants as of June 30:

<u>Concentrations</u>	<u>2022</u>	<u>2021</u>
City of Albuquerque	\$ 875,075	797,285
W.K. Kellogg Foundation	370,000	311,375
 Total revenue	 3,690,753	 2,852,866
 Concentration percentage	 34%	 39%

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 11, 2022 which is the date the financial statements were available to be issued.

**NOTE 15 – COVID-19**

In early March 2020, the COVID-19 virus was declared a global pandemic, and it continues to cause market fluctuations. Business continuity and financial markets, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time.



**SUPPLEMENTARY INFORMATION**

**ENLACE COMUNITARIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor or Pass-Through Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Passthrough Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Justice - Office on Violence Against Women</b>			
Office on the Violence Against Women - Justice for Families	16.021	2019-FJ-AX-0008	102,852
Office on the Violence Against Women - Legal Assistance for Victims	16.524	2016-WL-AX-0045	195,750
Office on the Violence Against Women - Transitional Housing Assistance	16.736	2015-WH-AX-0053	64,600
Office on the Violence Against Women - Engaging Men & Boys	16.888	2017-CY-AX-0015	154,205
<b>Total Direct Federal Funds</b>			<b>517,407</b>
<b>U.S. Department of Justice -</b>			
<b><i>Pass-through State of New Mexico</i></b>			
Violence Against Women Act - Crime Victim Assistance (VOCA)	16.575	2022-VA-134	190,410
Violence Against Women Act - Crime Victim Assistance (VOCA)	16.575	2022-VA-134	252,398
STOP Violence Against Women	16.588	2020-WF-AX-0048	21,318
			<b>464,126</b>
<b>Total U.S. Department of Justice</b>			<b>981,533</b>
<b>U.S. Department of Health and Human Services</b>			
<b><i>Direct Funding</i></b>			
Family Violence Protection Services/Domestic Violence Shelter and Supportive Services	93.671		43,400
<b><i>Pass-through State of New Mexico CYFD</i></b>			
DV Survivor Services	93.671		45,400
			<b>88,800</b>
<b>Total U.S. Department of Health and Human Services</b>			<b>88,800</b>
<b>U.S. Department of Housing and Urban Development</b>			
<b><i>Pass-through NM Mortgage Finance Authority</i></b>			
Home Investment Partnerships Program	14.231	21-02-ENC-RAP-001	34,654
Home Investment Partnerships Program	14.231	21-02-ENC-RAP-001	98,418
Emergency Solutions Grant Program	14.231	21-02-ENC-RAP-001	47,712
MFA CARES Rapid Re-Housing	14.231	21-02-ENC-RAP-001	38,240
MFA CARES Administrative	14.231	21-02-ENC-RAP-001	11,024
			<b>230,048</b>
<b><i>Pass-through City of Albuquerque</i></b>			
HOME Tenant Based Rental Assistance (TBRA) Program-Home FY20	14.239	202000295	59,180
HOME Tenant Based Rental Assistance (TBRA) Program-Match-FY20	14.239	202000295	14,778
HOME Tenant Based Rental Assistance (TBRA) Program-Home-FY21	14.239	202001157	109,533

**ENLACE COMUNITARIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022  
(Continued)**

***Pass-through City of Albuquerque***

HOME Tenant Based Rental Assistance (TBRA) Program-Match-FY21	14.239	202001157	51,746
HOME Tenant Based Rental Assistance (TBRA) Program-Home-FY22	14.239	202001157	67,123
HOME Tenant Based Rental Assistance (TBRA) Program-Match-FY22	14.239	202001157	75,483
HOME Tenant Based Rental Assistance (TBRA) Program-Admin-FY22	14.239	202001157	30,319
			<b>408,162</b>

**Total U.S. Department of Housing and Urban Development** **638,210**

***Total Expenditures of Federal Awards*** **\$ 1,708,543**

**ENLACE COMUNITARIO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**Note 1. Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Enlace and is 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

**Note 2. CFDA Numbers/Pass-Through Grantor Numbers**

Federal granting agencies or their pass-through agencies are responsible for providing Enlace with the Catalog of Federal Domestic Assistance (CFDA) number for each grant or contract. In cases where a federal granting agency did not provide the CFDA number, other identifying numbers are presented on the schedule of expenditures of federal awards, if available.

In addition, for pass-through awards, the pass-through granting agencies are responsible for providing the organization with the CFDA number as well as pass-through grantor numbers. In cases where the pass-through granting agency did not provide this number to the organization, it is noted as "NA" (not available) on the schedule of expenditures of federal awards.

**Note 3. De-Minimis Indirect Cost Rate**

The organization did not use the 10 percent de minimis indirect cost rate.

**INDEPENDENT AUDITORS' 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  
Enlace Comunitario  
Albuquerque, New Mexico

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Enlace Comunitario (Enlace), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 20, 2023.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Enlace'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 Enlace's internal control. Accordingly, we do not express an opinion on the effectiveness of the Enlace's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over

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financial reporting 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 may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Enlace'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.

*Pattillo, Brown & Hill, LLP*

Pattillo, Brown & Hill, LLP  
Albuquerque, New Mexico  
March 20, 2023

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Board of Directors  
Enlace Comunitario  
Albuquerque, New Mexico

### Opinion on Each Major Federal Program

We have audited Enlace Comunitario's (Enlace) 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 Enlace's major federal programs for the year ended June 30, 2022. Enlace'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, Enlace complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Enlace 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 Enlace'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 Enlace's federal programs.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Enlace'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 GAAS, 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 Enlace's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, 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 Enlace'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 Enlace'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 Enlace'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 combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with



a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*Pattillo, Brown & Hill, LLP*

Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
March 20, 2023

**ENLACE COMUNITARIO  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
JUNE 30, 2022**

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

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***Financial Statements***

Type of Auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting: Material Weakness reported?	No
Significant deficiencies reported not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major programs: Material weaknesses reported?	No
Significant deficiencies reported not considered to be material weaknesses?	None
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Identification of major programs: Department of HUD – Home Investment Partnerships CFDA #14.239	
Dollar threshold used to distinguish Between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**ENLACE COMUNITARIO  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
JUNE 30, 2022**

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**SECTION II - FINDINGS - FINANCIAL STATEMENT AUDIT**

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**None**

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**SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

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**None**

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**SECTION IV - SUMMARY OF PRIOR YEAR FINDINGS**

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**None**