

**VALENCIA SHELTER SERVICES**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Valencia Shelter for Victims of Domestic Violence  
Los Lunas, New Mexico

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Valencia Shelter Services (a New Mexico nonprofit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valencia Shelter Services as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Valencia Shelter Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **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 Valencia Shelter Services' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditors' 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 auditors' 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 Valencia Shelter Services' 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 Valencia Shelter Services' 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 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.

Board of Directors  
Valencia Shelter for Victims of Domestic Violence

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023, on our consideration of Valencia Shelter Services' 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 Valencia Shelter Services' 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 Valencia Shelter Services' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
May 11, 2023

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 781,008	\$ 831,969
Grants Receivable	223,035	297,307
Prepaid Expenses	2,316	9,875
Total Current Assets	1,006,359	1,139,151
<b>PROPERTY AND EQUIPMENT</b>		
Vehicles	83,298	83,298
Furniture and Fixtures	236,115	203,996
Leasehold Improvements	68,052	68,052
Buildings	103,076	103,076
Building Improvements	60,166	-
Land	38,094	38,094
Less: Accumulated Depreciation	(284,356)	(234,591)
Net Property and Equipment	304,445	261,925
Total Assets	\$ 1,310,804	\$ 1,401,076
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 16,698	\$ 3,038
Accrued Payroll and Related Liabilities	89,239	84,402
Due to Grantor	-	28,185
Total Liabilities	105,937	115,625
<b>NET ASSETS</b>		
Without Donor Restrictions	1,204,867	1,285,451
Total Net Assets	1,204,867	1,285,451
Total Liabilities and Net Assets	\$ 1,310,804	\$ 1,401,076

See accompanying Notes to Financial Statements.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2022 AND 2021**

	Without Donor Restrictions	
	2022	2021
<b>REVENUE</b>		
Grant Income	\$ 2,012,078	\$ 1,861,707
Contributions	186,898	149,070
Contributions, In-Kind	14,554	-
Miscellaneous Income	12,501	1,030
Gain on Sale of Assets	10,055	-
PPP Forgiveness	-	128,938
Total Revenue	2,236,086	2,140,745
<b>EXPENSES</b>		
Program	1,827,716	1,541,150
General and Administrative	360,319	287,498
Fundraising	128,635	73,597
Total Expenses	2,316,670	1,902,245
<b>CHANGE IN NET ASSETS</b>	(80,584)	238,500
Net Assets - Beginning of Year	1,285,451	1,046,951
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,204,867</b>	<b>\$ 1,285,451</b>

See accompanying Notes to Financial Statements.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

<b>EXPENSES</b>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,009,961	\$ 227,044	\$ 86,617	\$ 1,323,622
Client Assistance	276,737	-	-	276,737
Occupancy	144,832	52,476	12,594	209,902
Employee Benefits	90,319	14,485	10,283	115,087
Payroll Taxes	76,426	21,578	8,065	106,069
Depreciation	53,431	-	-	53,431
Insurance	36,895	8,785	2,108	47,788
Professional Fees	14,794	19,637	-	34,431
Repairs and Maintenance	24,876	5,923	1,421	32,220
Program Expense	22,450	-	-	22,450
Training	18,682	-	-	18,682
Supplies	6,886	4,271	5,927	17,084
In-Kind Goods	14,554	-	-	14,554
Dues and Subscriptions	12,456	-	-	12,456
Telephone	8,495	3,078	739	12,312
Printing and Copying	4,836	1,752	420	7,008
Travel and Transportation	5,553	-	-	5,553
Advertising	2,783	227	-	3,010
Miscellaneous	1,824	876	-	2,700
Awards and Incentives	787	187	45	1,019
Postage	139	-	416	555
	<u>139</u>	<u>-</u>	<u>416</u>	<u>555</u>
Total Expenses	<u>\$ 1,827,716</u>	<u>\$ 360,319</u>	<u>\$ 128,635</u>	<u>\$ 2,316,670</u>

See accompanying Notes to Financial Statements.



