



OFFICE OF THE
PUBLIC REGULATION COMMISSION

CERTIFICATE OF AMENDMENT

OF

LIFEROOTS, INC.

3398153

The Public Regulation Commission certifies that duplicate originals of the Articles of Amendment attached hereto, duly signed and verified pursuant to the provisions of the
NONPROFIT CORPORATION ACT
(53-8-1 to 53-8-99 NMSA 1978)
have been received by it and are found to conform to law.

Accordingly, by virtue of the authority vested in it by law, the Public Regulation Commission issues this Certificate of Amendment and attaches hereto a duplicate original of the Articles of Amendment.

Dated: MAY 13, 2011



In testimony whereof, the Public Regulation Commission of the state of New Mexico has caused this certificate to be signed by its chairman and the seal of said Commission to be affixed in the City of Santa Fe.

Patrick H. Lyons

Chairman

Opelle Drake

Bureau Chief

FILED IN OFFICE OF
NM PUBLIC REG. COMM.

MAY 13 2011

CORPORATION BUREAU

Nonprofit Corporation
**ARTICLES OF AMENDMENT
TO THE AMENDED ARTICLES OF INCORPORATION
OF RCI, INC. (f/k/a The Rehabilitation Center, Inc.)
Hereafter to be Known as LifeROOTS, INC.**

Pursuant to the provisions of the New Mexico Nonprofit Corporation Act, the undersigned corporation adopts the following Articles of Amendment for the purpose of amending its Articles of Incorporation:

ARTICLE ONE: The name of the corporation is RCI, Inc. (NMPRC #:0883968).

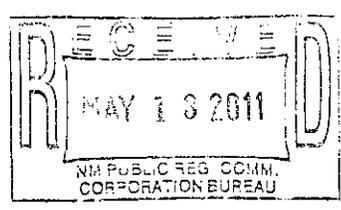
ARTICLE TWO: The following articles are amended as set forth here:

Article 1 of the Amended Articles of Incorporation of the corporation is amended to read as follows: The name of this Corporation was, pursuant to the Amended Articles of Incorporation, The Rehabilitation Center, Inc., and the name of this Corporation is, pursuant to the Articles of Amendment presently filed, RCI, Inc., and the name of this Corporation as changed by these Articles of Amendment shall be LifeROOTS, Inc. All references to The Rehabilitation Center, Inc. or RCI, Inc. contained in the Amended Articles of Incorporation shall be treated as references to LifeROOTS, Inc.

This amendment is adopted solely to effect a change of the name of this Corporation and no other change or amendment to the Amended Articles of Incorporation is made.

ARTICLE THREE: The date of the meeting of the board of directors at which the amendment was adopted was March 1, 2011. The corporation has no members, or no members entitled to vote thereon, therefore the amendment was adopted by a majority of the board of directors in office.

ARTICLE FOUR: These Articles of Amendment are effective upon filing with the commission.

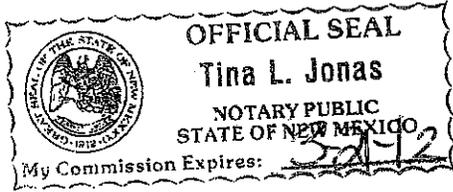


Dated: _____

RCI, Inc.

By: [Signature]
Carol Guerra
Chairman of the Board of Directors

By: [Signature]
Joan Schofield
Secretary of the Board of Directors



STATE OF NEW MEXICO §
 §
COUNTY OF BERNALILLO §

BEFORE ME, the undersigned authority, on this day personally appeared Carol Guerra, Chairman of the Board of Directors of RCI, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 9th day of May 2011.

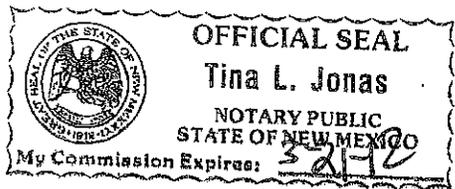
[Signature]
Notary Public in and for
the State of New Mexico

STATE OF NEW MEXICO §
 §
COUNTY OF BERNALILLO §

BEFORE ME, the undersigned authority, on this day personally appeared Joan Schofield, Secretary of the Board of Directors of RCI, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 9th day of May 2011.

[Signature]
Notary Public in and for
the State of New Mexico



STATE OF NEW MEXICO



OFFICE OF

THE STATE CORPORATION COMMISSION

CERTIFICATE OF AMENDMENT

OF

RCI, INC.

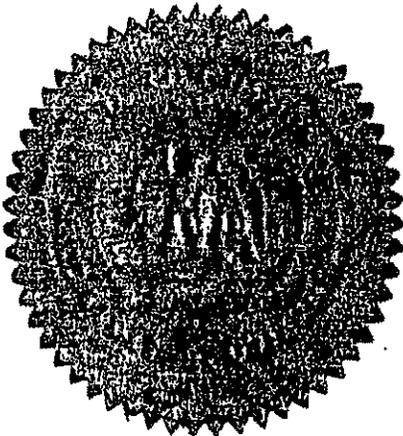
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The State Corporation Commission certifies that duplicate originals of the Articles of Amendment attached hereto, duly signed and verified pursuant to the provisions of the NONPROFIT CORPORATION ACT (53-8-1 to 53-8-99 NMSA 1978) have been received by it and are found to conform to law.

Accordingly, by virtue of the authority vested in it by law, the State Corporation Commission issues this Certificate of Amendment and attaches hereto a duplicate original of the Articles of Amendment.

Dated: MAY 17, 1994

In Testimony Whereof, the State Corporation Commission of the State of New Mexico has caused this certificate to be signed by its Chairman and the Seal of said Commission to be affixed at the City of Santa Fe



Eric F. Serna

Chairman

Alfred H. Kelly

Director

MAY 17 1994

ARTICLES OF AMENDMENT
OF THE AMENDED ARTICLES OF INCORPORATION
OF THE REHABILITATION CENTER, INC.,
HEREAFTER TO BE KNOWN AS RCI, INC.

CORPORATION DEPARTMENT

Pursuant to provisions of Section 53-8-37 NMSA 1978 of the New Mexico Nonprofit Corporation Act, The Rehabilitation Center, Inc., through its board of directors, adopts the following Articles of Amendment:

FIRST: The current name of the corporation is The Rehabilitation Center, Inc.

SECOND: The following amendment to the Amended Articles of Incorporation was adopted by the corporation on January 18, 1994, in the manner prescribed by the New Mexico Nonprofit Corporation Act:

Article 1 of the (Amended) Articles of Incorporation of The Rehabilitation Center, Inc. is hereby amended in its entirety as follows:

The name of this Corporation is, pursuant to the (Amended) Articles of Incorporation presently filed, The Rehabilitation Center, Inc., and the name of the Corporation as changed by these Articles of Amendment shall be RCI, Inc. All references to The Rehabilitation Center, Inc. contained with the (Amended) Articles of Incorporation shall be treated as references to RCI, Inc.

This amendment is adopted solely to effect a change of the name of the Corporation and no other change or amendment to the (Amended) Articles of Incorporation is made.

THIRD: No members are entitled to vote thereon. Therefore, the Directors of RCI, Inc. (f/k/a The Rehabilitation Center, Inc.),

State of New Mexico

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Certificate of Comparison

United States of America }
State of New Mexico } SS.

It Is Hereby Certified that the annexed is a full, true and complete transcript of the

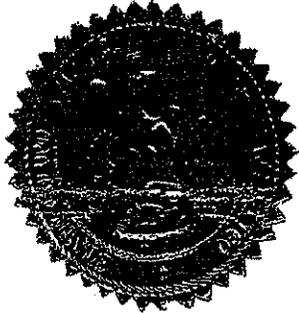
AMENDED ARTICLES OF INCORPORATION

OF

THE REHABILITATION CENTER, INC.

(48,207)

with the endorsement thereon, as same appears on file and of record in the State Corporation Commission.



In Testimony Whereof, the State Corporation

Commission of the State of New Mexico
has caused this certificate to be signed by
its Chairman and the seal of said Com-
mission to be affixed at the City of Santa

Fe on this -----20th-----

day of -----December, 1962-----


JOHN BLOCK, JR., Chairman

Attest:



ALEX PACHECO, Clerk

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ARTICLE OF INCORPORATION
OF

THE REHABILITATION CENTER, INC.

We, the undersigned, all of whom are residents of the State of New Mexico, hereby voluntarily associate ourselves together for the purpose of reincorporating The Rehabilitation Center, Inc., as a corporation for charitable, educational and scientific purposes and not for profit, under the provisions of Sections 54-14-20 et seq N.M.S.A. 1953 as the same may be from time to time amended, and do further certify:

ARTICLE 1.

The name of this Corporation is pursuant to the Articles of Incorporation presently filed as heretofore amended, The Rehabilitation Center, Inc., and the name of the Corporation as reorganized pursuant to these Articles shall remain The Rehabilitation Center, Inc.

ARTICLE 2.

PURPOSE

The purposes for which this Corporation pursuant to this reorganization is formed are:

To receive and administer funds exclusively for scientific, educational and charitable purposes, and to that end to take and hold, by bequest, devise, gift, purchase, or lease any property, real, personal, tangible or intangible, without limitation as to amount or value; to sell, convey, and dispose of any such property and to invest and re-invest the principal thereof, and to

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deal with and expend any such property or the income therefrom for any of the before mentioned purposes, without limitation, except such limitations, if any, as may be contained in the instrument under which such property is received, this Certificate of Incorporation, the by-laws of the Corporation, or any laws applicable thereto.

Without in any way limiting the foregoing, the principal purpose of the Corporation shall be to provide treatment for the medical, social, psychological, and vocational rehabilitation of handicapped children and adults; to encourage, foster, and aid in the establishment and maintenance of programs for research into the methods, techniques, and devices used in medical, social, psychological, and vocational rehabilitation; to aid in and maintain programs for the training of personnel engaged in the medical, social, psychological and vocational rehabilitation of disabled persons; to make available, under professional supervision, the facilities of the Center to acceptable and accredited schools or agencies and individuals for education and training purposes; to provide a staff of accredited, professionally trained, and qualified personnel to administer and render the services of the Center; and to provide professionally supervised training for volunteers who may be selected to work and assist the staff of the Center.

ARTICLE 3.

The Corporation is organized wholly for charitable, educational and scientific purposes and shall not directly or indirectly, incidentally, or otherwise, afford pecuniary gain to its members. No part of the net earnings of the Corporation shall inure to the benefit of any member or private individual and the Corpore-

tion shall not carry on propaganda, or otherwise attempt to influence legislation.

Upon the dissolution or other termination of the Corporation, no part of the property of the Corporation, nor any of the proceeds thereof, shall be distributed to, or inure to the benefit of, any of the members of the Corporation, but all such property and proceeds shall, subject to the discharge of valid obligations of the Corporation and to the applicable provisions of the New Mexico Statutes, be distributed, as directed by the members of the Corporation, among one or more corporations, trusts, community chests, funds or foundations organized and operated exclusively for charitable, scientific, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder, member or individual and no substantial part of whose activities consists of carrying on propaganda, or otherwise attempting to influence legislation.

ARTICLE 4.

The duration of the Corporation's existence shall be 100 years from the initial incorporation in March of 1958.

ARTICLE 5.

The location of the principal office in this State shall be The Rehabilitation Center, Inc., Albuquerque, New Mexico, and the name of the agent upon whom process against said Corporation may be served is Richard C. Civerolo, 217 First National Bank Building, Albuquerque, New Mexico.

ARTICLE 6.

