

Financial Statements and  
Independent Auditor's Report

**San Juan County Partnership, Inc.**

June 30, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
San Juan County Partnership, Inc.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of San Juan County Partnership, Inc. (a nonprofit organization) (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Juan County Partnership, Inc. as of June 30, 2023 and 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 (*Government Auditing Standards*). 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 Organization 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 opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for 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 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 the Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

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

and other additional procedures in accordance with GAAS. 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 April 1, 2024, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

*Logan, Thomas + Johnson, LLC*

Castle Rock, Colorado

April 1, 2024

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## *Financial Statements*

San Juan County Partnership, Inc.  
 STATEMENTS OF FINANCIAL POSITION  
 June 30,

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 381,972	\$ 221,077
Contracts and grants receivable	153,843	215,586
Other current assets	4,052	18,357
Total current assets	539,867	455,020
Property and equipment, net	-	-
Total assets	\$ 539,867	\$ 455,020
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 5,793	\$ 17,800
Accrued expenses	5,309	5,715
Accrued compensated absences	19,220	19,220
Total current liabilities	30,322	42,735
Net assets		
Without donor restrictions		
Undesignated	509,545	412,285
Total net assets without donor restrictions	509,545	412,285
Total liabilities and net assets	\$ 539,867	\$ 455,020

The accompanying notes are an integral part of these statements.



San Juan County Partnership, Inc.  
 STATEMENTS OF ACTIVITIES  
 Year Ended June 30,

	Without donor restrictions	
	2023	2022
Revenues and support		
Support		
Government grants and contracts	\$ 1,563,185	\$ 1,468,112
Total support	1,563,185	1,468,112
Revenues		
Interest income	1,346	5
Other program revenues	73,857	74,466
Total revenues	75,203	74,471
Total support and revenues	1,638,388	1,542,583
Expenses		
Program expenses		
Substance abuse prevention	611,581	574,003
Housing assistance	792,321	715,136
Community prevention and wellness	106,613	112,211
Total program expenses	1,510,515	1,401,350
Supporting services		
Management and general	30,613	9,750
Total supporting services	30,613	9,750
Total expenses	1,541,128	1,411,100
CHANGE IN NET ASSETS	97,260	131,483
Net assets, beginning of year	412,285	280,802
Net assets, end of year	\$ 509,545	\$ 412,285

The accompanying notes are an integral part of these statements.

San Juan County Partnership, Inc.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2023

	<u>Program Expenses</u>			<u>Supporting Services</u>	<u>Total</u>
	<u>Substance abuse prevention</u>	<u>Housing assistance</u>	<u>Community prevention and wellness</u>	<u>Management and general</u>	
Expenses					
Bank charges	\$ -	\$ -	\$ -	\$ 130	\$ 130
Communication	4,842	9,539	997	2,424	17,802
Employee benefits	27,716	17,576	3,856	1,538	50,686
Insurance	6,900	7,287	2,465	2,209	18,861
Membership and dues	1,379	-	-	1,152	2,531
Other	153	1,237	289	2,327	4,006
Payroll processing fee	310	1,772	12,185	439	14,706
Payroll taxes	19,943	16,339	4,006	1,955	42,243
Postage	426	338	211	205	1,180
Printing	1,300	950	-	-	2,250
Professional services	126,763	10,812	102	3,855	141,532
Program expenses	123,146	477,703	29,576	2,626	633,051
Rent	6,077	7,867	2,532	3,224	19,700
Salaries and wages	271,749	210,372	43,463	4,471	530,055
Supplies	7,579	12,954	2,731	1,605	24,869
Training	8,006	8,989	3,100	900	20,995
Travel	2,859	2,715	521	160	6,255
Utilities	1,832	2,972	379	1,021	6,204
Vehicle expense	601	2,899	200	372	4,072
Total expenses	<u>\$ 611,581</u>	<u>\$ 792,321</u>	<u>\$ 106,613</u>	<u>\$ 30,613</u>	<u>\$ 1,541,128</u>

The accompanying notes are an integral part of this statement.

