

LIFELONG: HEALTH FOR ALL

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2022 AND 2021

UNIFORM GUIDANCE SUPPLEMENTARY FINANCIAL REPORTS

YEAR ENDED DECEMBER 31, 2022

**Lifelong** 

LIFELONG: HEALTH FOR ALL  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Lifelong: Health for All  
Seattle, Washington

### **Opinion**

We have audited the accompanying consolidated financial statements of Lifelong: Health for All, a nonprofit corporation, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lifelong: Health for All as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lifelong: Health for All and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lifelong: Health for All's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lifelong: Health for All's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lifelong: Health for All's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2023, on our consideration of the Lifelong: Health for All's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lifelong: Health for All's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lifelong: Health for All's internal control over financial reporting and compliance.



Jacobson Jarvis & Co, PLLC  
Seattle, Washington  
July 10, 2023

LIFELONG: HEALTH FOR ALL

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,273,471	\$ 1,908,782
Grants receivable from governmental entities, net of allowance for uncollectible receivables of \$20,600 and \$44,965	3,604,164	3,459,932
Pledges and other receivables	-	428,380
Inventory	19,716	61,714
Prepaid expenses	410,732	367,933
Total Current Assets	<u>5,308,083</u>	<u>6,226,741</u>
Deposits	140,702	127,314
Right of Use Assets - Operating Leases	2,307,308	-
Right of Use Assets - Finance Leases	131,468	-
Property and Equipment, net	<u>1,286,369</u>	<u>1,468,253</u>
	<u>\$ 9,173,930</u>	<u>\$ 7,822,308</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 314,332	\$ 442,632
Accrued expenses	890,611	699,628
Operating leases payable	1,094,966	-
Financing leases payable	52,337	-
Refundable advances	-	3,500
Total Current Liabilities	<u>2,352,246</u>	<u>1,145,760</u>
Long-term Liabilities		
Deferred rent liability	-	248,761
Operating leases payable, less current portion above	1,333,785	-
Financing leases payable, less current portion above	84,446	-
Thrift store deferred rent liability	88,670	83,449
Tenant improvement allowance	21,913	37,381
	<u>3,881,060</u>	<u>1,515,351</u>
Net Assets		
Without donor restrictions	4,911,708	6,266,957
With donor restrictions	381,162	40,000
Total Net Assets	<u>5,292,870</u>	<u>6,306,957</u>
	<u>\$ 9,173,930</u>	<u>\$ 7,822,308</u>

See notes to consolidated financial statements. 5

LIFELONG: HEALTH FOR ALL

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Without Donor Restrictions		
Public Support and Revenue		
Fees and grants from government agencies	\$25,808,113	\$23,994,193
Contributions and private grants	1,755,299	1,516,352
Thrift store and other sales	970,484	824,838
Special events	-	240,268
In-kind contributions	488,954	796,328
Other revenue	26,608	17,924
Interest income	2,258	2,938
Release from purpose restrictions	<u>40,000</u>	<u>125,000</u>
Total Public Support and Revenue	<u>29,091,716</u>	<u>27,517,841</u>
Expenses		
Program services	25,983,512	23,960,103
Supporting services	<u>4,463,453</u>	<u>4,226,442</u>
Total Expenses	<u>30,446,965</u>	<u>28,186,545</u>
Change in Net Assets Without Donor Restrictions	<u>(1,355,249)</u>	<u>(668,704)</u>
With Donor Restrictions		
Contributions	381,162	40,000
Net assets released from restrictions	<u>(40,000)</u>	<u>(125,000)</u>
Change in Net Assets With Donor Restrictions	<u>341,162</u>	<u>(85,000)</u>
Total Change in Net Assets	(1,014,087)	(753,704)
Net Assets - Beginning of year	<u>6,306,957</u>	<u>7,060,661</u>
Net Assets - End of year	<u>\$ 5,292,870</u>	<u>\$ 6,306,957</u>