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The names and addresses of each incorporator pursuant to this reincorporation and the names of the directors constituting the first Board of Directors of this Corporation as reorganized, and the tenure of all such directors are as follows:

Members whose terms expire September, 1963:

<u>Name</u>	<u>Address</u>
Sidney S. Hertmark	51 Winrock Center, N.E. Albuquerque, New Mexico
Clinton E. Woodcock	Bank of New Mexico Building Albuquerque, New Mexico
Mrs. Joseph Heaston (Louise)	306 San Pasquale, S. W. Albuquerque, New Mexico
Henry Anderson	P. O. Box 242 Albuquerque, New Mexico
Thomas J. McCaffrey	P. O. Box 1291 Albuquerque, New Mexico
Mrs. Burnas K. Midtbon (Dorothy)	1017 Acequia Trail, N.W. Albuquerque, New Mexico
Mrs. Jack Miller (Jan)	1832 Richmond, N.E. Albuquerque, New Mexico
Mrs. William E. Blackwell	2837 Cagua, N.E. Albuquerque, New Mexico
Mrs. Harlan Kelsey (Ruth)	1136 La Vega Rd., S.W. Albuquerque, New Mexico
Mrs. John H. Batty (Johnnie)	3607 Colorado, N.E. Albuquerque, New Mexico
Manfred A. Carpenter	P. O. Box 1340 Albuquerque, New Mexico
Pete Duren	119 San Pasquale, S.W. Albuquerque, New Mexico

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Members whose terms expire September, 1964:

Mrs. Sam Mincez (Elizabeth)	1521 Los Alamos, S. W. Albuquerque, New Mexico
Mrs. Lars Halma (Audrey)	1515 Dakota, N.E. Albuquerque, New Mexico
Mrs. James H. Foley (Martha)	8001 San Juan Road, N.E. Albuquerque, New Mexico
Simon Goldman	1107 Washington, N.E. Albuquerque, New Mexico
William C. Briggs	First National Bank Building Albuquerque, New Mexico
Tom Zudick	4609 Sunningdale, N.E. Albuquerque, New Mexico
Lou Gerding	509 Palomas Drive, N.E. Albuquerque, New Mexico
Mrs. J. E. McCoy	1522 San Carlos Drive, S. W. Albuquerque, New Mexico
Mrs. Cale Carson, Sr.	901 Grandview Drive, S. E. Albuquerque, New Mexico
Mrs. Charles Steineger	1607 Calle Del Ranchero, N.E. Albuquerque, New Mexico
Dr. Robert L. Brooks	Medical Arts Square Albuquerque, New Mexico
Mrs. Emanuel Schifani	4819 Royens Ave., N.E. Albuquerque, New Mexico

ARTICLE 7.

The government and management of this Corporation shall be vested in a Board of Directors consisting of citizens of the State of New Mexico sufficient in number to provide a Board of Directors in the number provided for in the by-laws. The first Board of directors, their names and addresses are those set forth in Article 6 above.

ARTICLE 8.

The Corporation as initially incorporated shall continue in existence and operation as initially organized and as heretofore operated, except to the extent that reincorporation pursuant to these Articles shall affect the operation thereof, but any change in status effected by this reorganization shall not in any way impair the existing obligations pursuant to any contract of the Corporation.

IN WITNESS WHEREOF, we have hereunto set our hands and seals at Albuquerque, New Mexico, this 15th day of December 1962.

Sidney S. Hartmark
Sidney S. Hartmark

Clifton E. Woodcock
Clifton E. Woodcock

Mrs. Joseph Beaton
Mrs. Joseph Beaton

Henry A. Johnson
Henry A. Johnson

Thomas J. McCaffrey
Thomas J. McCaffrey

Mrs. Burns K. Middleton
Mrs. Burns K. Middleton

Mrs. Jack Miller
Mrs. Jack Miller

Mrs. William E. Blackwell
Mrs. William E. Blackwell

Mrs. Marian Kelsey
Mrs. Marian Kelsey

Mrs. John H. Beatty
Mrs. John H. Beatty

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M. A. Carpenter
Maudred A. Carpenter

Fate Duran
Fate Duran

Mrs. Sam Minces
Mrs. Sam Minces

Mrs. Lars Halama
Mrs. Lars Halama

Mrs. James H. Foley
Mrs. James H. Foley

Simon Goldman
Simon Goldman

William C. Briggs
William C. Briggs

Tom Ludlak
Tom Ludlak

Lou Gerding
Lou Gerding

Mrs. J. B. McCoy
Mrs. J. B. McCoy

Mrs. Gale Carson, Sr.
Mrs. Gale Carson, Sr.

Mrs. Charles Steineger
Mrs. Charles Steineger

Dr. Robert L. Brooks
Dr. Robert L. Brooks

Mrs. Emanuel Schiffel
Mrs. Emanuel Schiffel

REINCORPORATORS

ACKNOWLEDGEMENT

On this 18th day of December, 1962, be-

Before me appeared SIDNEY S. HERTZMARK, CLIFTON E. WOODCOCK, MRS. JOSEPE HEASTON, HENRY ANDERSON, THOMAS J. McCAFFREY, MRS. BUREN K. MIDTBOE, MRS. JACK MILLER, MRS. WILLIAM E. BLACKWELL, MRS. HARLAN KELSEY, MRS. JOHN H. BRATTY, MANFRED A. CARPENTER, PETER DURAN, MRS. SAM MINCES, MRS. LARS HALAMA, MRS. JAMES H. FOLEY, SIMON GOLDMAN, WILLIAM C. BRIGGS, TOM ZUDICK, LOU GREDING, MRS. J. B. MCCOY, MRS. LALE CARSON, SR., MRS. CHARLES STEINMEGER, DR. ROBERT L. BROOKS and MRS. EMANUEL SCHIFANI, to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed after having read the same, and each stating that the matter set forth therein were true and correct to their best knowledge and belief.

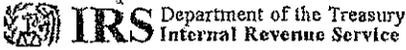
WITNESS MY HAND AND SEAL the day and year last above written.

Rella Sanders

 Notary Public

My Commission Expires:
10-26-66

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6
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Department of the Treasury
Internal Revenue Service

P.O. Box 2508, Room 4010
Cincinnati OH 45201

In reply refer to: 4077550277
July 07, 2011 LTR 4168C 0
85-0135073 000000 00
00041911
BODC: TE

LIFEROOTS INC
1111 MENAUL BLVD NE
ALBUQUERQUE NM 87107-1614



018061

Employer Identification Number: 85-0135073
Person to Contact: Ms Benjamin
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your June 13, 2011, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in July 1962.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(iii).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

4077550277
July 07, 2011 LTR 4168C 0
85-0135073 000000 00
00041912

LIFEROOTS INC
1111 MENAUL BLVD NE
ALBUQUERQUE NM 87107-1614

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,



Cindy Thomas
Manager, EO Determinations

SAM Search Results
List of records matching your search for :

Record Status: Active
CAGE Code: 2z709

ENTITY LifeROOTS, Inc	Status: Active
DUNS: 069690816 +4:	CAGE Code: 2Z709 DoDAAC:
Expiration Date: 12/06/2019	Has Active Exclusion?: No Debt Subject to Offset?: No
Address: 1111 Menaul Blvd NE	State/Province: NEW MEXICO
City: Albuquerque	Country: UNITED STATES
ZIP Code: 87107-1614	



Precise.

Personal.

Proactive.

LIFEROOTS, INC.

**FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

June 30, 2018 and 2017

atkinson

CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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LifeROOTS, Inc.

OFFICIAL ROSTER

June 30, 2018

Board of Directors

Leslie Strickler	Chairman
Jeanne Vigil	Vice Chairman/Treasurer
Linda Geiszler	Secretary
Maggie Silva	Director
Myron Saldyt	Director
Carol Guerra	Director
Catherine Salazar	Director
Leticia Bernal	Director
Dawn Dal Porto	Director

Administrative Personnel

Kathleen Cates	CEO/President
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
LifeROOTS, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of LifeROOTS, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to LifeROOTS, Inc.'s preparation and fair presentation of the financial statements 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 LifeROOTS, Inc.'s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

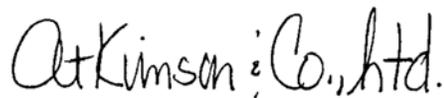
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LifeROOTS, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2018, on our consideration of LifeROOTS, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 LifeROOTS, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Atkinson & Co., Ltd." in a cursive, slightly stylized font.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
October 23, 2018

STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 123,649	\$ 164,435
Restricted cash	-	28,000
Accounts receivable, less allowance for doubtful accounts of \$519 in 2018 and \$7,030 in 2017	311,857	410,209
Contracts receivable, less allowance for doubtful accounts of \$5,745 in 2018 and \$17,989 in 2017	326,762	332,039
Unconditional promises to give - United Way	-	63,375
Inventories	7,386	6,996
Prepaid expenses	<u>48,647</u>	<u>75,230</u>
Total current assets	818,301	1,080,284
INVESTMENTS	7,826	-
PROPERTY AND EQUIPMENT, net	3,401,036	3,247,814
OTHER ASSETS		
Beneficial interest in charitable trusts	746,980	749,513
Agency trust deposits	<u>23,085</u>	<u>32,998</u>
Total other assets	<u>770,065</u>	<u>782,511</u>
 Total assets	 <u>\$ 4,997,228</u>	 <u>\$ 5,110,609</u>

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Line-of-credit	\$ 65,000	\$ 100,000
Accounts payable	274,615	284,014
Accrued payroll and related taxes	150,774	135,385
Accrued compensated absences	121,839	110,473
Deferred revenue	865	853
Current portion of long-term debt	55,031	52,964
Current portion of capital lease obligation	9,436	9,045
Total current liabilities	677,560	692,734
 LONG-TERM DEBT, less current portion and unamortized debt issuance costs	 1,935,261	 1,986,782
 CAPITAL LEASE OBLIGATION, less current portion	 6,516	 15,951
Total liabilities	2,619,337	2,695,467
 COMMITMENTS AND CONTINGENCIES	 -	 -
 NET ASSETS		
Unrestricted net assets	1,269,419	1,364,316
Temporarily restricted net assets	1,108,472	1,050,826
Total net assets	2,377,891	2,415,142
Total liabilities and net assets	\$ 4,997,228	\$ 5,110,609

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Revenue:			
Program service revenue:			
SourceAmerica and other service contracts	\$ 4,143,557	\$ -	\$ 4,143,557
Program services fees	2,033,168	-	2,033,168
New Mexico Department of Health contracts	915,870	-	915,870
Other income	70,033	-	70,033
Investment loss, net	(1,641)	-	(1,641)
Interest income	223	-	223
	<u>7,161,210</u>	<u>-</u>	<u>7,161,210</u>
Total revenue			
Support:			
Grants	9,500	140,195	149,695
Contributions:			
Monetary	55,820	-	55,820
In-kind	34,102	-	34,102
Change in value of charitable trusts	-	(2,533)	(2,533)
	<u>99,422</u>	<u>137,662</u>	<u>237,084</u>
Total support			
Total revenue and support before releases	7,260,632	137,662	7,398,294
Net assets released from restrictions:			
Restrictions satisfied by time and expenditures	80,016	(80,016)	-
EXPENSES			
Program services:			
Contracts:			
Custodial	3,525,445	-	3,525,445
Landscaping and grounds keeping	62,195	-	62,195
Children and therapy	1,350,071	-	1,350,071
Community services:			
Day habilitation	696,503	-	696,503
Vocational services	474,833	-	474,833
Career discovery	121,818	-	121,818
Literacy	102,057	-	102,057
	<u>6,332,922</u>	<u>-</u>	<u>6,332,922</u>
Total program services			
Supporting services:			
Management and general	1,034,410	-	1,034,410
Fundraising	68,213	-	68,213
	<u>1,102,623</u>	<u>-</u>	<u>1,102,623</u>
Total supporting services			
Total expenses	<u>7,435,545</u>	<u>-</u>	<u>7,435,545</u>
CHANGES IN NET ASSETS	(94,897)	57,646	(37,251)
Net assets at beginning of year	<u>1,364,316</u>	<u>1,050,826</u>	<u>2,415,142</u>
Net assets at end of year	<u>\$ 1,269,419</u>	<u>\$ 1,108,472</u>	<u>\$ 2,377,891</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS – CONTINUED