**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

<b>EXPENSES</b>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 885,886	\$ 195,254	\$ 51,048	\$ 1,132,188
Client Assistance	218,036	-	-	218,036
Occupancy	99,623	32,136	9,641	141,400
Payroll Taxes	67,659	15,663	4,169	87,491
Employee Benefits	56,817	11,813	3,717	72,347
Program Expense	41,949	-	-	41,949
Depreciation	35,963	-	-	35,963
Repairs and Maintenance	29,294	3,904	1,171	34,369
Professional Fees	13,987	17,161	-	31,148
Insurance	20,317	1,174	352	21,843
Telephone	11,266	3,508	662	15,436
Supplies	8,890	2,868	860	12,618
Training	11,373	-	-	11,373
Advertising	9,401	985	-	10,386
Awards and Incentives	7,019	1,231	369	8,619
Printing and Copying	5,583	1,801	540	7,924
Travel and Transportation	7,343	-	-	7,343
Miscellaneous	5,037	-	620	5,657
Dues and Subscriptions	5,514	-	-	5,514
Postage	193	-	448	641
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenses	<u>\$ 1,541,150</u>	<u>\$ 287,498</u>	<u>\$ 73,597</u>	<u>\$ 1,902,245</u>

See accompanying Notes to Financial Statements.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Grants	\$ 2,086,350	\$ 1,723,309
Cash Received from Contributions	173,267	177,255
Cash Received from Miscellaneous Income	12,501	1,030
Cash Paid to and on Behalf of Employees	(1,539,941)	(1,224,863)
Cash Paid for Operating Expenses	(700,908)	(613,709)
Net Cash Provided by Operating Activities	31,269	63,022
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase and Sales of Fixed Assets	(82,230)	(100,384)
Net Cash Used by Investing Activities	(82,230)	(100,384)
 <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(50,961)	(37,362)
 Cash and Cash Equivalents - Beginning of Year	831,969	869,331
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 781,008	\$ 831,969

See accompanying Notes to Financial Statements.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 NATURE OF ACTIVITIES**

The Valencia Shelter for Victims of Domestic Violence, also known as Valencia Shelter Services (VSS or Organization), a nonprofit organization, was incorporated under laws of the state of New Mexico on January 17th, 1989. Valencia Shelter Services was organized to provide temporary refuge and support services for families and their children who are in a state of crisis as a result of domestic, physical, or emotional abuse, to develop and maintain other services to meet related needs of victims and to prevent domestic violence. Valencia Shelter Services' major programs are as follows:

- Emergency Crisis Hotline – The Crisis Hotline provides 24-hour crisis assistance for individuals affected by domestic violence, sexual assault and child abuse. Assistance is provided in accessing shelter and other needed resources. The Hotline also serves as a nationwide referral service for individuals to other shelter resources.
- Helen's House Emergency Shelter – Helen's House is an emergency shelter for women and their children that are fleeing domestic violence and/or sexual assault.
- Mental Health Therapy – Individual and specialized group trauma therapy is provided for adult, teenagers, child victims, and families impacted by domestic violence, sexual assault and child abuse.
- La Vida Nueva and Safe at Home Transitional Housing Programs – The transitional housing programs provides housing and supportive services for victims of domestic violence and/or sexual assault and their families.
- Legal Advocacy – The Legal Advocacy program provides support with filing restraining orders, court preparation, court accompaniment, community outreach and education.
- Family Peace Initiative – FPI is a Batterer's Intervention program that provides a 52-session psycho-educational group for those who have choose harm.
- Valencia Shelter Services' Nationally Accredited Child Advocacy Center – The national best-practice model allows the center to provide mental health therapy, efficient investigational resources, and victim support services to address the immediate safety and complete well-being of children referred to the center. A specially trained forensic interviewer meets with each child, asking age appropriate, non-leading questions to allow abused children to share their story in a way to withstand court scrutiny, aid in prosecution of abuser and minimize additional trauma to the victim.
- VSS Satellite SANE (Sexual Assault Nurse Examiner) Unit – The VSS Satellite SANE Unit provides crisis medical care, and time-sensitive Forensic Evidence Collection to help prosecute and convict offenders.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 NATURE OF ACTIVITIES (CONTINUED)**

- VSS Prevention Services – The VSS Prevention Services Program provides the evidence-based, best practice SafeDates & DatingMatters Curriculums and other prevention-related education, outreach, and awareness presentations and initiatives to our community members both in-person and online.

Valencia Shelter Services is funded by the NM Mortgage Finance Authority, the U.S. Department of Housing and Urban Development, the U.S. Department of Justice, the U.S. Department of Agriculture, the NM Children Youth and Family Department, the New Mexico Coalition of Sexual Assault Programs, Inc., United Way and support from various charitable foundations, churches, businesses, and private individuals.

Valencia Shelter Services is governed by a board of directors, which has the responsibility for determining policy and for the execution and evaluation of programs and activities conducted by the Organization. The board is limited to a minimum of three members and a maximum of 11 members. The term served by a board member is two years unless approved by the whole to continue service. Each two-year team will be evaluated and voted on.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Tax Exempt Status**

Valencia Shelter Services is exempt from federal income taxes under Section 501c(3) of the Internal Revenue Code (IRC) and is not considered a private foundation within the meaning of Section 509(a) of the IRC.