LIFELONG: HEALTH FOR ALL

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services			Total Program Services	Supporting Services			Total Supporting Services	Total
	Care Services	Education	Community Awareness		Management and General	Fundraising	Thrift Store		
Grants and Services to Clients	\$ 12,224,036	\$ -	\$ -	\$ 12,224,036	\$ -	\$ -	\$ -	\$ -	\$ 12,224,036
Personnel Expenses	9,085,391	-	68,936	9,154,327	2,099,715	389,882	530,196	3,019,793	12,174,120
Direct Program Expenses	1,815,072	-	-	1,815,072	2,481	4,008	16,142	22,631	1,837,703
Occupancy and Utilities	829,751	-	7,204	836,955	157,492	33,710	363,730	554,932	1,391,887
Professional Fees	222,398	24,000	521	246,919	205,573	147,498	4,009	357,080	603,999
Depreciation and Amortization	408,120	-	4,141	412,261	54,984	24,271	-	79,255	491,516
Bad debt expenses	221,387	-	-	221,387	-	-	-	-	221,387
Equipment, Repairs and Maintenance	125,637	-	896	126,533	60,349	5,984	10,259	76,592	203,125
Software, Purchases, and Licenses	75,408	-	1,429	76,837	30,756	33,411	3,492	67,659	144,496
Telephone and Internet	109,181	-	236	109,417	26,402	3,172	3,924	33,498	142,915
Employee and Volunteer Expenses	105,752	-	5,756	111,508	20,829	1,099	6,847	28,775	140,283
Insurance	81,061	-	533	81,594	10,661	3,440	-	14,101	95,695
Bank and Interest Costs	-	-	-	-	11,764	16,321	38,136	66,221	66,221
Other Operating Expenses	31,120	-	434	31,554	4,494	23,020	2,843	30,357	61,911
Event Expenses	1,288	-	-	1,288	-	49,785	-	49,785	51,073
Office Supplies	32,633	-	109	32,742	4,514	1,379	8,992	14,885	47,627
Dues, Fees, and Permits	11,808	-	-	11,808	7,644	3,005	5,806	16,455	28,263
Advertising	320	-	-	320	-	20,127	161	20,288	20,608
Taxes	-	-	-	-	1,545	-	9,601	11,146	11,146
Total Expenses Before In-Kind Expenses	25,380,363	24,000	90,195	25,494,558	2,699,203	760,112	1,004,138	4,463,453	29,958,011
In-kind Goods and Services	488,954	-	-	488,954	-	-	-	-	488,954
Total Expenses	<u>\$ 25,869,317</u>	<u>\$ 24,000</u>	<u>\$ 90,195</u>	<u>\$ 25,983,512</u>	<u>\$ 2,699,203</u>	<u>\$ 760,112</u>	<u>\$ 1,004,138</u>	<u>\$ 4,463,453</u>	<u>\$ 30,446,965</u>



LIFELONG: HEALTH FOR ALL

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services				Total
	Care Services	Education	Community Awareness	Total Program Services	Management and General	Fundraising	Thrift Store	Total Supporting Services	
Grants and Services to Clients	\$ 11,870,591	\$ 1,721	\$ -	\$ 11,872,312	\$ -	\$ 5,854	\$ 12,648	\$ 18,502	\$ 11,890,814
Personnel Expenses	7,905,806	185,912	-	8,091,718	1,676,485	544,284	472,639	2,693,408	10,785,126
Direct Program Expenses	1,346,356	14,854	-	1,361,210	9,449	-	-	9,449	1,370,659
Occupancy and Utilities	998,526	23,176	529	1,022,231	115,136	36,079	464,838	616,053	1,638,284
Professional Fees	52,231	1,115	3,038	56,384	235,755	48,889	5,984	290,628	347,012
Depreciation and Amortization	321,215	1,897	7	323,119	39,881	21,520	-	61,401	384,520
Equipment, Repairs and Maintenance	178,098	2,678	24	180,800	57,675	7,976	8,768	74,419	255,219
Software, Purchases, and Licenses	42,126	208	-	42,334	17,782	17,042	-	34,824	77,158
Telephone and Internet	119,760	4,564	103	124,427	20,414	19,058	3,603	43,075	167,502
Employee and Volunteer Expenses	36,146	2,401	14	38,561	67,970	2,424	2,356	72,750	111,311
Insurance	60,319	1,064	47	61,430	7,059	3,157	-	10,216	71,646
Bank and Interest Costs	240	-	-	240	6,400	12,459	28,562	47,421	47,661
Other Operating Expenses	26,322	234	52	26,608	3,747	8,222	4,519	16,488	43,096
Event Expenses	1,626	-	-	1,626	2,287	13,108	-	15,395	17,021
Office Supplies	29,441	361	15	29,817	7,924	54,811	12,572	75,307	105,124
Dues, Fees, and Permits	17,036	636	-	17,672	1,119	3,520	5,294	9,933	27,605
Advertising	45	893	-	938	69	119,761	47	119,877	120,815
Taxes	85	67	-	152	875	38	16,383	17,296	17,448
Total Expenses Before In-Kind Expenses	23,005,969	241,781	3,829	23,251,579	2,270,027	918,202	1,038,213	4,226,442	27,478,021
In-kind Goods and Services	708,524	-	-	708,524	-	-	-	-	708,524
Total Expenses	<u>\$ 23,714,493</u>	<u>\$ 241,781</u>	<u>\$ 3,829</u>	<u>\$ 23,960,103</u>	<u>\$ 2,270,027</u>	<u>\$ 918,202</u>	<u>\$ 1,038,213</u>	<u>\$ 4,226,442</u>	<u>\$ 28,186,545</u>