San Juan County Partnership, Inc.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 Year ended June 30, 2022

	Program Expenses			Supporting Services	Total
	Substance abuse prevention	Housing assistance	Community prevention and wellness	Management and general	
Expenses					
Bank charges	\$ -	\$ -	\$ -	\$ 261	\$ 261
Communication	6,832	8,434	2,248	36	17,550
Employee benefits	20,778	8,016	4,864	450	34,108
Insurance	6,382	5,622	3,039	112	15,155
Membership and dues	362	99	-	407	868
Other	844	396	100	633	1,973
Payroll processing fee	249	3,832	1,875	434	6,390
Payroll taxes	20,020	12,387	6,294	7	38,708
Postage	324	317	139	2	782
Printing	-	-	-	-	-
Professional services	132,709	7,870	8	3,441	144,028
Program expenses	84,181	500,074	2,285	(1,016)	585,524
Rent	9,611	9,211	2,277	-	21,099
Salaries and wages	270,645	143,909	83,340	87	497,981
Supplies	13,566	10,436	3,543	4,745	32,290
Training	4,860	525	1,190	25	6,600
Travel	369	-	-	20	389
Utilities	1,962	2,289	821	-	5,072
Vehicle expense	309	1,719	188	106	2,322
Total expenses	\$ 574,003	\$ 715,136	\$ 112,211	\$ 9,750	\$ 1,411,100

The accompanying notes are an integral part of this statement.

San Juan County Partnership, Inc.  
 STATEMENTS OF CASH FLOWS  
 Year ended June 30,

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 97,260	\$ 131,483
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Gain on sale of property and equipment	-	(1,000)
Change in assets and liabilities		
Increase (decrease) in contracts receivable	61,743	(41,020)
Increase (decrease) in other current assets	14,305	(12,279)
Decrease in accounts payable	(12,007)	(18,078)
Increase (decrease) in accrued expenses	(406)	1,559
Net cash provided by operating activities	160,895	60,665
Cash flows provided from investing activities		
Proceeds from sale of property and equipment	-	1,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	160,895	61,665
Cash and cash equivalents, beginning of year	221,077	159,412
Cash and cash equivalents, end of year	\$ 381,972	\$ 221,077

The accompanying notes are an integral part of these statements.

San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This description of San Juan County Partnership, Inc.'s (the Organization) nature of activities and summary of significant accounting policies is presented to assist in understanding the Organization's financial statements.

1. *Purpose of the Organization*

San Juan County Partnership, Inc., a non-profit corporation, was incorporated under the laws of the State of New Mexico in 1993 for the purpose of providing a complete range of health and welfare services to the community of San Juan County, New Mexico. The Organization is located in Farmington, New Mexico. The services provided by the Organization are funded by grants and contracts from the various Federal, state, and local sources. The Organization is controlled by an elected Board of Directors.

2. *Description of Services Provided*

The major program services or supports and functional activities directly provided or purchased by the Organization are:

**Program Services**

Substance Abuse Prevention provides a wide diversity of individual programs that prevent, reduce, and remediate drug and alcohol related behaviors in the community. Activities include, but are not limited to, designing and implementing prevention programs, policy development, public presentations, and monitoring program results and outcomes. Some of the individual programs include Office of Substance Abuse Prevention, Drug Free Communities, and local underage substance abuse prevention programs. Funding is provided by Federal, State and local sources.

Housing Assistance includes payments for eligible homeless individuals or those at imminent risk of homelessness for assistance with housing and utility charges. Funding is provided from the U.S. Department of Housing and Urban Development and New Mexico Mortgage Finance Authority.

Community Prevention and Wellness provides coordination of community health activities including development and participation in the Community Health Council, AmeriCorps, and assessment and planning. Funding is provided by Federal, State and local sources.

San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Description of Services Provided (Continued)*

**Supporting Services**

Management and general includes those activities necessary for planning, coordination and overall direction of the organization, financial administration, general board activities and other related activities indispensable to the Organization's corporate existence.

3. *Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis, whereby revenues are recorded when services are performed and expenses are recognized when incurred.

4. *Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

5. *Subsequent Events*

The Organization has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through April 1, 2024, the date on which the financial statements were issued, and the Organization did not identify any events or transactions that would have a material impact on the financial statements.

6. *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers cash to be cash on hand and cash on deposit and money market accounts, subject to immediate withdrawal, and considers cash equivalents to be certificates of deposit with an original maturity of three months or less. The Organization maintains its cash balances in financial institutions, which at times, may exceed federally insured limits. The Organization maintains its money market account with an investment institution which is not federally insured. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. *Contracts and Grants*

Contracts and grants receivable are due according to contractual terms and are stated at the amount management expects to collect from outstanding balances. The Organization believes all receivables are collectible and that no allowance for doubtful accounts is necessary. The Organization writes off contracts and grants receivable when they become uncollectible. Payments subsequently received on such receivables, if any, are recorded as other revenue.