For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Revenue:			
Program service revenue:			
SourceAmerica and other service contracts	\$ 4,001,849	\$ -	\$ 4,001,849
Program services fees	2,004,037	-	2,004,037
New Mexico Department of Health contracts	740,008	-	740,008
Other income	64,145	-	64,145
Interest income	38	-	38
	<u>6,810,077</u>	<u>-</u>	<u>6,810,077</u>
Total revenue			
Support:			
Grants	17,500	20,000	37,500
Contributions:			
United Way allocations	-	63,745	63,745
Monetary	27,532	-	27,532
In-kind	33,211	-	33,211
Change in value of charitable trusts	-	17,555	17,555
	<u>78,243</u>	<u>101,300</u>	<u>179,543</u>
Total support			
Total revenue and support before releases			
	6,888,320	101,300	6,989,620
Net assets released from restrictions:			
Restrictions satisfied by time and expenditures	72,501	(72,501)	-
EXPENSES			
Program services:			
Contracts:			
Custodial	3,369,915	-	3,369,915
Landscaping and grounds keeping	73,566	-	73,566
Children and therapy	1,350,722	-	1,350,722
Community services:			
Day habilitation	645,526	-	645,526
Vocational services	411,365	-	411,365
Career discovery	94,714	-	94,714
Literacy	81,193	-	81,193
	<u>6,027,001</u>	<u>-</u>	<u>6,027,001</u>
Total program services			
Supporting services:			
Management and general	986,616	-	986,616
Fundraising	67,053	-	67,053
	<u>1,053,669</u>	<u>-</u>	<u>1,053,669</u>
Total supporting services			
Total expenses			
	<u>7,080,670</u>	<u>-</u>	<u>7,080,670</u>
CHANGES IN NET ASSETS			
	(119,849)	28,799	(91,050)
Net assets at beginning of year			
	<u>1,484,165</u>	<u>1,022,027</u>	<u>2,506,192</u>
Net assets at end of year			
	<u>\$ 1,364,316</u>	<u>\$ 1,050,826</u>	<u>\$ 2,415,142</u>

The accompanying notes are an integral part of these financial statements.

LifeROOTS, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

	Program				
	Contracts			Community	
	Custodial	Landscaping and Grounds Keeping	Children and Therapy	Day Habilitation	Vocational Services
Salaries and related expenses					
Salaries and wages	\$ 363,130	\$ 31,362	\$ 620,584	\$ 445,278	\$ 307,870
Clients and other	1,008,750	10,652	-	-	63,079
Payroll taxes	188,174	3,036	67,216	65,780	49,372
Fringe benefits	308,470	82	38,495	16,509	20,488
Total salaries and related expenses	1,868,524	45,132	726,295	527,567	440,809
Other expenses					
Contract labor	1,279,860	-	514,268	3,222	-
Supplies	163,838	5,402	5,230	7,199	773
Commissions	123,591	-	-	-	-
Insurance	1,474	-	21,565	1,228	733
Interest	3,349	-	11,657	27,325	393
Transportation services	30,526	3,541	18,634	6,368	16,568
Professional fees	1,489	-	17,372	2,600	1,390
Repairs and maintenance	17,094	1,388	10,263	13,972	268
Advertising and marketing	58	8	126	20	1,083
Utilities	1,874	-	7,143	22,884	243
Miscellaneous	235	169	33	1,974	44
In-kind expenses	2,500	-	63	(164)	70
Equipment purchases	9,164	2,579	1,448	2,167	1,426
Dues and subscriptions	1,054	73	205	1,616	20
Telephone	3,047	224	2,198	8,401	2,004
Office expense	1,851	81	3,246	3,048	3,564
Bad debt expense	5,745	1,350	19	6,422	3,126
Employment screening	4,437	902	2,081	1,729	1,984
Meetings and conferences	1,847	-	586	33	-
Postage	243	-	376	-	335
Bank and investment fees	-	-	-	-	-
Rent	111	37	68	148	-
Total expenses before depreciation and amortization	3,521,911	60,886	1,342,876	637,759	474,833
Depreciation and amortization	3,534	1,309	7,195	58,744	-
Total expenses	\$ 3,525,445	\$ 62,195	\$ 1,350,071	\$ 696,503	\$ 474,833

Services		Supporting Services			
Services		Subtotal	Management	Fundraising	Total
Career	Literacy	Program	and General		Expenses
Discovery		Services			
\$ 83,948	\$ 72,710	\$ 1,924,882	\$ 640,613	\$ -	\$ 2,565,495
6,865	-	1,089,346	-	-	1,089,346
10,007	7,772	391,357	61,513	-	452,870
1,423	6,040	391,507	26,406	-	417,913
102,243	86,522	3,797,092	728,532	-	4,525,624
-	-	1,797,350	2,368	-	1,799,718
5,873	393	188,708	3,281	-	191,989
-	-	123,591	-	-	123,591
256	4,117	29,373	55,888	-	85,261
10,135	2,208	55,067	29,979	-	85,046
427	43	76,107	2,788	30	78,925
276	3,166	26,293	39,518	-	65,811
87	1,402	44,474	19,025	-	63,499
-	-	1,295	2,871	53,701	57,867
85	1,364	33,593	18,513	-	52,106
74	44	2,573	18,918	3,782	25,273
1,250	110	3,829	11,158	9,500	24,487
152	975	17,911	4,869	86	22,866
-	-	2,968	18,055	720	21,743
253	-	16,127	5,325	-	21,452
184	1,219	13,193	6,526	125	19,844
22	-	16,684	1,052	-	17,736
236	112	11,481	958	-	12,439
4	4	2,474	1,604	269	4,347
-	-	954	1,282	-	2,236
-	-	-	1,422	-	1,422
-	-	364	534	-	898
121,557	101,679	6,261,501	974,466	68,213	7,304,180
261	378	71,421	59,944	-	131,365
<u>\$ 121,818</u>	<u>\$ 102,057</u>	<u>\$ 6,332,922</u>	<u>\$ 1,034,410</u>	<u>\$ 68,213</u>	<u>\$ 7,435,545</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES – CONTINUED

For the Year Ended June 30, 2017

	Program				
	Contracts			Community	
	Custodial	Landscaping and Grounds Keeping	Children and Therapy	Day Habilitation	Vocational Services
Salaries and related expenses					
Salaries and wages	\$ 281,506	\$ 5,590	\$ 544,305	\$ 399,293	\$ 257,682
Clients and other	952,161	22,519	-	-	79,458
Fringe benefits	294,278	1,015	40,612	14,065	14,955
Payroll taxes	177,408	3,734	58,784	46,331	40,515
Total salaries and related expenses	1,705,353	32,858	643,701	459,689	392,610
Other expenses					
Contract labor	1,274,662	8,772	599,149	2,502	-
Supplies	164,611	5,847	5,768	8,112	292
Commissions	122,154	-	-	-	-
Insurance	2,429	-	21,945	2,172	312
Interest	2,807	-	10,421	25,073	147
Repairs and maintenance	23,621	4,008	9,080	15,282	91
Professional fees	3,062	-	16,169	2,860	1,051
Transportation services	25,871	1,092	20,184	5,456	4,646
Advertising and marketing	251	-	1,008	362	218
Utilities	1,694	-	7,096	21,147	101
In-kind expenses	184	-	892	10,085	-
Miscellaneous	308	38	358	3,371	149
Bad debt expense	4,610	13,590	135	5,099	4,780
Equipment purchases	16,591	445	-	3,909	16
Office expense	2,847	258	3,442	3,108	3,391
Rent	434	1,140	68	20,148	-
Dues and subscriptions	1,074	150	463	994	25
Telephone	3,182	152	2,024	7,217	2,172
Employment screening	5,213	748	479	715	912
Meetings and conferences	1,850	-	17	-	67
Bank and investment fees	-	-	-	-	-
Postage	384	-	566	-	385
Total expenses before depreciation and amortization	3,363,192	69,098	1,342,965	597,301	411,365
Depreciation and amortization	6,723	4,468	7,757	48,225	-
Total expenses	\$ 3,369,915	\$ 73,566	\$ 1,350,722	\$ 645,526	\$ 411,365

Services		Supporting Services			
Career Discovery	Literacy	Subtotal Program Services	Management and General	Fundraising	Total Expenses
\$ 66,010	\$ 55,365	\$ 1,609,751	\$ 588,133	\$ -	\$ 2,197,884
6,388	-	1,060,526	-	-	1,060,526
991	6,440	372,356	30,039	-	402,395
8,247	6,104	341,123	55,041	-	396,164
81,636	67,909	3,383,756	673,213	-	4,056,969
-	-	1,885,085	950	-	1,886,035
5,103	564	190,297	1,968	-	192,265
-	-	122,154	-	-	122,154
260	4,189	31,307	56,380	-	87,687
3,541	1,965	43,954	26,448	-	70,402
79	1,221	53,382	16,425	-	69,807
179	2,918	26,239	38,759	-	64,998
298	12	57,559	3,758	-	61,317
-	-	1,839	4,231	47,994	54,064
84	1,355	31,477	18,228	-	49,705
250	50	11,461	10,065	11,676	33,202
7	20	4,251	19,915	7,338	31,504
1,291	362	29,867	-	-	29,867
911	(29)	21,843	7,099	-	28,942
630	98	13,774	9,503	-	23,277
-	-	21,790	534	-	22,324
-	-	2,706	17,857	-	20,563
99	-	14,846	5,461	-	20,307
188	-	8,255	909	-	9,164
-	-	1,934	3,257	45	5,236
-	-	-	2,741	-	2,741
-	-	1,335	1,184	-	2,519
94,556	80,634	5,959,111	918,885	67,053	6,945,049
158	559	67,890	67,731	-	135,621
<u>\$ 94,714</u>	<u>\$ 81,193</u>	<u>\$ 6,027,001</u>	<u>\$ 986,616</u>	<u>\$ 67,053</u>	<u>\$ 7,080,670</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30,

Increase (Decrease) in Cash and Cash Equivalents

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (37,251)	\$ (91,050)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	131,365	135,621
Change in value of beneficial interest in charitable trusts	2,533	(17,555)
Donated stock	(11,569)	-
Donated furniture and equipment	(2,540)	-
Net unrealized loss on investments	3,743	-
Loss on sale of assets	4,397	5,523
(Recovery) provision for bad debts	(17,736)	29,867
(Increases) decreases in operating assets:		
Contracts receivable	5,277	(50,529)
Accounts receivable	116,088	(1,847)
Unconditional promises to give	63,375	625
Inventories	(390)	(2,715)
Prepaid expenses	26,583	8,624
Agency trust deposits	9,913	(18,080)
Security deposits	-	2,700
Increases (decreases) in operating liabilities:		
Accounts payable	(9,399)	15,427
Accrued payroll and related taxes	15,389	9,771
Accrued compensated absences	11,366	(1,924)
Deferred revenue	12	853
	<u>311,156</u>	<u>25,311</u>
Net cash flows provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(286,444)	(301,212)
Proceeds from sale of property and equipment	<u>-</u>	<u>1,251</u>
	<u>(286,444)</u>	<u>(299,961)</u>
Net cash flows (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (payments) borrowings on line-of-credit	(35,000)	100,000
Borrowings on long-term payable	-	253,761
Mortgage issuance costs	-	(11,645)
Principal payments on long-term debt	(49,454)	(33,818)
Principal payments on capital lease obligation	<u>(9,044)</u>	<u>(8,670)</u>
	<u>(93,498)</u>	<u>299,628</u>
Net cash flows (used in) provided by financing activities		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(68,786)	24,978
Cash and cash equivalents, beginning of year	<u>192,435</u>	<u>167,457</u>
Cash and cash equivalents, end of year	<u><u>\$ 123,649</u></u>	<u><u>\$ 192,435</u></u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS – CONTINUED

For the Years Ended June 30,

Increase (Decrease) in Cash and Cash Equivalents

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	<u>2018</u>	<u>2017</u>
Cash paid during the year for interest	<u>\$ 85,046</u>	<u>\$ 70,402</u>
Donation of materials, supplies, and services	<u>\$ 34,102</u>	<u>\$ 33,211</u>
Refinanced mortgage payable	<u>\$ -</u>	<u>\$ 1,391,239</u>
Asset acquired with long-term debt	<u>\$ -</u>	<u>\$ 437,500</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE A – NATURE OF BUSINESS

LifeROOTS, Inc. (the Organization) is a New Mexico not-for-profit organization organized in 1958 to provide appropriate education, treatment, and other services for developmentally, physically, and/or emotionally disabled adults and children. LifeROOTS, Inc. provides people with disabilities and their families the resources and support they need to empower their lives and shape their futures. LifeROOTS, Inc. is headquartered in Albuquerque, New Mexico, and operates with locations in Albuquerque and Rio Rancho, New Mexico. In May 2011, the Organization amended its articles of incorporation to change its name to LifeROOTS, Inc. from RCI, Inc.