LIFELONG: HEALTH FOR ALL

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from:		
Government agencies	\$25,660,381	\$24,106,175
Donors	2,536,461	1,396,701
Thrift store and other sales	970,484	824,838
Interest	2,258	2,938
Other	54,988	34,499
Cash paid for:		
Personnel	(11,983,137)	(10,715,981)
Grants and services to clients	(12,224,036)	(11,890,814)
Services and supplies	(5,269,490)	(4,003,553)
Interest	<u>(12,892)</u>	<u>-</u>
Net Cash Used by Operating Activities	(264,983)	(245,197)
<b>Cash Flows Used by Investing Activities</b>		
Purchases of property and equipment	<u>(309,186)</u>	<u>(364,323)</u>
<b>Cash Flows Used by Financing Activities</b>		
Repayments on financing lease obligations	<u>(61,142)</u>	<u>-</u>
Changes in Cash and Cash Equivalents	(635,311)	(609,520)
Cash and Cash Equivalents - Beginning of year	<u>1,908,782</u>	<u>2,518,302</u>
Cash and Cash Equivalents - End of year	<u>\$ 1,273,471</u>	<u>\$ 1,908,782</u>

## LIFELONG: HEALTH FOR ALL

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Lifelong: Health for All (Lifelong) is a 501(c)(3) not-for-profit corporation with the mission to remove barriers to health with relentless compassion so that no one faces illness and injustice alone.

Serving the Pacific Northwest for nearly 40 years, Lifelong believes that everyone should have a fair and equitable opportunity to reach their full health potential. Lifelong seeks to achieve that vision by helping people remove barriers to health arising from socio-economic background, stigma, discrimination, navigation of complicated systems, language, or cultural differences. The individuals Lifelong reaches are those who are the hardest to connect with and serve – homeless, chronically ill, marginalized, and low-income. The barriers Lifelong's clients face are often insurmountable and prevent them from taking steps to improve their health conditions, sometimes putting them at risk for further poor health outcomes.

Lifelong has a unique model of care that aims to mitigate the obstacles people struggle with when seeking supportive services. The staff work collaboratively with individuals to identify their health goals and barriers to achieving them. This allows Lifelong to build trusting relationships with members of the community who have been alienated by structural inequities and incentivizes people to commit to their health.

Lifelong serves a diverse population across Washington State with a focus on those living in western Washington. In 2022, nearly 9,000 clients were served across Lifelong's programs (Aging and Disability Services, Care & Prevention, Food & Nutrition, Healthcare Access, Housing). Lifelong's largest program, Food & Nutrition, provides medically vulnerable people with meals and groceries that are tailored to meet their individual health goals and medical needs. Registered dietitians work with other healthcare professionals to ensure meals and groceries support their clients' health in tandem with their medications. In addition to food and nutrition services, Lifelong also provides medical case management, medication adherence counseling, a range of housing services including rent subsidies, aging and disability services, and health insurance advocacy.