**Basis of Accounting**

The accompanying financial statements have been prepared using the accrual method of accounting.

**Estimates**

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

**Statements of Cash Flows**

For purposes of the statements of cash flows, Valencia Shelter Services considers all highly liquid investments as cash equivalents. At June 30, 2022 and 2021, cash includes cash held in checking and savings accounts at a banking institution.

**Grant Receivables**

Grant receivables represent the amount expended during the grant period but reimbursed by the grantor after year-end. When cash is received in the subsequent year, the receivable will then be reduced.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Fixed assets are stated at cost. Valencia Shelter Services capitalizes all acquisitions at cost in excess of \$1,000 with a useful life of more than one year. Depreciation, which includes the assets recorded under capital leases, is computed principally using the straight-line method over the estimated useful lives of individual assets. Asset lives range as follows:

Vehicles	5 Years
Furniture and Fixtures	5 to 7 Years
Leasehold Improvements	15 Years
Buildings	40 Years

**Contribution of Goods and Services In-Kind**

Valencia Shelter Services received donated assets in the amount of \$14,554 and \$-0- for the years ended June 30, 2022 and 2021, respectively.

Gifts in-kind are primarily related to tangible good received by the Shelter for use in operations. There are at times donations of items for the purpose of liquidation by the organization, as they are not goods or services that are able to be directly used by the Shelter. For either class of donation, items are valued using the following methods: (1) the current average price located on a publicly available website for similar items or (2) a percentage of the current average price located on a publicly available website if the item donated has been used, but the item located online is new or (3) if donated property is sold subsequent to the donation, the sales price will be used as the fair value of the goods.

Contributions of services are recognized only if the services received create or enhance nonfinancial assets, require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Valencia Shelter Services did not receive any donated services for the years ended June 30, 2022 and 2021.

**Grants and Contributions**

Unconditional promises to give are recognized as revenue and pledges receivable when the promise to give is made. For grants and contributions with donor-imposed conditions – that is, those with a measurable performance or other barrier and a right of return or release – are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue With and Without Donor Restriction**

Contributions received are recorded as net assets without donor restriction or net assets with donor restriction, support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor, or subject to donor-imposed conditions, is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are released to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

**Functional Allocation of Expenses**

Valencia Shelter Services reports its expenses on a functional basis among its various services. Expenses and support services that can be identified with a specific service are charged directly to a program according to the natural expenditure classification. Direct costs are recorded to the functional classification the expense relates to. All other expenses are allocated among the above classifications as follows:

<u>Allocated Expense</u>	<u>Methodology</u>
Salaries and Related Expenses	Estimated Time
Occupancy	Square Footage

**Net Assets**

Valencia Shelter Services classifies its net assets into the following categories:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2022 and 2021, Valencia Shelter Services had no net assets with donor restrictions.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising**

Valencia Shelter Services uses advertising to promote its programs among the audiences it serves, and expenses the costs when incurred. During the years ended June 30, 2022 and 2021, advertising expense was \$3,010 and \$10,387, respectively.

**Uncertain Tax Positions**

Valencia Shelter Services annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the *Income Taxes* topic of the Financial Accounting Standards Codification. As of June 30, 2022 and 2021 there were no uncertain tax positions noted. Valencia Shelter Services' policy is to classify tax penalties and interest, when applicable, according to their natural classification. Under the statute of limitations, Valencia Shelter Services' tax returns are no longer subject to examination by tax authorities for years prior to 2019.

**Subsequent Events**

Management evaluated subsequent events through May 11, 2023, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2022, but prior to May 11, 2023, have been recognized in the financial statements for the fiscal year ended June 30, 2022. Events or transactions that provided evidence about conditions that did not exist at June 30, 2022, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the fiscal year ended June 30, 2022.

**NOTE 3 CONCENTRATIONS OF RISK**

Valencia Shelter Services' receives substantially all of its funding from governmental sources. This funding is vulnerable to changes in the legislative priorities of the federal, state, and local governments. The management of Valencia Shelter Services does not expect that the support from these sources will be lost in the near term.

At June 30, 2022 and 2021, the total bank balances were \$768,694 and \$828,920, respectively. Valencia Shelter Services has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 LIQUIDITY AND AVAILABILITY OF RESOURCES**

Valencia Shelter Services strives to maintain 60 days of normal operating expenses, which are, on average, approximately \$200,000. Valencia Shelter Services has not historically carried long-term debt and the following reflects the financial assets available as of the statements of financial position date. Financial assets are comprised of cash and cash equivalents and grants receivable.