The Organization was incorporated under the provisions of the New Mexico Nonprofit Corporation Act. A volunteer Board of Directors governs the Organization.

The Organization provides services through three divisions as follows:

Contracts

Employment opportunities are provided to adults with disabilities under the federal set-aside program known as Javits Wagner O'Day (JWOD). SourceAmerica, formerly National Institute for the Severely Handicapped (NISH), assists the Organization in contracting matters using the AbilityOne program, which creates employment opportunities for people with severe disabilities. Examples of these employment opportunities include custodial, landscaping and grounds keeping, and package and assembly positions. In addition, other employment opportunities are created outside of the federal AbilityOne program for individuals with disabilities. Many of these employees are supported on the job through the vocational services program. As of June 30, 2018 and 2017, respectively, approximately 50 and 43 individuals with disabilities were employed under SourceAmerica and other government service contracts.

Landscaping and grounds keeping service contracts were started in May of 2012, with a majority of the start-up costs occurring in fiscal year 2012-13. Like all of LifeROOTS, Inc. contract services, these contracts maintain a minimum of 75% of direct labor performed by employees with disabilities who cannot maintain employment without LifeROOTS, Inc.'s support. This program has increased the number of paid labor hours offered to the community served. LifeROOTS, Inc. services numerous federal, state, and city contracts with a growing number of residential grounds keeping contracts. All employee opportunities earn Albuquerque minimum wage or are hired in integrated settings.

Children and Therapy Services

Children Services – The majority of services through this division are through the State of New Mexico's Family Infant Toddler (FIT) program. FIT services provide therapeutic support for children ages birth to three by working with families to identify the needs of children who may have disabilities or delays in development, uneven patterns of growth, or are at risk due to factors in their environment. Services are delivered in the child's home or at one of the Organization's locations and consist of:

- Screenings and assessments, including hearing, vision and M-CHAT-R/F Autism Screen
- Developmental evaluations and services
- Activities to develop learning skills and to help social and emotional development

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE A – NATURE OF BUSINESS – CONTINUED

Children and Therapy Services – Continued

- Feeding services
- Speech, occupational, and physical therapies
- Parenting classes
- Service coordination
- Educational playgroup

Therapy Services – Provide certified and licensed therapy in the following areas:

- *Occupational therapy* – helps people learn gross motor skills and adapt to changing environments.
- *Physical therapy* – helps with an individual's endurance, body awareness, and strengthening to achieve optimal abilities.
- *Speech and language therapy* – helps people with all levels of communication realize confidence and independence and includes the assistance of a feeding specialist.

Adult Enrichment Services

Day Habilitation – Day Habilitation serves adults with developmental disabilities by providing integrated and individualized community-based services. Areas of focus include: assisting with self-help skills, mobility, daily living skills, community service, socialization, community integration, and pre-vocational programs including community employment and discovery.

Vocational Services – Provide opportunities in the world of work to adults with disabilities. The Organization matches individuals with employers to jobs that fit both parties' needs and abilities. This includes job discovery, job development, training, placement, and maintenance.

Career Discovery – Provides opportunities for adults with disabilities to discover and create personalized careers. The Organization assists individuals in assessing the variety of available jobs and developing strategies needed to obtain employment in those jobs.

Literacy – Within the Literacy Program, time, space, and equipment are provided so individuals can discover their natural gifts. Through specifically designed curriculums and within a differentiated instructional framework, individuals will clarify vocational pursuits and obtain the specific resources and employment strategies to succeed in realizing their passion in the community. The Literacy Program defines and implements a curriculum that parallels the overall mission of CAREER. Literacy is person-centered where students create, develop, and manage their educational and career interests. The curriculum is designed to encourage students to learn independently, develop critical thinking skills, and to participate in group activities. Students will have access to individualized instruction, computer assisted technology, and vocational databases, while preparing for employment in the workplace; or individuals currently employed can maintain employment by continued studies. The Literacy program consists of four units:

- Career Readiness
- Language Arts
- Math
- Continued Learning

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Basis of Presentation

LifeROOTS, Inc. is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of LifeROOTS, Inc. and changes therein are classified and reported as follows:

Unrestricted Net Assets – represent net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – represent net assets subject to donor-imposed stipulations that will be met either by actions of LifeROOTS, Inc. and/or the passage of time.

Permanently Restricted Net Assets – represent net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. LifeROOTS, Inc. does not have any permanently restricted net assets.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the accompanying financial statements include the allowance for doubtful accounts, the fair value of the beneficial interest in charitable trusts and depreciation of property and equipment.

3. Concentrations of Credit Risk

LifeROOTS, Inc. maintains its cash depository accounts with various financial institutions. Balances in the accounts may at times exceed Federal or other insurance limits. LifeROOTS, Inc. has not experienced, and believes it is not exposed to, significant credit risk from these deposits.

4. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, LifeROOTS, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Restricted cash is also considered a cash and cash equivalent.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Promises to Give, Contributions, and Public Support

Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support of future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used "to acquire long-lived assets" are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions over the estimated useful life of the donated or acquired long-lived assets.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

6. Accounts and Contracts Receivable

Accounts and contracts receivable are recorded at net realizable value and are evaluated for collectability by using historical experience applied to an aging of the accounts. Accounts and contracts receivable are written off when deemed uncollectible. Receivables are considered past due if the balance is outstanding for more than 90 days. No interest is charged on late receivables. LifeROOTS, Inc. utilizes the allowance method to provide a valuation for estimated uncollectible accounts and contracts receivable. An allowance of \$519 and \$7,030 was recorded for certain accounts receivable, as of June 30, 2018 and 2017, respectively. An allowance of \$5,745 and \$17,989 was recorded for certain contracts receivable as of June 30, 2018 and 2017, respectively. Contract revenue is billed and recognized as revenue as services are rendered under the respective contract. Amounts received in advance of the services being rendered are reflected as deferred revenue.

7. Inventories

Inventories, which primarily consist of organization logo merchandise and polo shirts, are valued at the lower of cost or net realizable value. Cost is determined on the first-in, first-out method.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over useful lives ranging from three to thirty-nine years.

The major classifications of property and equipment and the related depreciable lives are as follows:

<u>Classification</u>	<u>Depreciable lives</u>
Buildings and improvements	15-39 years
Furniture, fixtures and equipment	3-15 years
Vehicles	5-15 years

Assets donated with explicit restrictions regarding their use and contributions of cash earmarked to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions over the estimated useful life of the donated or acquired long-lived assets. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

9. Program Fees

New Mexico Department of Health and New Mexico Department of Human Services revenues and certain program service fees are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered.

10. Donated Services and Materials

A substantial number of volunteers have donated time to LifeROOTS, Inc.'s programs and administration. As these services do not qualify for recognition as donated services in accordance with generally accepted accounting principles, they are not recorded as revenues and expenses in the accompanying financial statements. Supplies, materials, equipment, and services were donated to LifeROOTS, Inc. and are recorded at their estimated values of \$34,102 and \$33,211 for the years ended June 30, 2018 and 2017, respectively.

11. Income Taxes

LifeROOTS, Inc. is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, its normal activities do not result in any income tax liability. LifeROOTS, Inc. is classified as other than a private foundation.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Income Taxes – Continued

LifeROOTS, Inc. applies the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Income Taxes* (FASB ASC 740). FASB ASC 740 provides detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions in an enterprise's financial statements. Uncertain income tax positions must meet a more-likely-than-not recognition threshold to be recognized. LifeROOTS, Inc.'s policy is to classify income tax penalties and interest according to their natural classification rather than as income tax expense. As of June 30, 2018 and 2017, management does not believe LifeROOTS, Inc. has any uncertain tax positions that would require financial statement recognition, measurement, or disclosure under FASB ASC 740. Due to statutes of limitation, LifeROOTS, Inc.'s tax returns are no longer subject to examinations by tax authorities for fiscal years before 2015.

12. Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

13. Advertising

LifeROOTS, Inc. expenses advertising costs as incurred. Such expenses are shown in the Statements of Functional Expenses; no amounts of advertising are carried as assets except when expenses are paid in advance. These are recorded as prepaid expenses until services are rendered.

14. Subsequent Events

During October 2018, the Organization entered into a one-year maintenance and janitorial contract with a local governmental agency with services expecting to begin in December 2018 for approximately \$880,000.

Subsequent events have been evaluated through October 23, 2018, the date the financial statements were available for issuance, to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2018. Management believes no other material subsequent events have arisen that would require adjustment or disclosure, except as discussed in Note M.

15. Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE C – ACCOUNTS AND CONTRACTS RECEIVABLE

The Organization has certain outstanding receivables as a result of services rendered regarding contracts with various federal, state, and local governmental agencies and private organizations. Receivables also consist of Medicaid insurance payments and other monies due from clients. The following is a summary of receivables as of June 30:

<u>Accounts Receivable</u>	<u>2018</u>	<u>2017</u>
Medicaid/DOH	\$ 184,213	\$ 224,821
Vocational Services	110,340	92,958
NM Department of Transportation and other	17,823	99,460
Less: Allowance for doubtful accounts	<u>(519)</u>	<u>(7,030)</u>
	<u>\$ 311,857</u>	<u>\$ 410,209</u>
 <u>Contracts Receivable</u>	 <u>2018</u>	 <u>2017</u>
Kirtland Air Force Base	\$ 215,992	\$ 234,945
Horizons of New Mexico	47,511	34,477
General Services	38,433	37,137
Adelante Development Corporation	21,005	18,966
National Assessment Group	5,773	5,498
Other	3,793	19,005
Less: Allowance for doubtful accounts	<u>(5,745)</u>	<u>(17,989)</u>
	<u>\$ 326,762</u>	<u>\$ 332,039</u>

NOTE D – PROPERTY AND EQUIPMENT

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

	<u>2018</u>	<u>2017</u>
Buildings and improvements	\$ 3,353,398	\$ 3,353,398
Furniture, fixtures, and equipment	389,059	443,971
Vehicles	685,713	422,670
Leased equipment	<u>44,670</u>	<u>44,670</u>
	4,472,840	4,264,709
Less accumulated depreciation and amortization	<u>(1,576,804)</u>	<u>(1,521,895)</u>
	2,896,036	2,742,814
Land	<u>505,000</u>	<u>505,000</u>
	<u>\$ 3,401,036</u>	<u>\$ 3,247,814</u>

Depreciation expense was \$131,365 and \$135,621 at June 30, 2018 and 2017, respectively.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE E – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Assets Held in Charitable Trusts: Valued at fair value obtained from the third-party trustee.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018 and 2017:

	Assets at Fair Value as of June 30, 2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Charitable trusts	\$ 721,780	\$ 25,200	\$ -	\$ 746,980
Equity securities	7,826	-	-	7,826
Total	<u>\$ 729,606</u>	<u>\$ 25,200</u>	<u>\$ -</u>	<u>\$ 754,806</u>
	Assets at Fair Value as of June 30, 2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Charitable trusts	\$ 725,513	\$ 24,000	\$ -	\$ 749,513
Total	<u>\$ 725,513</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 749,513</u>

Certain assets held in the charitable trusts were reclassified as Level 2 investments for both 2018 and 2017.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE F – AVAILABLE CREDIT

The Organization has obtained several credit cards with a maximum aggregate limit of \$146,000. The outstanding balances on credit cards was \$7,981 and \$17,269 in total at June 30, 2018 and 2017, respectively, and are included in accounts payable in the accompanying financial statements. The credit cards bear interest at rates ranging from 9.24% to 14.99% on any past due amounts and no collateral is required.