Currently, 87% of Lifelong's 7,000 clients are over the age of 45 and all are living with at least one life-challenging condition. Lifelong's clients include many immigrants, people of color, and LGBTQ+ individuals, who collectively speak over 30 different languages including Arabic, Spanish, Mandarin, Turkish, Amharic, Oromo, Somali, Vietnamese, French, Mondli, Tigrigna, Punjabi, Urdu, and Hindi.

## LIFELONG: HEALTH FOR ALL

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Greater detail around Lifelong's vital support services include:

- Providing medical case management to identify barriers and connect clients with programs that help provide resources to meet their basic needs, navigate the complexities of the healthcare system and enable them to reside in their homes;
- Facilitating emergency, transitional, and permanent housing placement and coordinating homelessness prevention;
- Providing home delivered meals and groceries that are medically specific and culturally appropriate to clients living with serious chronic illnesses, including cancer, heart disease, diabetes, HIV, and end stage renal disease;
- Providing medical case management to those living with HIV to enable them to access essential health-related resources;
- Conducting nutrition outreach and education, as well as skill-building courses;
- Processing and paying medical insurance premium payments;
- Establishing access to elderly and disability services so that clients are able to avoid institutionalization (e.g., nursing homes) and age with dignity in their homes;
- Performing HIV and STI testing and prevention services, along with health education;
- Coordinating oral health care services through a network of dental providers; and
- Actively participating in state and federal policy that supports funding and advocacy for marginalized communities facing health inequity.

Lifelong relies on funding primarily from government agency grants and contributions from the general public. Lifelong is governed by a volunteer board of directors.

#### Principles of consolidation

The accompanying consolidated financial statements include the accounts of Lifelong: Health for All and its wholly-owned subsidiary, Lifelong Thrift Stores, LLC. Inter-entity transactions and balances have been eliminated in consolidation. The consolidated entity is referred to as Lifelong in the notes to the consolidated financial statements.

#### Adoption of accounting principle

On January 1, 2022, the Organization adopted ASU 2016-02, Leases (Topic 842), using the modified retrospective method. This standard requires lessees to recognize a right of use asset and a lease liability for material lease arrangements.

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. The net assets of Lifelong are classified as follows:

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

Lifelong's board of directors has designated \$569,439 and \$560,000, respectively, of net assets without donor restriction for future operations as of December 31, 2022 and 2021.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions are as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Chicken Soup Brigade	\$ 260,440	\$ -
Support for Bellingham area clients	120,722	-
Van purchase	-	40,000
	<u>\$ 381,162</u>	<u>\$ 40,000</u>

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Cash and cash equivalents

Cash and cash equivalents consist of general checking and savings accounts. Lifelong maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. Lifelong has not experienced any losses in these accounts, and management does not believe it is exposed to any significant risk of loss.

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Lifelong had no assets or liabilities carried at fair value on a recurring basis as of December 31, 2022 or 2021. Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities and services. Lifelong also uses fair value concepts to test various long-lived assets for impairment.

Grants receivable

All receivables are stated at net realizable value. Grants receivable consist of grants and contracts administered by various state and local governmental agencies. Management reviews the collectability of grants receivable on a periodic basis and determines the amount estimated to be uncollectible. A reserve for doubtful accounts is then established. Lifelong charges off receivables against the allowance when management determines that a receivable is not collectible.

Pledges and other receivables

Pledges receivable are recorded in the year the promise is made. Pledges receivable are all considered collectible within one year and are recorded at their net realizable value.

Inventory

Inventory relates to the retail thrift store and consists of donated items whose value is recorded at estimated fair value. Items received and sold during the year are recorded at their sales value.

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Property and equipment is recorded at cost, if purchased, or at fair value at date of receipt, if donated. Lifelong's policy is to capitalize assets with a cost greater than \$5,000 and a useful life greater than two years. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the estimated useful lives of the assets or the anticipated lease term, whichever is shorter.