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 781,008	\$ 831,969
Grants Receivable	223,035	297,307
Total	<u>\$ 1,004,043</u>	<u>\$ 1,129,276</u>

**NOTE 5 GRANT INCOME**

Grant income represents support received by Valencia Shelter Service from the following funding sources:

<u>Grant Name</u>	<u>2022</u>	<u>2021</u>
New Mexico Children, Youth and Family Dept	\$ 690,799	\$ 552,720
State of New Mexico – VOCA	300,131	341,549
New Mexico Coalition of Sexual Assault Programs	290,327	336,072
New Mexico Mortgage Finance Authority	213,753	262,721
U.S. Department Housing and Urban Development	327,289	214,553
State of New Mexico – Department of Health	132,800	112,800
Village of Los Lunas	31,430	41,292
State of New Mexico - Family Food Grant	20,813	-
Other grants	4,736	-
Total Grant Income	<u>2,012,078</u>	<u>\$ 1,861,707</u>

**NOTE 6 ACCRUED COMPENSATED ABSENCES**

Employees of Valencia Shelter Services earn annual leave based on stated policies. Annual leave is payable to the employee upon termination. These accrued amounts are shown as a liability on the statements of financial position and the related change in liability is reflected as an expense for the year in which the change occurs. The balance of accrued compensated absences was \$35,790 and \$37,772 as of June 30, 2022 and 2021, respectively.



**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 7 OPERATING LEASES**

Valencia Shelter Services leases its facilities and various office equipment under operating leases expiring August 31, 2026. Rental expenses under the operating lease were approximately \$215,637 and \$143,325 for the years ended June 30, 2022 and 2021, respectively. The future remaining lease payments under these agreements are as follows:

Year Ending June 30,	Amount
2023	\$ 228,730
2024	235,611
2025	233,109
2026	239,132
2027	40,142
Thereafter	-
Total	\$ 976,724

**NOTE 8 PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

During the fiscal year ended June 30, 2020, Valencia Shelter Services received a loan from the Small Business Administration (SBA) Paycheck Protection Program (PPP) in the amount of \$128,938, with a fixed interest rate of 1.00%, and monthly payments of \$7,356.

Valencia Shelter Services may apply for forgiveness of the amount due in an amount equal to qualifying costs. The amount of loan forgiveness will be calculated in accordance with the requirements of the PPP, including provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136). As forgiveness had not been applied for as of June 30, 2020, the principal and any accrued interest of this loan has been recorded under ASC 470, *Debt*, and is carried as a liability on the statement of financial position.

As of June 30, 2021, VSS applied for and has received forgiveness in full.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar threshold and other factors for up to six years. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on Valencia Shelter Services financial position.

**NOTE 9 CHANGE IN ACCOUNTING PRINCIPLES**

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB issued this ASU to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. Valencia Shelter Service's financial statements reflect the application of ASU 2020-07 guidance retrospectively. This adoption did not change the recognition and measurement of nonfinancial assets.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 10 UPCOMING ACCOUNTING STANDARDS**

ASU 2016-02 and 2020-05, *Leases*, changes the way lessees will recognize leases as they will recognize most leases on-balance sheet and will increase reported assets and liabilities. Lessor accounting remains substantially similar to current accounting principles generally accepted in the United States of America. Per ASU 2020-05, this standard is effective for annual periods beginning after December 15, 2021; however, early adoption is permitted. The ASU mandates a modified retrospective transition method for all entities. Management is currently evaluating the impact of this ASU on the financial statements upon adoption.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b><u>Department of Housing and Urban Development Direct Programs</u></b>				
Direct Program:				
Continuum of Care Program: NM0056L6B012011 (LVN)	14.267		\$ -	\$ 124,983
Continuum of Care Program: NM0129D6B011901 (SAH) FY21	14.267		-	55,524
Continuum of Care Program: NM0129D6B012002 (SAH) FY22	14.267		-	146,782
Total Direct			-	327,289
Passed through from New Mexico Mortgage Finance Authority				
MFA - Emergency Solutions Grant Cares Act (20-02-VSH-CAE-001)	14.231		-	124,815
MFA - Emergency Homeless Assistance Program (21-02-VSH-EHA-001)	14.231		-	32,757
MFA - Rental Assistance Program (21-02-VSS-RAP-001)	14.231		-	25,391
Total Passed through New Mexico Mortgage Finance Authority			-	182,963
<b>Total Department of Housing and Urban Development Direct Programs</b>			-	510,252
<b><u>Department of Justice Direct Programs</u></b>				
Passed through from New Mexico Crime Victim Reparation Commission				
State of NM Crime Victims Reparation Commission (VOCA) 2021-VA-979	16.575		-	95,574
State of NM Crime Victims Reparation Commission (VOCA) 2022-VA-180	16.575		-	204,524
Total Passed through from New Mexico Crime Victim Reparation Commission			-	300,098
Passed through from New Mexico Coalition of Sexual Assault Programs, Inc.				
Sexual Assault Services Program (SASP-A)	16.017		-	32,400
Passed through from Children's Advocacy Centers				
Children's Advocacy Centers National Subgrants (NCA) 15PJDP-21-GK-02759-JJVO	16.758		-	4,736
<b>Total Department of Justice</b>			-	337,234
<b><u>Department of Health &amp; Human Services</u></b>				
Passed through from New Mexico Children, Youth and Family Department				
Family Violence Prevention Services ACT Grant (8580)	93.671		-	16,300
Family Violence Prevention Services ACT Grant (8581)	93.671		-	20,400
Family Violence Prevention Services ACT Grant (CARESA)	93.671		-	13,999
Family Violence Prevention Services ACT Grant (FVPSA)	93.671		-	26,128
<b>Total Department of Health &amp; Human Services</b>			-	76,827
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 924,313