NOTE G – OPERATING LEASE OBLIGATIONS

LifeROOTS, Inc. has several non-cancelable operating leases, primarily for equipment that expire at various dates through October 2018. Rental expense for those leases was \$898 and \$22,324 for the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments under non-cancelable operating leases are as follows for the years ending June 30:

2019	\$ 75
	<u>\$ 75</u>

NOTE H – CAPITAL LEASE OBLIGATION

LifeROOTS, Inc. leases office equipment under a capital lease expiring in 2020. The asset and liability under the capital lease are recorded at the present value of the minimum lease payments. The asset is amortized over the life of the lease. Amortization of the asset under the capital lease is included in depreciation expense.

Following is a summary of property held under capital lease:

Office equipment	\$ 44,670
Accumulated depreciation	<u>(29,780)</u>
	<u>\$ 14,890</u>

Minimum future lease payments under the capital lease as of June 30, 2018, were as follows:

2019	\$ 9,930
2020	<u>6,620</u>
Net minimum lease payments	16,550
Amount representing interest	<u>(598)</u>
Present value of net minimum lease payments	<u>\$ 15,952</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE I – LINE-OF-CREDIT

During 2016, the Organization obtained a bank line-of-credit for any amount up to \$200,000. The line-of-credit is secured by the Organization's inventory, chattel paper, accounts, equipment, and other properties. Draws on the line-of-credit bear interest at the bank's prime rate plus .50% (5.25% at June 30, 2018 and 4.5% at June 30, 2017). As of June 30, 2018 and 2017, the outstanding balance on the line-of-credit was \$65,000 and \$100,000, respectively. The line-of-credit has no stated maturity date; however, it is due on demand.

NOTE J – LONG-TERM DEBT

Long-term debt at June 30, consisted of the following:

	<u>2018</u>	<u>2017</u>
Mortgage note payable to a bank, due in monthly installments of \$8,771 and one final installment of \$1,187,452, including principal and interest at 3.780%, maturing October 2026, net of unamortized issuance costs of \$8,174. The monthly installments may be discounted using the auto payment feature offered by the bank. The effective interest rate does not differ significantly from the stated interest rate. This note is secured by the buildings.	\$ 1,569,554	\$ 1,610,827
Mortgage note payable to a bank, due in monthly installments of \$2,113 and one final installment of \$348,113, including principal and interest at 3.780%, maturing October 2026, net of unamortized issuance costs of \$3,471. The monthly installments may be discounted using the auto payment feature offered by the bank. The effective interest rate does not differ significantly from the stated interest rate. The note is secured by the buildings.	<u>420,738</u>	<u>428,919</u>
	1,990,292	2,039,746
Less current portion	<u>(55,031)</u>	<u>(52,964)</u>
Total	<u>\$ 1,935,261</u>	<u>\$ 1,986,782</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE J – LONG-TERM DEBT – CONTINUED

Maturities on long-term debt are as follows for the years ending June 30:

2019	\$	55,031
2020		56,975
2021		59,399
2022		61,716
2023		64,123
Thereafter		<u>1,693,048</u>
	\$	<u>1,990,292</u>

NOTE K – PRIMARY FUNDING SOURCES

A significant portion of the Organization's funding is received from the New Mexico Department of Human Services (18% and 16% for the years ended June 30, 2018 and 2017, respectively) and the New Mexico Department of Health (21% and 23% for the years ended June 30, 2018 and 2017, respectively). Another important source of revenue is the federal contract for custodial work with Kirtland Air Force Base. This contract provided 37% and 39% of the total revenue for 2018 and 2017, respectively. A change in these funding sources would require a change in operations.

NOTE L – CLIENT SALARIES EXPENSE

Salaries to persons with disabilities, not including payroll taxes and employee benefits, for the years ended June 30, 2018 and 2017, totaled \$1,089,346 and \$1,060,526, respectively.

NOTE M – EMPLOYEE BENEFIT PLANS

LifeROOTS, Inc. has a defined contribution pension plan under Internal Revenue Code 403(b) covering all employees except for employees under supported employment programs, federal contracts, and those who are highly compensated. LifeROOTS, Inc. amended the plan on February 23, 2012, to not permit employer matching contributions. LifeROOTS, Inc. amended the plan effective July 1, 2018, to permit employer matching contributions for employees who have completed 6 months of service and are at least age 18. The matching contribution will be 50% of 4% of compensation that equals a maximum of 2% of compensation per pay period. No contributions were made to the plan by the Organization for the years ended June 30, 2018 and 2017.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE M – EMPLOYEE BENEFIT PLANS – CONTINUED

LifeROOTS, Inc. also sponsors a health and welfare plan under US Code Title 29 CFR 4.165-4.175 and Internal Revenue Code 401(a) covering certain employees that perform services under contracts that LifeROOTS, Inc. enters into with certain government agencies or similar entities. LifeROOTS, Inc. is obligated to provide certain fringe benefits under these contracts. The fringe benefit amount is \$4.41 and \$4.27 per hour for the years ended June 30, 2018 and 2017, respectively. Amounts contributed by LifeROOTS, Inc. into the plan totaled \$280,365 and \$272,062 for the years ended June 30, 2018 and 2017, respectively.

NOTE N – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Restricted for time:		
Charitable trusts	\$ 746,980	\$ 749,513
Transportation program	292,852	166,029
United Way	-	63,745
Restricted for purpose:		
Transportation program	<u>68,640</u>	<u>71,539</u>
	<u>\$ 1,108,472</u>	<u>\$ 1,050,826</u>

Temporarily restricted net assets are released from donor restrictions as expenses are incurred to satisfy the restricted purpose, or due to the passage of time, as follows:

	<u>2018</u>	<u>2017</u>
Time restriction accomplished:		
United Way	\$ 63,745	\$ 64,000
Transportation program	13,372	6,731
Purpose restriction accomplished:		
Transportation program	<u>2,899</u>	<u>1,770</u>
	<u>\$ 80,016</u>	<u>\$ 72,501</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE O – CONTINGENCIES

The grants and contracts operated by LifeROOTS, Inc. are subject to a closing audit process by federal granting agencies subsequent to the end of a grant period. At this time, no reasonable estimate can be made as to adjustments in amounts, if any, due to or from grantors that may result from the closing process. Actual costs reported in the accompanying Statements of Activities and Changes in Net Assets, and for prior years since inception of ongoing grants, exceeded billed costs, and management believes no material reimbursements to granting agencies are due.

NOTE P – RELATED PARTY TRANSACTIONS

The Board of Directors and certain employees contribute various amounts or receive services in general support of LifeROOTS, Inc. A certain Board of Directors member is also an officer of a bank with which LifeROOTS, Inc. maintains its operating cash account on deposit. Another Board member is the owner of an insurance agency that LifeROOTS, Inc. utilizes to obtain various lines of insurance. The approximate amount of premiums associated with these policies is \$214,700, which is paid to the respective insurance carriers.

NOTE Q – CHARITABLE TRUSTS

The Organization has a 40% beneficiary share of a certain irrevocable trust. Upon the death of the last income beneficiaries, the trust terminates and the assets of the trust are distributed in full to the principal beneficiaries. The value of the trust at June 30, 2018 and 2017, was \$1,246,888 and \$1,262,660, of which the Organization's 40% share of the assets is \$498,755 and \$504,375, respectively. The Organization presently has no management authority regarding how the trust is invested.

The Organization has a 20% beneficiary share of a certain trust. Upon the death of the last income beneficiary, the trust terminates and the assets of the trust are distributed in full to the principal beneficiaries. The value of the trust at June 30, 2018 and 2017 was \$1,241,125 and \$1,225,688, respectively, of which the Organization's 20% share of the assets is \$248,225 and \$245,138, respectively. The Organization presently has no management authority regarding how the remaining trust is invested.

NOTE R – NEW ACCOUNTING STANDARDS

1. The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2014-09, (*Topic 606*): *Revenue from Contracts with Customers* along with several amendments to this ASU, that was designed to develop a common revenue standard for U.S. GAAP and international standards. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE R – NEW ACCOUNTING STANDARDS – CONTINUED

Steps to apply the core principle are as follows:

1. Identify the contract(s) with the customer
2. Identify the separate performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognize revenue when a performance obligation is satisfied

Several new disclosures will also be required to include sufficient information to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This ASU will be effective for annual periods beginning after December 15, 2018.

2. In February 2016, the FASB issued ASU 2016-02 *Leases* (FASB Codification Topic 842) which significantly changes the accounting for leases in the financial statements of lessees and supersedes FASB Codification Topic 840. With this update, generally accepted accounting principles now will require lessees under operating leases to recognize a liability in the statements of financial position and an asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting election not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. Cash flows related to operating leases will continue to be reported within operating activities on the statements of cash flows. This ASU is effective for fiscal years beginning after December 15, 2019.

3. In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities* (FASB Codification Topic 958) to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of the ASU are as follows:

- A. Present on the face of the statements of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. That is, a non-for-profit will report amounts for *net assets with donor restrictions* and *net assets without donor restrictions*, as well as the currently required amount for total net assets.
- B. Present on the face of the statements of activities the amount of the change in each of the two classes of net assets (noted in item A) rather than that of the currently required three classes. A non-for-profit would continue to report the currently required amount of the change in total net assets for the period.
- C. Continue to present on the face of the statements of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE R – NEW ACCOUNTING STANDARDS – CONTINUED

D. Provide the following enhanced disclosures about:

- Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.
- Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
- Qualitative information that communicates how a not-for-profit manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.
- Quantitative information, either on the face of the balance sheet or in the notes, and additional qualitative information in the notes as necessary, that communicates the availability of a not-for-profit's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by governing board decisions.
- Amounts of expenses by both their natural classification and their functional classification. That analysis of expenses is to be provided in one location, which could be on the face of the statements of activities, as a separate statement, or in notes to financial statements.
- Method(s) used to allocate costs among program and support functions.
- Underwater endowment funds, which include required disclosures of (1) a not-for-profit's policy, and any actions taken during the period, concerning appropriation from underwater endowment funds, (2) the aggregate fair value of such funds, (3) the aggregate of the original gift amounts (or level required by donor or law) to be maintained, and (4) the aggregate amount by which funds are underwater (deficiencies), which are to be classified as part of net assets with donor restrictions.

E. Report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted expenses.

F. Use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from *net assets with donor restrictions* to *net assets without donor restrictions* for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

The amendments in this ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2018 and 2017

NOTE R – NEW ACCOUNTING STANDARDS – CONTINUED

4. In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (FASB Codification Topic 958) to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update clarify the criteria for evaluating whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional.

The amendments in this ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, with respect to contributions received and fiscal years beginning after December 15, 2019, with respect to contributions made. Early adoption is permitted.

As of the date of these financial statements, management has evaluated these new ASUs and is working to implement the applicable guidance and requirements in the period the ASUs become effective.

SUPPLEMENTARY INFORMATION

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
LifeROOTS, Inc.

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of LifeROOTS, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LifeROOTS, Inc.'s internal control over financial reporting (internal control) to determine 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 LifeROOTS, Inc.'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 Organization'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.

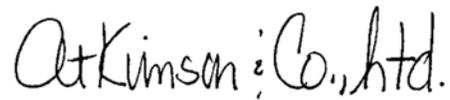
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit, we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LifeROOTS, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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.