8. *Property and Equipment*

Property and equipment are reported at cost for purchased assets and estimated fair value, at date of receipt, for donated property. Any asset valued in excess of \$1,500 with a life expectancy of more than one year is capitalized. Depreciation is provided on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture, fixtures and equipment	5-7
Vehicles	5

9. *Revenue Recognition*

Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. Program revenue consists primarily of funds received from government grants and contracts, and other services. Billings for services are billed after the services are performed. As performance obligations are satisfied, revenue is recognized.

Performance obligations are determined based on the nature of the services provided. As performance obligations are satisfied over time, revenue is recognized based on when related services are performed. This method provides for the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligations. Transaction price is based on standard charges for services provided, which is set by the granting agencies.

San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. *Accounting for Contributions*

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods, or are restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as increase in net assets without donor restrictions.

11. *Income Taxes*

The Organization is operated as a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization recognizes tax liabilities when, despite the Organization's belief that its tax return positions are supportable, the Organization believes that certain positions may not be fully sustained upon review by tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. The Organization has concluded there is no tax liability or benefit required to be recorded as of June 30, 2023. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for the years prior to the year ended June 30, 2020.

12. *Functional Allocation of Expenses*

The costs of supporting various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated to program and management and general based on estimates of number of employees per department, time and effort, square footage of the office and other methods.



San Juan County Partnership, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2023 and 2022

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. *Recent Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The most significant change for lessees is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. Changes to the lessor accounting model include: (a) synchronizing key aspects of the model with the new revenue recognition guidance, such as basing whether a lease is similar to a sale or whether control of the underlying asset has transferred to the lessee and (b) prospectively eliminating the specialized accounting for leveraged leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU will be effective for fiscal years beginning after December 15, 2019, with early adoption permitted. In November 2019, the FASB issued ASU 2019-10, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2020. In June 2020, the FASB issued ASU 2020-05, which allows certain entities the option to delay the adoption by one year, making it effective for annual reporting periods beginning after December 15, 2021. The Organization adopted this standard during the year ended June 30, 2023 and there was no effect on the financial statements.

NOTE B – LIQUIDITY AND AVAILABILITY

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

	2023	2022
Cash and cash equivalents	\$ 381,972	\$ 221,077
Contracts and grants receivable	153,843	215,586
	\$ 535,815	\$ 436,663

As a part of the Organization’s liquidity management, its goal is generally to maintain financial assets to meet 45 days of operating expenses. As part of the liquidity plan, excess cash is invested in short-term investments, including money market accounts.

San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE C – CONTRACT AND GRANTS

Amounts receivable from fees for services are as follows at June 30,:

	2023	2022
Fees for service		
State of New Mexico	\$ 90,212	\$ 89,012
Contracts and other	<u>63,631</u>	<u>126,574</u>
	<u>\$ 153,843</u>	<u>\$ 215,586</u>

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30,:

	2023	2022
Furniture, fixtures and equipment	\$ 13,416	\$ 13,416
Vehicles	<u>23,169</u>	<u>23,169</u>
	36,585	36,585
Less accumulated depreciation and amortization	<u>36,585</u>	<u>36,585</u>
	<u>\$ _____</u>	<u>\$ _____</u>

Depreciation expense was \$0 for the years ended June 30, 2023 and 2022.

NOTE E – LEASES

The Organization has made the accounting policy election to account for a short-term lease by recognizing the lease payments in the change in net assets on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred.

The Organization leases office space under two operating leases. One lease expired on June 30, 2020 with an option to renew. The Organization exercised the renewal option. That lease expired on November 30, 2022 and is being paid on a month-to-month basis. The other lease was entered into on January 1, 2021 and expired on December 31, 2022 and is being paid on a month-to-month basis. Total rent expense for operating leases for the years ended June 30, 2023 and 2022 was \$19,700 and \$21,099, respectively. There are no future minimum rental payments for these leases.

San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE F – RETIREMENT PLAN

The Organization implemented a simple employee pension-individual retirement plan (SEP) in 2011. The Plan requires the Organization to contribute 1% of employee gross wages to eligible employees who have performed services in at least the previous 90 days up to the maximum legal limit. Employer contributions are fully vested upon contribution. The Organization made no contributions to the Plan for the years ended June 30, 2023 and 2022.

NOTE G – FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included salaries and wages which are allocated based on what is recorded per the approved time sheet. Rent, utilities, and maintenance costs are allocated by square footage per department. Telephone and computer expenses are allocated on the basis of number of employees per department. Depreciation expense is allocated based on expected use of the fixed asset per department.

*Supplementary Information*



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  
San Juan County Partnership, Inc.