Property and equipment as of December 31 consists of the following:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 1,912,535	\$ 1,719,847
Leasehold improvements	1,853,867	1,810,498
Vehicles	476,174	425,597
Capital assets - not in service	<u>49,250</u>	<u>26,252</u>
	4,291,826	3,982,194
Accumulated depreciation	<u>(3,005,457)</u>	<u>(2,513,941)</u>
	<u>\$ 1,286,369</u>	<u>\$ 1,468,253</u>

Refundable advances

Refundable advances consist of government grant funds received in advance, government grant funds received which may need to be repaid under certain circumstances, and special event donations received in advance of those special events. Revenue is recognized when the grant funds are expended or the events take place.

Support and revenue recognition

Lifelong recognizes revenue from sales at its thrift store at the time of purchase. Lifelong records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Special event income is considered conditioned upon the occurrence of the event. As such, amounts received in advance are recorded as a liability until the event takes place. In addition, some special events include an earned revenue component as they also include admissions for entry into the event.

Lifelong recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

Lifelong's federal, state and local contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, amounts received in advance are recorded as a liability until the conditions are met.

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Conditional contributions are as follows at December 31, 2022:

	Received in <u>advance</u>	Committed but <u>not received</u>
Conditional upon incurrence of qualified expenditure	\$ -	\$ 14,637,100
Conditioned upon provision of allowable services	-	6,470,335
Conditioned upon occurrence of special event	-	-
	<u>\$ -</u>	<u>\$ 21,107,435</u>

Conditional contributions are as follows at December 31, 2021:

	Received in <u>advance</u>	Committed but <u>not received</u>
Conditional upon incurrence of qualified expenditure	\$ -	\$ 11,235,648
Conditioned upon provision of allowable services	-	3,973,554
Conditioned upon occurrence of special event	3,500	-
	<u>\$ 3,500</u>	<u>\$ 15,209,202</u>

Revenue from grants and contracts is subject to audits, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the years ended December 31, 2022 and 2021, any such adjustments were immaterial.

In-kind contributions

In accordance with financial accounting standards, the financial statements reflect only those donated services requiring specific expertise that Lifelong would otherwise need to purchase or donated services that enhance capital assets. Non-cash donations are recorded as contributions at their estimated fair values at the date of donation. Lifelong receives a significant amount of its support in the form of volunteer labor.

In-kind contributions consist primarily of food to be distributed to those affected by HIV or other chronic conditions and to homebound seniors. Lifelong's food services are sustained not only by government grants, but by the generous involvement of community volunteers. In-kind contributions also included \$87,005 in rent forgiveness during the year ending December 31, 2021.

Volunteer support

Lifelong had approximately 1,820 (unaudited) and 880 (unaudited) volunteers, respectively, donate approximately 24,680 (unaudited) and 24,010 (unaudited) hours of service, respectively, for the years ended December 31, 2022 and 2021. The consolidated financial statements do not reflect the value of these donated services because the services generally do not require specific expertise that Lifelong would otherwise need to purchase.



## LIFELONG: HEALTH FOR ALL

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Concentrations

Revenue recorded under one contract represented 43% and 46% of fees and grants from government agencies for the years ended December 31, 2022 and 2021, respectively.

Two funders represented 73% of grant receivables at December 31, 2022. Three funders represented 81% of grant receivables at December 31, 2021. One donor represented 93% of pledges and other receivables at December 31, 2021.

Approximately 65% of Lifelong's labor force is subject to a collective bargaining agreement (CBA) through March 31, 2025. These employees are members of the Service Employees International Union, Healthcare 1199NW (SEIU). Lifelong and SEIU began active discussions in September 2020 to reach a new agreement. The negotiations concluded in May 2022. The new agreement is effective retroactively to April 1, 2020.

##### Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Lifelong tracks expenses by both account and department in its accounting system and then summarizes it into the functional groupings above for external financial reporting. Payroll costs are based on actual time spent. Disbursements are charged to actual departments where possible and allocated at time of entry if related to multiple departments (e.g., occupancy costs).

##### Advertising

Advertising costs are expensed as incurred.