A handwritten signature in black ink that reads "Atkinson & Co., Ltd." in a cursive, slightly stylized font.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
October 23, 2018

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2018

I. Summary of Auditors' Results

- A. An unmodified opinion was issued on the financial statements of LifeROOTS, Inc.
- B. No instances of noncompliance with laws and regulations or the provisions of contracts and grant agreements that are material to the financial statements were disclosed during the audit.
- C. Internal control over financial reporting:
 - Material weaknesses identified Yes No
 - Significant deficiencies identified Yes None Reported

II. Financial Statement Audit Findings

None

III. Financial Statement Audit Findings – Prior year

None

LifeROOTS, Inc.

IDENTIFICATION OF AUDIT PRINCIPAL

For the Year Ended June 30, 2018

Audit Principal:	<u>Barbara A. Lewis, CPA, CCIFP</u>
Name and address of independent accounting firm:	<u>Atkinson & Co., Ltd.</u> <u>6501 Americas Parkway NE</u> <u>Suite 700</u> <u>Albuquerque, New Mexico 87110</u>
Audit period:	<u>Year ended June 30, 2018</u>
Telephone Number:	<u>(505) 843-6492</u>
Federal Employee ID Number:	<u>85-0211867</u>

ATKINSON & CO. LTD
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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**Historical Budget for Organization-The purpose for FY21 5310 grant
LifeROOTS, Inc**

	<u>FY-2016-17</u>	<u>FY 2017-18</u>	<u>FY 2018-19</u>
Total Revenue	6,989,620	7,389,300	7,802,150
Total Expense	7,080,670	7,436,000	7,865,400
Transporation Expenses			
Driver's Salaries/Fringe benefits	195,000	210,000	240,000
Support Staff/Fringe Benefits	22,000	25,000	25,000
Lubricants, Tires/Repairs, Maintenance	15,500	10,400	8,100
Fuel	19,200	23,000	24,000
Insurance	21,000	22,000	23,000
Registration	1,200	1,400	1,600
Total	273,900	291,800	321,700
Non-Transportation expenses	6,806,770	7,144,200	7,543,700
Total Expenditures	7,080,670	7,436,000	7,865,400
Other Funding Sources			
Private Donations/Contributions	78,298	87,389	90,000
Private Trust/ Grants	101,245	149,695	178,800
State DOH/Medicaid/Program Fees	2,744,045	2,940,038	3,284,650
Contract Services	4,001,849	4,143,557	4,178,400
Other Income	64,183	68,621	70,300

FY 2019-20

8,771,666

8,528,834

275,000

30,000

10,000

26,000

25,000

1,800

367,800

8,161,034

8,528,834

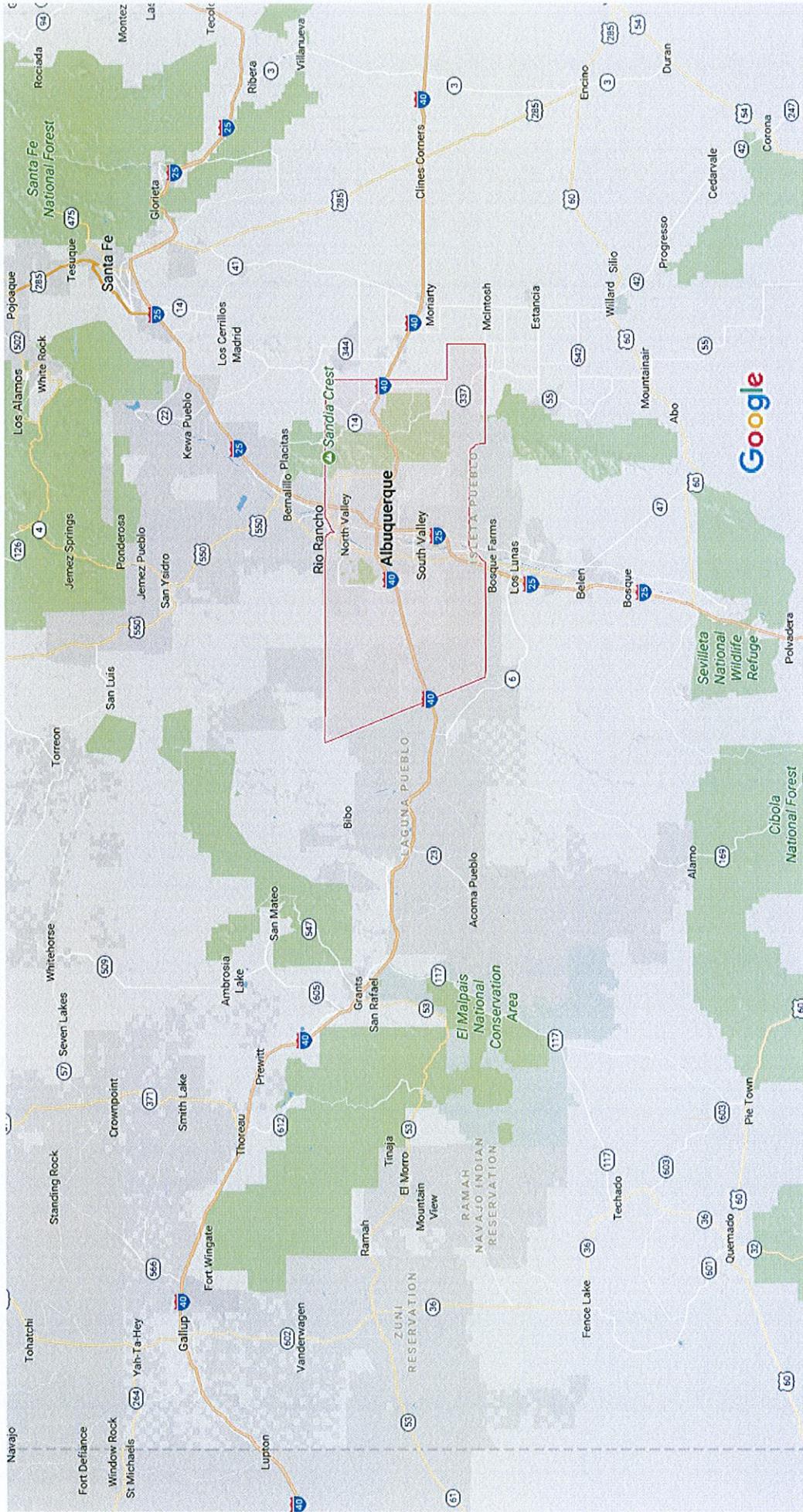
75,000

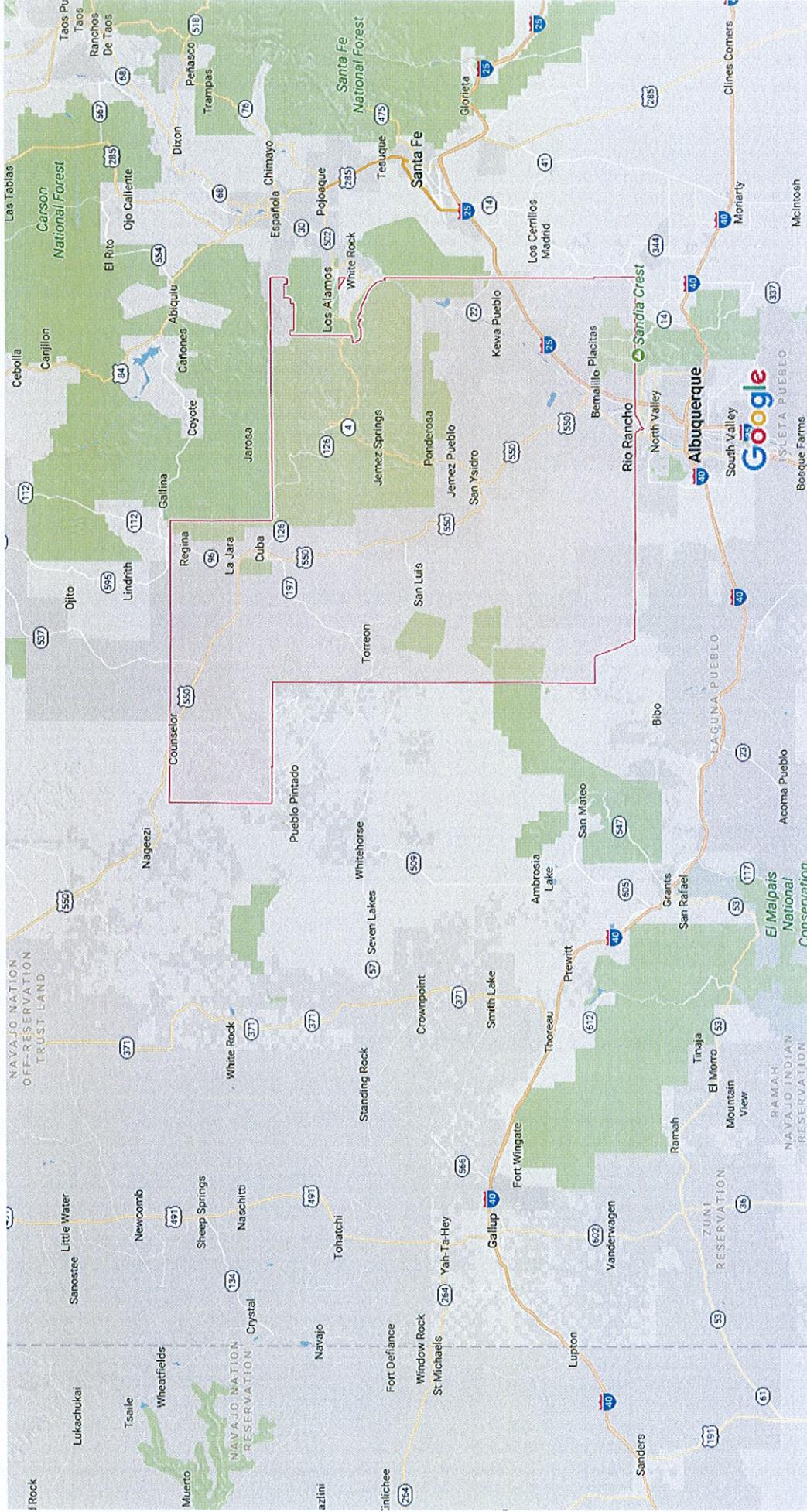
200,000

3,260,739

5,200,408

36,000





	Population	%
Black	20,733	3%
Hispanic	301,184	38%
Asian or Pacific Islander	16,372	2%
American Indian or Alaskan Native	43,172	5%
White	470,034	58%
Other	129,520	16%
	802,932	

TOTAL=

%	Population
6	48,175
12	96,351
82	658,406
	802,932

Source: US Census Bureau QuickFacts Selected: New Mexico

<https://suburbanstats.org>

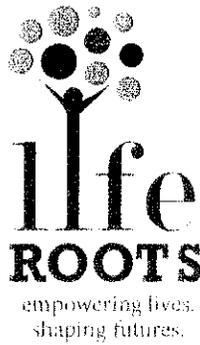
Seniors & Persons with Disability Category
Seniors (no disability)
Persons with Disabilities (including seniors)
Other (everyone else)

Ridership and Transit System Statistics

A) Complete years that are applicable

Line #	Category	2018	2019	2020 Projected
1	Annual Ridership	9,166	13,275	17,000
2	Annual Mileage	18,924	21,500	26,000
3	Annual Vehicle Hours			

* Prorate statistics to end of FY.