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Valencia Shelter for Victims of Domestic Violence under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 Valencia Shelter for Victims of Domestic Violence (VSS), it is not intended to and does not present the financial position, changes in net assets, or cash flows of VSS.

**NOTE 2 10% DE MINIMUS INDIRECT COST RATE**

VSS has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 LOANS**

VSS did not expend federal awards related to loans or loan guarantees during the year. In addition, the Organization did not have a loan balance outstanding.

**NOTE 4 FEDERAL FUNDED INSURANCE**

VSS has no federally funded insurance.



**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  
Valencia Shelter Services  
Los Lunas, New Mexico

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 Valencia Shelter Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 11, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Valencia Shelter Services' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Valencia Shelter Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Valencia Shelter Services' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be a significant deficiency.

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

As part of obtaining reasonable assurance about whether Services' 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*.

***Valencia Shelter Services' Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on Valencia Shelter Services' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Services' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
May 11, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Valencia Shelter Services  
Los Lunas, New Mexico

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

***Qualified Opinions***

We have audited Valencia Shelter Services' 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 Valencia Shelter Services' major federal programs for the year ended June 30, 2022. Valencia Shelter Services' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Qualified Opinion on Continuum of Care (ALN 14.267) and Crime Victim Assistance (ALN 16.575)***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Valencia Shelter Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Continuum of Care Program (ALN 14.267) and Crime Victim Assistance (ALN 16.575) for the year ended June 30, 2022.

***Basis for Qualified Opinions***

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 Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Valencia Shelter Services 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 Services' compliance with the compliance requirements referred to above.

***Matter(s) Giving Rise to Qualified Opinion on Continuum of Care (ALN 14.267) and Crime Victim Assistance (ALN 16.575)***

As described in the accompanying schedule of findings and questioned costs, Valencia Shelter Services did not comply with requirements regarding the Continuum of Care Program (ALN 14.267) and Crime Victim Assistance (ALN 16.575) as described in 2022-002 for Equipment Tracking and Purchases, and 2022-003 for Procurement/Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for Valencia Shelter Services to comply with the requirements applicable to that program.

Compliance with such requirements is necessary, in our opinion, for Valencia Shelter Services to comply with the requirements applicable to that program.

***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 Services' federal programs.

***Auditors' 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 Services' 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 Services' 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 Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Services' 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 Services' 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.



### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-004 to 2022-006. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Services' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Services' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 through 2022-004 to be material weaknesses.

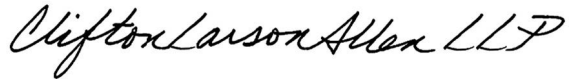
*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-005 and 2022-006 to be significant deficiencies.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Valencia Shelter Services' response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Valencia Shelter Services' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Directors  
Valencia Shelter Services

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
May 11, 2023

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified?   x   yes      \_\_\_\_\_ none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified?   x   yes      \_\_\_\_\_ no
  - Significant deficiency(ies) identified?   x   yes      \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Qualified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   x   yes      \_\_\_\_\_ no

***Identification of Major Federal Programs***

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.267	Continuum of Care Program
16.575	Crime Victim Assistance

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

\$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes        x   no

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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**Section II – Financial Statement Findings**

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**2022 – 001 FINANCIAL CLOSE AND REPORTING – ACCRUED PAYROLL AND VACATION  
[REPEATED AND MODIFIED]**

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

**Condition:** During testwork over accrued payroll accounts, CLA noted the year-end adjustments made for accrued payroll and accrued vacation were erroneously calculated.