##### Federal income taxes

The Internal Revenue Service has recognized Lifelong: Health for All as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

Lifelong: Health for All operates some of its activities through Lifelong Thrift Stores, LLC. LLCs are not subject to federal income taxes at the corporation level, but pass their earnings to their members to be taxed individually on their share of LLC earnings.

##### 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 and disclosures of contingent 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.

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE B - LIQUIDITY

Lifelong's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for grants and a concentration of contributions throughout various times of the year. To manage liquidity, Lifelong maintains a revolving balance of at least \$800,000 in various savings accounts, in addition to a line of credit of \$500,000 with a bank that is drawn upon as needed during the year to manage cash flow and is then repaid in full by the end of the fiscal year. Amounts available for use within the next year include donor-restricted amounts that are available for general expenditure. Amounts not available include amounts set aside by board designation that could be drawn upon if the board of directors approves that action. The following reflects Lifelong's financial assets available for general expenditures within the next year as of December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,273,471	\$ 1,908,782
Receivables	3,604,164	3,888,312
Less: Board-designated reserves	<u>(569,439)</u>	<u>(560,000)</u>
	<u>\$ 4,308,196</u>	<u>\$ 5,237,094</u>

NOTE C - LINE OF CREDIT

In October 2014, Lifelong entered into a banking relationship with 1st Security Bank of Washington. Under the banking agreement, Lifelong has a \$500,000 line of credit that will expire on May 1, 2024. The line of credit is secured by all corporate assets. The balance at December 31, 2022 and 2021 was \$0. The line of credit bears interest at the bank's prime rate (as published in the Wall Street Journal) plus 0.75%.

NOTE D - LEASE COMMITMENTS

Lifelong leases property in Seattle, Bellingham, and Everett and various equipment under non-cancelable lease agreements. Management elected to apply the short-term lease exception under Topic 842, Leases; therefore, leases with an initial term of twelve months or less are not recorded in the statements of financial position. Operating and financing leases are included in Right of Use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. The discount rate represents Lifelong's election of the risk-free rate. Nonlease components, such as payments required for common area maintenance, are not included in the lease liability and are expensed as incurred.

LIFELONG: HEALTH FOR ALL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE D - LEASE COMMITMENTS (Continued)

Effective July 1, 2014, Lifelong has a tenant improvement allowance on a long-term space lease. This tenant improvement allowance of \$159,135 is amortized over the life of the 10-year lease, with \$15,914 recognized each year. As a result of the COVID-19 pandemic, the Thrift Store entered into an agreement with its property owner to allow some deferral of its rent obligations. The balance due for the deferred rent expense of \$88,670 and \$83,449 as of December 31, 2022 and 2021, respectively, is due in full no later than December 31, 2024.

The components of the lease costs for the years ended December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Operating lease costs	\$ 1,163,679	\$ 1,452,913
Financing lease costs	\$ 46,032	\$ 84,529
Supplemental cash flow information		
Weighted-average remaining lease term - operating	2.6 years	
Weighted-average remaining lease term - financing	2.6 years	
Weighted-average discount rate - operating	8.50%	
Weighted-average discount rate - financing	8.50%	

Maturities of operating lease liabilities are as follows for the years ending December 31:

2023	\$ 1,244,958
2024	818,390
2025	323,895
2026	178,489
2027	112,378
Thereafter	<u>28,301</u>
	2,706,411
Less present value discount	<u>(277,660)</u>
	<u>\$ 2,428,751</u>

Maturities of financing lease liabilities are as follows for the years ending December 31:

2023	\$ 61,142
2024	57,876
2025	21,952
2026	<u>10,271</u>
	151,241
Less present value discount	<u>(14,458)</u>
	<u>\$ 136,783</u>

## LIFELONG: HEALTH FOR ALL

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

#### NOTE E - PAYCHECK PROTECTION PROGRAM LOANS

In January 2021, the Lifelong Thrift Store applied for and received loan proceeds of \$90,000. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are subject to forgiveness after 24 weeks as long as the qualifying organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the qualifying organization terminates employees or reduces salaries during the 24-week period.