July 24, 2019

Sun Van Paratransit Service
100 1st Street SW
Albuquerque, NM 87102

Dear Sir or Madam:

The purpose of this letter is to notify you that the LifeROOTS' organization is applying for a transit and rail grant which is intended for transporting individuals with disabilities. Our intent is only to transport LifeROOTS' participants to employment opportunities and to Department of Health program compliance community integration activities. For your convenience, the upcoming public notice is reproduced below:

Public Notice

Notice of Intent to apply for NMDOT Section 5310 Transportation Assistance for the Elderly and Disabled:

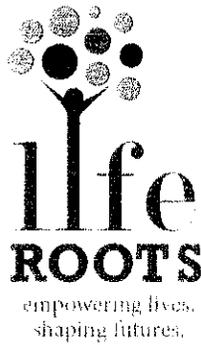
LifeROOTS, Inc.
1111 Menaul Blvd NE
Albuquerque, NM 87107

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Sincerely,



Kathleen Holmes Cates
CEO/President



July 24, 2019

Yellow Cab-Albuquerque
500 Kinley Ave. NE
Albuquerque, NM 87102

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Albuquerque Publishing Company
7777 Jefferson N.E. Albuquerque, New Mexico 87109
P.O. Drawer J-T Albuquerque, New Mexico 87103
(505) 823-7777

Account Number
1009261

Ad Order Number
0001457053

Ad Proof/Order Confirmation

LIFEROOTS, INC.
1111 MENAUL BLVD NE
ALBUQUERQUE, NM 87107 USA

Ordered By Jennifer Hobbs

Customer Phone 5052555501

Joint Ad #

Customer Email

PO Number

Ad Cost \$52.84

Sales Rep cwhite

Tax Amount \$4.16

Order Taker cwhite

Total Amount \$57.00

Payment Method Credit Card

Amount Due \$57.00

Payment Amount \$0.00

Affidavits 0

Pick Up # 0001456778

Product Albuquerque Journal

Ad Number 0001457053-01

Ad Type 0 Legal Liner

Ad Size 1 X 63 li

Color

Placement 0Legal Notices

Classification 0Non-govermemnt

Sort Text PUBLICNOTICENOTICEOFINTENTTO
APPLYFORNMDOTSECTION5310TRA
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NC1111MENAULBLVDNEA

Run Date

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WYSIWYG Content

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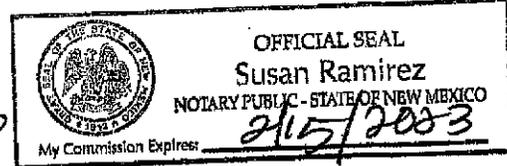
AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO

County of Bernalillo SS

Elise Rodriguez, the undersigned, on oath states that she is an authorized Representative of The Albuquerque Journal, and that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Session Laws of 1937, and that payment therefore has been made of assessed as court cost; that the notice, copy of which hereto attached, was published in said paper in the regular daily edition, for 1 time(s) on the following date(s):

07/29/2019



[Signature]
Sworn and subscribed before me, a Notary Public, in and for the County of Bernalillo and State of New Mexico this 29 day of July of 2019

PRICE \$57.00

Statement to come at the end of month.

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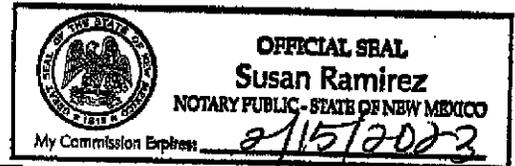
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Letter of Resolution of Support

July 24, 2019

New Mexico Department of Transportation
Transit and Rail Division
5310 Grant for Year 2021
PO Box 1149
Santa Fe, NM 87504-1149

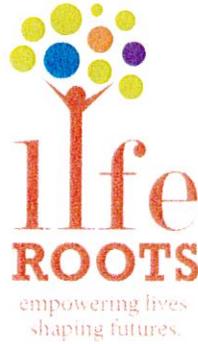
To Whom It May Concern:

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Sincerely,

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Jeanne Vigil, Chair
Board of Directors



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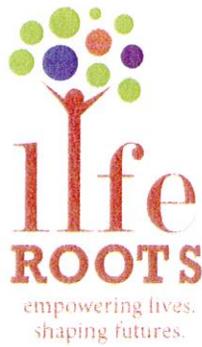
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100 1st Street SW
Albuquerque, NM 87102

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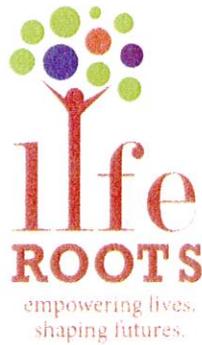
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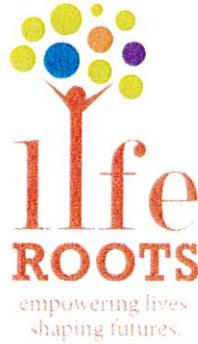
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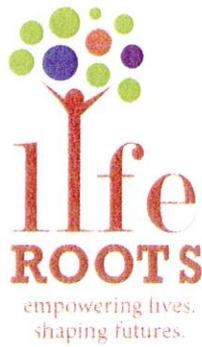
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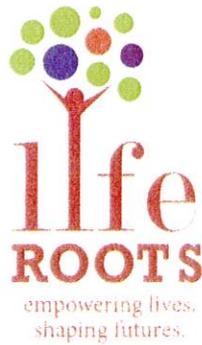
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X. PROGRAM JUSTIFICATION

LifeROOTS (previously known as RCI, Inc.) was founded in 1958 to serve the needs of children with polio or cerebral palsy. By the early 1960's, day habilitation services providing activities were established to accommodate adults with various disabilities. Over subsequent years, the mission of this organization has expanded to include providing resources not only to children and adults with physical, developmental and/or behavioral disabilities but also to envelop their families in the process and to address their needs and concerns. The goal of the mission is to empower individuals with disabilities and their families and to assist in shaping their futures.

The organization has three service divisions: Children's Therapy and Services which includes early intervention for children and their families as well as parenting instruction and educational playgroups; Adult Community Services which include adult day habilitation, literacy instruction, employment development, and career discovery; and, Contracts which includes business support services for federal, state and private institutions. The latter activity seeks to place individuals with disabilities in appropriate, inclusive work environments at these establishments.

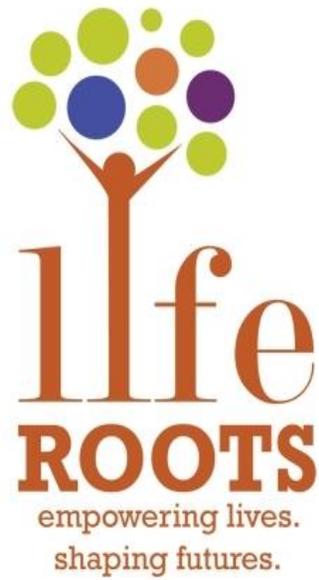
In accordance with our mission, the organization's goal is to provide a caring and stimulating environment where physically disabled, developmentally delayed and/or behaviorally challenged children and adults can recognize and achieve their fullest potential. To this end, the organization follows the best practices for services for individuals with disabilities by creating processes that encourage clients to self-direct the course of their services.

One such activity relates to our division of Adult Community Services. This division makes every effort to enhance client participation in inclusive atmospheres and activities. Of the 280 adults with disabilities presently being served monthly, approximately 120 clients depend on LifeROOTS' transportation to various off-site locations and activities. These community outings are daily and transportation must be offered to all 120 participating in the Department of Health program. These daily activities are designed to forge relationships in the Albuquerque and Rio Rancho communities where excursions are arranged to various sites including community operated volunteer organizations, such as Meals on Wheels, A Park Above and Ronald McDonald House. Our clients regularly participate in volunteer activities at these sites. In addition, client transportation is needed to accommodate visits to the library, the zoo, bowling alleys, movies, restaurants, parks, sports events and special community programs.

In addition, a segment of the Career Discovery component of the Adult Community Services' division involves a client operated food cart which is transported on a weekly basis to various

work locations in Albuquerque including the Whitener Law Firm and the LifeROOTS' business offices where staff and workers may purchase items for consumption. This program is operated by our clients. Besides learning customer service skills, negotiating the sale of food items and acquiring mathematical acuity in making change, our clients are responsible for restocking their food supplies. This includes travel to Walmart's or Sam's Club every week or ten days. Transportation is vital to the continuation of this program.

The Centers for Medicaid and Medicare approved a regulation change for programs like LifeROOTS to increase transportation opportunities from 60% in the community to a daily 100% offering. This regulation will be federally required in 2022 but the State of New Mexico is requiring all organizations who are working under their contract to comply by 2019.



OPERATIONS PROFILE

1111 Menaul Boulevard, NE
Albuquerque, NM 87107



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The LifeROOTS' **Board of Directors** is made up of nine community members who have first-hand experience with and/or strong interest in meeting the needs of individuals with disabilities. The Board convenes each month to learn about and discuss organizational issues.

The Board responds to an agenda delineated by the President /CEO. The agenda includes organizational activities, actions, finances, updates and reports. Discussion occurs with regard to the operation of the organization and the proficiency of its personnel. The Board makes suggestions regarding these issues and closely follows the financial components. In addition, the Board receives face-to-face reports from the President/CEO and CFO on a monthly basis and from all the Directors of the different Departments on a bi-monthly basis. This gives them the opportunity to be apprised of departmental accomplishments and concerns, to ask questions and endorse directives and to appraise efforts and recognize leadership performance.

Board members also have areas of interest and/or expertise which they address by volunteering to serve on different organization committees. This affords opportunities to hear in detail the workings of a particular aspect of the organization's operations and to interact with the President/CEO and Directors on specific issues. Four such committees address finances personnel, executive issues and board development.

The Board is responsible for selecting and supporting its chief executive, for monitoring and strengthening programs and services, for providing financial oversight, for securing resources that assist in fulfilling the organization's mission, for adhering to legal and ethical standards and for enhancing the organization's visibility by garnering community support. Each year, the Board meets to evaluate its progress in support of the mission, to delineate further goals and objectives for the upcoming year and to frame these in a strategic plan.

The **President/CEO** is charged with providing leadership for the organization by working with the Board of Directors and management team to establish long-range goals, plans, policies and strategies. The President/CEO is responsible for oversight and daily management of all financial, operational and administrative functions. In addition, the President/CEO serves as the representative of LifeROOTS in the community, with regulatory agencies and funding sources.

The President/CEO meets with the division heads individually every week and as a group every two weeks. The purpose of these meetings is twofold: the President sets the agenda and communicates information on upcoming events, issues, trainings, concerns and goals. In turn, the division heads report on the operations of their respective divisions including personnel, finances, events, reports, concerns and strategies.

There are seven department or division heads at LifeROOTS:

1. The **CFO** is responsible for preparing, presenting and interpreting financial reports to Directors, Managers, Shareholders and government agencies. She counsels management on fiscal control and profitability, develops and prescribes adequate financial procedures to provide the basis for management decisions and control, and maintain the organization's accounting system. She prepares the annual budget. She is responsible for preparing the annual financial audit and subsequent action plans addressing findings. She develops and implements a productivity system for her staff which includes a payroll analyst, an accounts receivable coordinator and an accounting analyst.

2. The **Director of Children's Therapy and Services** is responsible for the implementation, coordination and quality of services provided by her division which focuses on early intervention. She assures appropriate service delivery including referrals, evaluations, team development of individual family service plans, data collection, case records and written reports. She is responsible for compliance with all applicable federal, state and local rules and regulations including but not limited to HIPAA, the Early Childhood regulations as defined by the Department of Health Long Term Services' Division and the New Mexico Family Infant Toddler (FIT) Program. She provides leadership and functions as an effective team member by participating in strategic planning efforts to assist with the monitoring and measuring of program goals for her staff which includes playgroup teachers, a speech/language pathologist, development specialists, service coordinators and a medical records coordinator.

3. The **Director of Quality Assurance** is responsible for overseeing and directing the organization's quality outcomes measurement and performance system and for assuring compliance with all federal, state and local standards specific to the operating and service delivery of the organization's contractual requirements. She is the consumer representative for clients, conducts consumer surveys and coordinates client meetings as necessary. She performs periodic document audits of program records inclusive of client record review and for productivity and billing compliance with training requirements mandated by other regulatory agencies. She oversees the duties of and directs the Quality Control Inspector in ensuring that Kirtland Air Force Base contract requirements and quality control standards are met. She

conducts off-site quality control inspection audits at KAFB and the Courthouse to verify that procedures are followed according to quality assurance standards. In addition, she serves as the organization's compliance officer. As such, she reviews, prioritizes, develops and implements continuous quality improvement projects. She provides annual mandatory training to staff on the regulatory topics of Incident Management and HIPAA.