**Criteria or specific requirement:** Under generally accepted accounting principles, expenses should be accrued the period in which they relate (hours worked in the case of accrued payroll and related liabilities).

**Effect:** Understatement and overstatement of expenses and related liabilities.

**Cause:** The year-end entry was not reviewed for accuracy, resulting in accrued payroll being understated and accrued vacation being overstated.

**Repeat Finding:** See prior year finding 2020-001.

**Recommendation:** CLA recommends management review the accrual entries in detail to ensure accuracy prior to recording.

**Views of responsible officials and planned corrective actions:** VSS agrees with CLA in creating internal controls over reviewing year end entries. We have hired an accountant, in addition to our Finance Director and Finance Coordinator to create a system of posting and review.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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**2022-002: EQUIPMENT TRACKING AND PURCHASES – INTERNAL CONTROLS AND COMPLIANCE**

Federal Program Title(s):

- ALN 16.575 - Crime Victim Assistance

Federal Agencies:

- Department of Justice (ALN 16.575)

Pass-Through Agencies:

- New Mexico Crime Victims Reparation Commission (ALN 16.575)

Award Numbers and Periods:

- 2021-VA-979 (10/1/2020-9/30/2021) (16.575)
- 2022-VA-180 (10/1/2021-9/30/2022) (16.575)

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Material Noncompliance (Modified Opinion)

**Criteria or specific requirement:** Per §200.313, Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal Award Identification Number (FAIN)), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

**Condition:** During our testing, we noted that VSS internal controls were not sufficient or were not operating as designed to meet the federal requirements.

**Questioned costs:** None. While VSS was not in compliance with the requirement for tracking and monitoring the federally procured equipment, there were no unallowed costs on equipment purchases made using federal funds. The material noncompliance relates to the context below, as there are no controls in place to ensure compliance with tracking and monitoring requirements.

**Context:** The below issues were noted for both programs tested:

- During our testwork we noted no physical inventory was taken during the fiscal year ended June 30, 2022.
- The fixed asset listing does not contain the required information to properly identify purchases with federal funds.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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**Section III – Findings and Questioned Costs – Major Federal Programs (Continued)**

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**2022-002: EQUIPMENT TRACKING AND PURCHASES – INTERNAL CONTROLS AND COMPLIANCE (CONTINUED)**

- VSS does not currently tag assets purchased with federal monies. As such, due to the limited information present on invoices, we were not able to physically inspect all assets.
- -VSS does not have controls in place to track purchases with federal funds on a spreadsheet or similar.
- Of the 3 assets tested during 2022, none of the listed asset purchases complied with federal requirements.

**Cause:** Lack of established controls and procedures over allowable costs principals, federal requirements for purchases using federal funds, and tracking of purchases made with federal funds.

**Effect:** Possible noncompliance with federal cost principals and monitoring of assets purchased using federal funds.

**Repeat Finding:** 2021-002

**Recommendation:** We recommend that VSS reviews the current financial policies and procedures in order to better serve the organization in documenting compliance with federal cost principals and requirements.

**Views of responsible officials:** VSS agrees with CLA and has updated our policies over equipment tracking and purchasing in FY 2023. We have created a tracking system and installed asset tags on all equipment over our capitalization amount. A physical inventory will be conducted at the end of the fiscal year to ensure equipment is accounted for and in use.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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**Section III – Findings and Questioned Costs – Major Federal Programs (Continued)**

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**2022-003: PROCUREMENT/SUSPENSION AND DEBARMENT – INTERNAL CONTROLS AND COMPLIANCE**

Federal Program Title(s):

- ALN 14.267 – Continuum of Care Program
- ALN 16.575 - Crime Victim Assistance

Federal Agencies:

- Department of Housing and Urban Development (ALN 14.267)
- Department of Justice (ALN 16.575)

Pass-Through Agencies:

- New Mexico Crime Victims Reparation Commission (ALN 16.575)

Award Numbers and Periods:

- NM0056L6B012001 (7/1/2021-6/30/2022) (14.267)
- NM0129D6B011901 (11/1/2020-10/31/2021) (14.267)
- NM0129D6B012002 (11/1/2021-10/31/2022) (14.267)
- 2021-VA-979 (10/1/2020-9/30/2021) (16.575)
- 2022-VA-180 (10/1/2021-9/30/2022) (16.575)

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Material Noncompliance (Modified Opinion)

**Criteria or specific requirement:** 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the provisions of suspension and debarment. VSS should have internal controls designed to ensure compliance with this provision. 2 CFR 200.318-200.321 outline requirements maintain records sufficient to detail the history of procurement, requirements for competition, methods and purchasing thresholds, as well as other requirements for contracting with organizations with using federal funds. VSS's policies do not meet these requirements.