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 San Juan County Partnership, Inc. (a nonprofit organization) (the Organization), 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 April 1, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Logan, Thomas + Johnson, LLC*

Castle Rock, Colorado

April 1, 2024



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

Board of Directors  
San Juan County Partnership, Inc.

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

*Opinion on Each Major Federal Program*

We have audited San Juan County Partnership, Inc.'s (a nonprofit organization) (the Organization) 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 Organization's major federal programs for the year ended June 30, 2023. The Organization'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 Organization complied, in all material respects, with the 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, 2023.

*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 (*Government Auditing Standards*); 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 Organization 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 Organization'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 Organization'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 Organization'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 the Organization'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 the Organization'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 Organization'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 Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their



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

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

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

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

Logan, Thomas + Johnson, LLC

Castle Rock, Colorado

April 1, 2024

San Juan County Partnership, Inc.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Passed through City of Farmington, NM:				
CDBG-Entitlement Grants Cluster				
Community Development Block Grant	14.218	21-142803I	\$ -	\$ 15,000
COVID-19 Community Development Block Grant	14.218	23-150281B	-	40,000
Subtotal City of Farmington, NM and CDBG-Entitlements Grants Cluster			-	55,000
Passed through New Mexico Mortgage Finance Authority:				
Emergency Solutions Grant	14.231	22-02-SJC-RAP-001	-	157,612
COVID-19 HOME Investment Partnerships American Rescue Plan Supportive Services Rapid Rehousing and Homeless Prevention Program	14.239	22-01-SJC-ARP-001	-	106,991
Subtotal New Mexico Mortgage Finance Authority:			-	264,603
Passed through State of New Mexico:				
Continuum of Care	14.267	NM0090L6B0011906	-	70,401
Continuum of Care	14.267	NM0090L6B0012007	-	134,762
Subtotal State of New Mexico			-	205,163
Total U.S. Department of Housing and Urban Development			-	524,766
<b>U.S. Department of the Treasury</b>				
Passed through New Mexico Community Trust				
Housing Stability Program	21.023	HSP-2022-0608	-	161,384
Total U.S. Department of the Treasury			-	161,384
<b>U.S. Department of Health and Human Services</b>				
Direct Programs:				
Substance Abuse and Mental Health Services Projects	93.243		-	317,487
Passed through State of New Mexico:				
Overdose Data to Action	93.136	DOHODAPREV20	-	15,000
Substance Abuse and Mental Health Services Projects	93.243	HSDSPF85301-02	-	141,666
Substance Abuse Prevention and Treatment Block Grant	93.959		-	123,228
Healthy Kids/Healthy Communities	93.991	NB01OT009236-01-00	-	53,590
Subtotal State of New Mexico			-	333,484
Total U.S. Department of Health and Human Services			-	650,971
<b>Corporation for National and Community Service</b>				
Passed through Tse Daa Kaan:				
Americorps	94.006	19TNHNM001	-	3,717
Total Corporation for National and Community Service			-	3,717
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 1,340,838</b>

The accompanying notes are an integral part of this schedule.

(continued)

San Juan County Partnership, Inc.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES TO THE SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS- CONTINUED  
Year ended June 30, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of San Juan County Partnership, Inc. under programs of the federal government for the year ended June 30, 2023. 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). Because the Schedule presents only a selected portion of the operations of San Juan County Partnership, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of San Juan County Partnership, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

San Juan County Partnership, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

San Juan County Partnership, Inc.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year ended June 30, 2023

*Section I – Summary of Auditor's Results*

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

- Unmodified
- Qualified
- Adverse
- Disclaimer

Internal control over financial reporting:  
 Material weakness(es) identified?  
 Significant deficiency(ies) identified?

- Yes     No
- Yes     None reported

Noncompliance material to financial statements noted?

- Yes     No

**Federal Awards**

Internal control over major federal programs:  
 Material weakness(es) identified?  
 Significant deficiency(ies) identified?

- Yes     No
- Yes     None reported

Type of auditor's report issued on compliance for major federal programs:

- Unmodified
- Qualified
- Adverse
- Disclaimer

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

- Yes     No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.231	Emergency Solutions Grant
93.243	Substance Abuse and Mental Health Services Projects

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

- Yes     No

San Juan County Partnership, Inc.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
Year ended June 30, 2023

*Section II – Financial Statement Findings*

No matters were reported.

*Section III – Federal Award Findings and Questioned Costs*

No matters were reported.

San Juan County Partnership Inc.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year ended June 30, 2023

No matters were reported.