4. The **Director of Human Resources** is responsible for implementing policies and programs relating to such activities as staffing, training, developing, compensating, motivating, protecting, communicating with, and releasing employees. He communicates and assists in the interpretation and implementation of personnel policies, evaluates general employee performance to include the participation in personnel decisions involving employees. He ensure compliance with local, state and federal regulations related to personnel administration including but not limited to Equal Employment Opportunity/Affirmative Action, ADA, FMLA, OSHA and Compensation Benefits. In addition he coordinates the new hire employee orientation, assuring the distribution and review of all current organizational policies. He coordinates education and training programs and manages the Workers' Compensation Program. His subordinates include his secretary and a training instructor who also assists in computer technology matters.

5. The **Director of Safety, Facilities and Fleet** is responsible for establishing procedures for the maintenance and/or replacement of facilities, grounds and vehicle fleet and system operations. He provides department directors with an overview of LifeROOTS' security measures and requirements and enforces fire and safety policies and procedures. He conducts accident investigations and submits reports upon completion to Human Resources including recommendations for corrective action. He develops safety plans for federal contracts and stays current with contract safety requirements. He ensures that the facilities exhibit safe, attractive and hygienic environments. He is responsible for the proper operation of the fleet, regulation of its maintenance schedule and qualification of its drivers. He orients new staff regarding safety procedures and evacuation directives and distributes a Safety Handbook to all employees. He supervises two assigned maintenance members at our facilities.

6. The **Director of Contracts** is responsible for the administration of contract assignments for all federal, state and local commitments. He ensures that the contracts and/or any modifications to them are thoroughly reviewed for legal, risk management, and accounting issues prior to submitting to management for approval. He acts as the direct liaison with all subcontractors to assure information flow and a positive working relationship. He monitors project expenditures versus contract cost limitations and communicates and documents requirements for additional funds. He collaborates and works closely with his supervisors at the federal courthouse, KAFB and the grounds keeping component. These supervisors are accountable for directing the work activities of custodians and grounds keepers. Approximately seventy individuals work in this division. Of these, fifty five are client/employees.

7. The **Director of Community Services** is responsible for overseeing and managing all aspects of her department including monitoring of fiscal resources, program planning and development, marketing and expansion. She trains all supervised staff in specific areas of job description including, but not limited to, personnel policies and procedures, organizational strategic plan and

constructive supervisory methods. She remains current and ensures compliance with DOL, JWOD, CDDW/SGF, CARF, city, state and federal regulations (and all other funding sources) in cooperation with the Director of Quality Assurance. Her staff is made up of a job developer, job coaches, community integration coaches, services coordinators, a program nurse, a career discovery instructor, a literacy coordinator, day habilitation supervisors and a community service coordinator.

LifeROOTS employs approximately one-hundred seventy workers. The leadership component of the work force, which includes the President/CEO and Directors, is made up of individuals who hold Bachelor Degrees or Master Degrees in relevant fields. Supportive staff members in each of the departments offer diverse credentials based on academic pursuit, previous experience in related fields and/or on-site trainings intended to meet the needs of their divisions. Support staff is made up of job coaches, service coordinators, therapists, developmental specialists, administrative personnel, crew leaders, custodians and grounds keepers. Client participation in the workforce includes contracted enclaves where workers are supported in employment by a job coach. Currently LifeROOTS offers two different environments for enclave work. Approximately six clients participate in enclave work. Approximately forty-two clients work as custodians or grounds keepers for federal, state and/or private contracts which LifeROOTS has negotiated. At present we have one client who is working as a teaching assistant three days a week at a private pre-school facility. This individual has completed on line education courses under the tutelage of the Adult Services' instructor in the Literacy Program.

Employees are encouraged to maintain accountability and cooperation in the performance of their duties. Regular evaluations for all employees are designed to focus on the goals an individual delineates to facilitate his/her responsibilities and to enhance the success of our mission. On occasion volunteers participate in temporary work projects for LifeROOTS. These may include painting assignments, gardening duties or reception work at special events. Our volunteers are always acknowledged in newsletter write-ups and given mementos of appreciation.

The organization has diverse resources including Native American, Hispanic, African-American and Vietnamese representation to reflect the community in which it operates and to assure bilingual opportunities. This includes the presence of a diverse workforce which counts in its membership a significant number of individuals with disabilities as well as other minority groups. LifeROOTS also encourages veterans to join our organization and proudly includes members in our ranks. Preferential hiring is offered to individuals with disabilities and veterans.

Our primary customers are the clients themselves. Clients and/or their guardians are active in meetings with provider teams to ensure that the goals of the clients are being met and that they are not limiting their options to provider generated recommendations. Clients and/or their guardians are the leaders in identifying and creating services. While LifeROOTS provides educational and employment services – as well as day programs - there are some areas of assistance it does not offer such as medical, housing and food services. However, the organization does refer and partner with agencies that provide these services.

Our second customer is the client's family or guardian. The family is forever changed, and often isolated, in facing distinctive issues given the life-altering event of caring for an individual with disabilities. Our organization is mindful of their reliance on our services and our willingness to provide open and transparent communication. The organization offers referrals for services we do not provide and maintains partnerships with these organizations to assure that their assistance accommodates the needs of our clients.

Our third customers are the contracts to which we are committed, their obligations, their purchasing officers and their facilities' managers. Our responsibility is to fulfill the directives of these contracts to the satisfaction of our customers. This means that we deliver appropriate services and follow guidelines established for best practices. Contract customer satisfaction enhances the reputation of our organization and promotes additional opportunities to network about our services and to initiate new contracts.

Funding sources and service programs are substantial stakeholders in our organization. These programs have been created and financed to meet the needs of the clients we serve. All funding agencies, such as federal and state governments, require our organization to document established quality processes to provide exemplary service. Funding agencies, such as the DOH, DDS, the FIT Program, and SourceAmerica (formerly known as NISH), conduct annual audits to ensure compliance. LifeROOTS provides data to these agencies to assess its rankings among similar non-profits and to revise operations and/or brainstorm new ideas based on feedback the organization may receive relating to performance effectiveness rather than compliance. Service programs such as SourceAmerica provide guidance to the organization regarding AbilityOne contract compliance with the Javits-Wagner-O'Day Act of 1971.

The community at large is a significant stakeholder. The community supports governmental agencies that address the needs of our clients. LifeROOTS supports the community that supports LifeROOTS. Community partners and their expectations include, but are not limited to, the following: ensuring that safe, stimulating environments are created and maintained for vulnerable citizens; directing and managing empowerment opportunities in employment, life skills and academic achievement for individuals with disabilities; offering opportunities and support for businesses to diversify their work forces by hiring individuals with disabilities, increasing their community commitment, and experiencing the stabilizing influence of hiring individuals with disabilities in businesses. The Community is the most significant component in generating inclusiveness for individuals with disabilities.

Finally our employees and the intellectual infrastructure of our organization are the fourth stakeholders. Both are key assets in the successful operation of LifeROOTS. Continuous training – including recognition and implementation of diverse learning styles and methods – and constant transparency in communications are key components in building and achieving trust among our employees and attaining operational success. In addition, staff accountability is consistently tied to the support of our mission and the best practices to attain it.

4. Transit Program

- At present, the organization's transit program operates in two areas:
 1. The Adult Community Services(ACS) division uses vehicles to transport clients with disabilities to various activities in their communities and surrounding areas. The ACS uses its fourteen vehicles to transport disabled and elderly individuals in the community. One hundred percent of all weekly activities in this division are devoted to forging relationships in the Albuquerque and Rio Rancho vicinities where excursions are arranged to community operated volunteer organizations, bowling alleys, movies, libraries, restaurants, parks, different shops and special events. Use of these vehicles occurs Monday through Friday between 9:00 AM and 3:00 PM. It is these vehicles we make our 5310 request.
 2. The Contracts' division uses vehicles to transport client-employees and employees to contracts the organization has for custodial work with KAFB and the City of Albuquerque. In addition, the Contracts' division transports client-employees and employees to landscaping contracts and commitments throughout Bernalillo and Sandoval Counties, including the University of New Mexico and private customers. The Contracts' division usually uses vehicles Monday through Friday between the hours of 8:00 AM and 10:00 PM depending on workers' shifts. On occasion, the Contracts' division responds to emergency situations in which vehicles are used on the weekends or at odd hours.
- The organization does not charge fares for transportation.
- The organization does not advertise its transportation program but does advertise its services in general. Three of the organization's vans have wraps that serve this purpose.

5. Administrative Employees

- The Directors of the Community Service and Contracts' divisions are responsible for designating drivers. They do so by working with the Human Resources Director to assure qualified individuals are assigned driving tasks. The Quality Assurance Director is responsible for informing drivers of the incident/accident protocols. The Director of Safety, Facilities and Fleet is responsible for informing drivers of safety rules and regulations and appropriate vehicle maintenance measures.

6. Qualified Drivers and Dispatchers

- All individuals hired to work at LifeROOTS undergo fingerprinting, a drug test and a background check. The organization also conducts unannounced, randomly selected drug test checks on a quarterly basis. Background checks are conducted by the Department of Health Division of Health Improvement.
- Individuals selected to drive organization vehicles, including client transports, are required to present a valid driver's license, confirmation of their driving record (within 30 days of hire), and confirmation of their personal automobile insurance should their automobiles be used for any organization-related transportation. The expiration dates of all drivers' licenses and auto insurances are recorded and reminders are sent out to employees to attend to renewal obligations before expiration occur.
- All drivers receive an online E-School Driver Safety Course which covers the following: automobile exterior and interior check lists, distance following, lane changing, yellow and white line meanings, sign posts, right of way, backing strategies, speed limits,

railroad crossings, driving response to emergency vehicles, winter driving and accident reporting.

- All drivers transporting clients with disabilities are trained by the Community Services' Department to attend to the individual client's transportation adjustments for safety, such as, securing seatbelts and locking in wheelchairs.
- All employees assigned to drive a company vehicle to conduct company business must read, review and acknowledge completion of the driver training material provided to them by the Director of Safety, Facilities and Fleet. The Director will provide a list of drivers that have successfully completed the training to the Human Resources' Department for inclusion in the employee's personnel file.
- All employees of LifeROOTS sign clarification that they have reviewed the organization's policies and procedures regarding the code of ethics, a drug-free workplace, harassment, including sexual harassment, and workplace violence.
- Employees who drive clients are identified by collared shirts that vary in color depending on the department.

7. Vehicle Fleet

- The organization has twenty two vehicles with eight NMDOT liens.
- All vehicles are inspected the beginning and end of each trip.
- All drivers are required to keep a weekly maintenance log which is turned in each Friday to the Director of Safety, Facilities and Fleet who arranges for necessary repairs when applicable.
- Twelve of the twenty two vehicles have GPS tracking systems mounted to provide random audits of speed and location usage.
- All vehicles contain first aid kits and fire extinguishers.
- Three vehicles have been replaced through the Section 5310 grant of 2016. Two vehicles from the FY 2017 and the FY 2018 5310 grant were used to address the explanation of services required by the Central Medicaid/Medicare Systems Agency.

8. Accident/Incident Reporting Procedures

- LifeROOTS has policies and procedures to be followed related to *Incident Management (see attachment)* and a *General Safety and Health Program Manual (see attachment)*. These include record keeping practices and step-by-step processes for reporting accidents or incidents.
- All vehicles contain insurance forms and accident/incident reporting forms.

9. Passenger Policy and Procedure

- LifeROOTS has a *Client Transportation Policy (see attachment)* which governs vehicle inspection, maintenance and operation, emergency and accident procedures and criteria for safely transporting clients.