**Condition:** During our testing, we noted that VSS internal controls and accounting policies were not sufficient in regard to federal requirements for procurements and for ensuring vendors and contractors used are not suspended or debarred.

**Questioned costs:** None. VSS did not enter into any contracts with disallowed parties, and there were no issues with mircopurchases tested. VSS policies and procedures do not contain necessary controls to ensure compliance with the requirements for suspension and debarment or procurements. As such, they were not sufficient to ensure material compliance with this compliance requirement.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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**Section III – Findings and Questioned Costs – Major Federal Programs (Continued)**

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**2022-003: PROCUREMENT/SUSPENSION AND DEBARMENT – INTERNAL CONTROLS AND COMPLIANCE (CONTINUED)**

**Context:** See Condition.

**Cause:** Lack of established controls and procedures over requirements for procurements and federal principals for suspension and debarment.

**Effect:** Possible noncompliance with federal requirements for procurements using federal monies. Possibility to enter into a covered transaction with a noneligible contractor or vendor.

**Repeat Finding:** 2021-003

**Recommendation:** We recommend that VSS reviews the current financial policies and procedures in order to better serve the organization in documenting compliance with federal cost principals and requirements.

**Views of responsible officials:** There is no disagreement with the audit finding. VSS accepts this finding and has contacted an outsourced CPA for review and update of our policies to meet federal cost principals and requirements. These are currently pending approval by the Board of Directors for implementation.



**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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**Section III – Findings and Questioned Costs – Major Federal Programs (Continued)**

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**2022-004: ALLOWABILITY – INTERNAL CONTROLS OVER GENERAL DISBURSEMENTS AND PAYROLL**

Federal Program Title(s):

- ALN 14.267 – Continuum of Care Program
- ALN 16.575 - Crime Victim Assistance

Federal Agencies:

- Department of Housing and Urban Development (ALN 14.267)
- Department of Justice (ALN 16.575)

Pass-Through Agencies:

- New Mexico Crime Victims Reparation Commission (ALN 16.575)

Award Numbers and Periods:

- NM0056L6B012001 (7/1/2021-6/30/2022) (14.267)
- NM0129D6B011901 (11/1/2020-10/31/2021) (14.267)
- NM0129D6B012002 (11/1/2021-10/31/2022) (14.267)
- 2021-VA-979 (10/1/2020-9/30/2021) (16.575)
- 2022-VA-180 (10/1/2021-9/30/2022) (16.575)

Type of Finding:

- Material Weakness in Internal Control over Compliance

**Criteria or specific requirement:** According to §200.303 Internal controls of 2 CFR Part 200, the nonfederal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

**Condition:** During our testing, we noted that VSS internal controls were not sufficient or were not operating as designed in order to document approval of allowable costs principals.

**Questioned costs:** \$51.60 (14.267)

**Context:**

- 14.267 - during our testwork over allowable costs principals we noted 12 of the 60 tested transactions did not have sufficient documentation of approval of allowability. Noted 1 of the 60 tested transactions did not have sufficient documentation to substantiate allowable activity under the grant.
- 16.575 - during our testwork over allowable costs principals we noted 21 of the 60 tested transactions did not have sufficient documentation of approval of allowability.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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**Section III – Findings and Questioned Costs – Major Federal Programs (Continued)**

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**2022-004: ALLOWABILITY – INTERNAL CONTROLS OVER GENERAL DISBURSEMENTS AND PAYROLL (CONTINUED)**

**Cause:** Lack of established controls and procedures over allowable costs principals.

**Effect:** Possible noncompliance with federal cost principals or grant requirements.

**Repeat Finding:** 2021-004

**Recommendation:** We recommend that VSS reviews the current financial policies and procedures in order to better serve the organization in documenting compliance with federal cost principals.

**Views of responsible officials:** VSS agrees with CLA and has updated our financial policies to include electronic approval of expenditures through Bill.com. Timesheets and supplements will be reviewed and approved by staff supervisors biweekly to ensure proper allocation of hours worked. Credit Card Expense reports will require Description of item purchased, as well as the funder and class allocation.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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**Section III – Findings and Questioned Costs – Major Federal Programs (Continued)**

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**2022–005: PERIOD OF PERFORMANCE – INTERNAL CONTROLS AND COMPLIANCE OVER ALLOWABLE COSTS PRINCIPLES**

Federal Program Title(s):

- ALN 14.267 – Continuum of Care Program
- ALN 16.575 - Crime Victim Assistance

Federal Agencies:

- Department of Housing and Urban Development (ALN 14.267)
- Department of Justice (ALN 16.575)

Pass-Through Agencies:

- New Mexico Crime Victims Reparation Commission (ALN 16.575)

Award Numbers and Periods:

- NM0056L6B012001 (7/1/2021-6/30/2022) (14.267)
- NM0129D6B011901 (11/1/2020-10/31/2021) (14.267)
- NM0129D6B012002 (11/1/2021-10/31/2022) (14.267)
- 2021-VA-979 (10/1/2020-9/30/2021) (16.575)
- 2022-VA-180 (10/1/2021-9/30/2022) (16.575)

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:** Per §200.309 Period of Performance, a non-federal entity may charge to the Federal Award only allowable costs incurred during the period of performance.