The loan was funded on January 25, 2021 with a maturity date of January 25, 2023. Lifelong entered into the program with the intention of complying with the terms for forgiveness and has recognized the loans as grants, as Lifelong believes they have met the conditions for full forgiveness for the PPP loan as of December 31, 2021. The Thrift Store was notified on July 20, 2021, that its loan was forgiven.

#### NOTE F - PENSION PLAN

Lifelong sponsors a defined contribution pension plan. Employer contributions to this plan are at the discretion of Lifelong and are currently 50% of employees' contributions, up to 3% of the employees' compensation. After five years of continuous employment, the employer contribution increases to 66% of employees' contributions, up to 3% of compensation. Included in personnel expenses is \$69,928 and \$70,931, respectively, of pension expense for costs relating to this plan for the years ended December 31, 2022 and 2021.

#### NOTE G - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2022 through July 10, 2023, which is the date the consolidated financial statements were available to be issued and has recognized in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2022, including the estimates inherent in the processing of financial statements.

**SUPPLEMENTARY INFORMATION**

LIFELONG: HEALTH FOR ALL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

Federal Grantor <i>Pass-through Grantor</i> "Program Title"	Contract Number	Assistance Listing Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Health and Human Services</b>				
<i>City of Seattle</i>				
"Special Programs for the Aging, Title III, Part C, Nutrition Services"	DA22-1164	93.045	\$ -	\$ 763,337
<i>City of Seattle</i>				
"Nutrition Services Incentive Program"	DA22-1164	93.053	-	<u>271,452</u>
Total Aging Cluster			-	1,034,789
<i>Healthier Here</i>				
"Community Programs to Improve Minority Health"	---	93.137	-	56,258
<i>Seattle - King County Department of Public Health</i>				
"HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)"	1686 PREV ; 8391 PREV	93.914	-	3,109,968
<i>Washington State Department of Health</i>				
"HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)"	CBO24214 ; CBA24951	93.917	-	117,058
<i>City of Seattle</i>				
"Medical Assistance Program"	DA21-1146-1	93.778*	-	<u>871,096</u>
Medicaid Cluster			-	5,189,169
Total Department of Health and Human Services			-	<u>5,189,169</u>
<b>Department of Housing and Urban Development</b>				
<i>City of Seattle</i>				
"Housing Opportunities for Persons with AIDS"	DA21-1170 ; DA20-1909		-	1,591,461
<i>Bellingham Housing Authority - Whatcom County</i>				
"Housing Opportunities for Persons with AIDS"	CBO25980	14.241*	-	<u>65,816</u>
<i>City of Seattle</i>				
COVID-19 "Community Development Block Grants/Entitlement Grants"	DA20-1909	14.218	-	<u>117,247</u>
CDBG - Entitlement Grants Cluster			-	1,774,524
Total Department of Housing and Urban Development			-	<u>1,774,524</u>

\* Denotes major program

LIFELONG: HEALTH FOR ALL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

Federal Grantor <i>Pass-through Grantor</i> "Program Title"	Contract Number	Assistance Listing Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of the Treasury</b>				
<i>City of Seattle Office of Housing</i> COVID-19 "Emergency Rental Assistance Program"	OH21-LLH1	21.023	-	222,125
<i>Washington State Department of Agriculture</i> COVID-19 "Coronavirus Relief Fund"	K3371	21.019	-	4,435
<i>Solid Ground</i> COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	Memorandums of Agreement		-	97,146
<i>Washington State Department of Agriculture</i> COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	K45051		-	5,520
<i>Harvest Against Hunger</i> COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	---		-	6,983
<i>United Way</i> COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	---		-	100,000
<i>City of Seattle</i> COVID-19 "Coronavirus State and Local Fiscal Recovery Funds"	---	21.027	-	220,000
			-	429,649
Total Department of the Treasury			-	656,209
Total Expenditures of Federal Awards			\$ -	\$ 7,619,902

\* Denotes major program

LIFELONG: HEALTH FOR ALL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lifelong: Health for All and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - INDIRECT COST RATE

Lifelong: Health for All has a negotiated indirect cost rate for use on federal grants and contracts. For January 1, 2022 through December 31, 2022, the predetermined rate was 21.65%. The rate is based on the Simplified Allocation Method. As such, Lifelong: Health for All is not eligible to elect use of the 10% *de minimis* indirect cost rate.