**Condition:** During our testing, we noted VSS did not comply with the period of performance requirements.

**Context and Questioned Costs:** During our testwork over period of performance we noted the following:

- (14.267) We noted that 8 of the 35 tested transactions were partially outside the period of performance. Total Questioned Costs of \$4,851.
- (16.575) We noted that 6 of the 14 tested transactions were partially outside the period of performance. Total Questioned Costs of \$74.

**Cause:** Lack of established controls and procedures over period of performance requirements.

**Effect:** Possible noncompliance with federal requirements and charging costs to unavailable funds outside the period of performance.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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**Section III – Findings and Questioned Costs – Major Federal Programs (Continued)**

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**2022-005: PERIOD OF PERFORMANCE – INTERNAL CONTROLS AND COMPLIANCE OVER  
ALLOWABLE COSTS PRINCIPLES (CONTINUED)**

**Repeat Finding:** 2021-005

**Recommendation:** We recommend that VSS reviews the current financial policies and procedures in order to better serve the organization in documenting compliance with federal cost principals and requirements.

**Views of responsible officials:** VSS agrees with CLA in creating internal controls over reviewing year end entries. We have hired an accountant, in addition to our Finance Director and Finance Coordinator to create a system of posting and review.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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**Section III – Findings and Questioned Costs – Major Federal Programs (Continued)**

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**2022-006: SPECIAL PROVISIONS – INTERNAL CONTROLS AND COMPLIANCE OVER  
ALLOWABLE COSTS PRINCIPLES**

Federal Program Title(s):

- ALN 14.267 – Continuum of Care Program

Federal Agencies:

- Department of Housing and Urban Development (ALN 14.267)

Pass-Through Agencies: N/A

Award Numbers and Periods:

- NM0056L6B012001 (7/1/2021-6/30/2022) (14.267)
- NM0129D6B011901 (11/1/2020-10/31/2021) (14.267)
- NM0129D6B012002 (11/1/2021-10/31/2022) (14.267)

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:** According to §200.303 Internal controls of 2 CFR Part 200, the nonfederal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Per 24 CFR 578.49(b)(1) - When grants are used to pay rent for all or part of a structure or structures, the rent paid must be reasonable in relation to rents being charged in the area for comparable space. In addition, the rent paid may not exceed rents currently being charged by the same owner for comparable unassisted space. Per 24 CFR 578.49(b)(1) - When grants are used to pay rent for individual housing units, the rent paid must be reasonable in relation to rents being charged for comparable units, taking into account the location, size, type, quality, amenities, facilities, and management services. In addition, the rents may not exceed rents currently being charged for comparable units, and the rent paid may not exceed HUD-determined fair market rents.

**Condition:** During our testing, we noted that VSS internal controls surrounding fair market rent did not comply with the program requirements.

**Context and Questioned Costs:** During our testing over the special provision for fair market rent, we noted that VSS did not have an updated fair market calculation for 1 of the 5 tested participants. Additionally, noted that the number in the household decreased and there was not an assessment of the fair market rent allowable for the household size.

**Cause:** Lack of established controls and procedures over the program's fair market rent requirements.

**VALENCIA SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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**Section III – Findings and Questioned Costs – Major Federal Programs (Continued)**

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**2022-006: SPECIAL PROVISIONS – INTERNAL CONTROLS AND COMPLIANCE OVER  
ALLOWABLE COSTS PRINCIPLES (CONTINUED)**

**Effect:** Possible noncompliance with federal requirements and HUD program requirements.

**Repeat Finding:** N/A – New

**Recommendation:** We recommend that VSS reviews the current financial policies and procedures in order to better serve the organization in documenting compliance with federal and grantor requirements regarding the program requirements.

**Views of responsible officials:** VSS agrees with CLA and has updated our financial policies. We have hired an accountant, in addition to our Finance Director and Finance Coordinator to create a system of posting and review. Fair Market Rents will be reviewed along with the HQS worksheet and Income Limits during annual recertification for active participants in the HUD program.



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