INDEPENDENT AUDITOR'S REPORT  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Lifelong: Health for All  
Seattle, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Lifelong: Health for All, which comprise the consolidated statement of financial position as of December 31, 2022 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 10, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Lifelong: Health for All'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lifelong: Health for All's internal control. Accordingly, we do not express an opinion on the effectiveness of Lifelong: Health for All'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 Lifelong: Health for All's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lifelong: Health for All's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**Lifelong: Health for All's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Lifelong: Health for All's response to the findings identified in our audit and describe in the accompanying schedule of findings and questioned costs. Lifelong: Health for All's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lifelong: Health for All'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 Lifelong: Health for All's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jacobson Jarvis & Co, PLLC  
Seattle, Washington  
July 10, 2023

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

Board of Directors  
Lifelong: Health for All  
Seattle, Washington

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

We have audited Lifelong: Health for All's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lifelong: Health for All's major federal programs for the year ended December 31, 2022. Lifelong: Health for All's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

**Opinion on Each Major Federal Program**

In our opinion, Lifelong: Health for All complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lifelong: Health for All and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lifelong: Health for All's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Lifelong: Health for All's federal programs.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lifelong: Health for All's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lifelong: Health for All's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lifelong: Health for All's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lifelong: Health for All's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lifelong: Health for All's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

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



Jacobson Jarvis & Co, PLLC  
Seattle, Washington  
July 10, 2023

LIFELONG: HEALTH FOR ALL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2022

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Lifelong: Health for All.
2. Deficiencies relating to the consolidated financial statements are reported in the "Independent Auditor's Report Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. " Items 2022-001 and 2022-002 were deemed to be significant deficiencies.
3. No instances of noncompliance material to the consolidated financial statements of Lifelong: Health for All were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance as Required by the Uniform Guidance."
5. The auditor's report on compliance for the major federal award programs for Lifelong: Health for All expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for Lifelong: Health for All are reported in Part C of this Schedule.
7. The programs tested as major were "Housing Opportunities for Persons with AIDS" Assistance Listing No. 14.241 and "Medical Assistance Program" Assistance Listing No. 93.778.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Lifelong: Health for All was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

**2022-001 Internal Control - Financial Reporting**

Management is responsible for designing, implementing, and maintaining a system of internal control relevant to the preparation and fair presentation of the financial statements. Bank reconciliations are an essential internal control tool and are necessary in preventing and detecting fraud. They also help identify accounting and bank errors by providing explanations of the differences between the accounting record's cash balances and the bank balance position per the bank statement. During our testing of internal controls, we noted that Lifelong was not reconciling its bank statements in a timely manner. In addition, the statements were not being reviewed in a timely manner.

We recommend that the bank reconciliations are prepared and reviewed every month in a timely manner.

*Views of a Responsible Official:* Management concurs with the finding and recommendation.

LIFELONG: HEALTH FOR ALL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2022

B. FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

**2022-002 Internal Control - Monitoring and Segregation of Duties**

Management is responsible for designing, implementing, and maintaining a system of internal control relevant to the preparation and fair presentation of the financial statements. During our assessment of internal controls, we noted policies as noted in the employee handbook are not being consistently followed; the Conflict of Interest forms were not signed by all Board members; and accrued vacation hour limits were increased but the handbook was not updated to reflect this. We also noted that mail is opened by one employee without a second approver/reviewer; the Thrift Store CEO is the only person with access to the Thrift Store accounting system; and the Thrift Store's board meetings did not consistently take place during 2022.

We recommend that the employee handbook reflect the current policies in place and that management and the Board abide by the policies as noted in the handbook. We recommend that Lifelong creates a check log for all checks coming in, and two employees should be opening the checks and logging them. We further recommend that someone in addition to the Thrift Store CEO have access to its accounting system, and that the Thrift Store conduct board meetings on at least a quarterly basis.

*Views of a Responsible Official:* Management concurs with the finding and recommendations.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None