LifeTies, Inc.
Financial Statements for the Year Ended June 30, 2019
and
Independent Auditor's Report

Ditmars, Perazza & Co.

CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

November 19, 2019

Life Ties, Inc.
2205 Pennington Road
Ewing, NJ 08638

To the Board of Directors:

Report on Financial Statements

We have audited the accompanying financial statements of Life Ties, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, of functional expenses and of cash flows for the year then ended, and the related notes of 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 the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 audit 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 auditor's 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 the organization'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 the organization'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 Life Ties, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year that ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information 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 financial statements. Such 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 information described in the preceding paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2019 on our consideration of Life Ties, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, 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 Life Ties, Inc.'s internal control over financial reporting and compliance.

Ditmars, Perazza & Co.

Ditmars, Perazza & Co.

Life Ties, Inc.
Statement of Financial Position
June 30, 2019

	2019
ASSETS:	
Cash and cash equivalents	$ 211,682
Accounts receivable	142,227
Prepaid expenses and other assets	10,662
Total current assets	364,571
Property and equipment - net	236,435
Security deposit	5,335
TOTAL ASSETS	$ 606,341
LIABILITIES AND NET ASSETS:	
Liabilities:	
Accounts payable	$ 14,352
Accrued expenses	40,408
Other liabilities	6,229
Note payable - current portion	2,473
Mortgage payable - current portion	8,769
Total current liabilities	72,231
Note payable - noncurrent portion	14,137
Mortgage payable - noncurrent portion	327,152
Total Liabilities	413,520
Net Assets:	
Without donor restrictions	173,934
With donor restrictions	18,887
Total net assets	192,821
TOTAL LIABILITIES AND NET ASSETS	$ 606,341

The accompanying footnotes are an integral part of the financial statements.

Life Ties, Inc.
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals 2019
Revenue and Support			
State of NJ, DCF contract	$ 238,875	$ -	$ 238,875
Medicaid	1,423,526		1,423,526
Grants	225,696	10,000	235,696
Note forgiveness	6,935		6,935
Public donations	32,544	35,991	68,535
Special events	70,862		70,862
Interest income	95		95
Miscellaneous	2,950		2,950
Net assets released from restrictions	40,314	(40,314)	
Total Revenue and Support	2,041,797	5,677	2,047,474
EXPENSES:			
Program services	1,557,627		1,557,627
Management and general	332,199		332,199
Fundraising	37,471		37,471
TOTAL EXPENSES	1,927,297		1,927,297
CHANGE IN NET ASSETS	114,500	5,677	120,177
NET ASSETS - BEGINNING	59,434	13,210	72,644
NET ASSETS - ENDING	$ 173,934	$ 18,887	$ 192,821

The accompanying footnotes are an integral part of the financial statements.

Life Ties, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2019

		2019
Cash Flows From Operating Activities:		
Change in net assets	$	120,177
Adjustments to reconcile change in net assets to net cash used in operations		
Depreciation		39,460
Note forgiveness		(6,935)
Total After Non Cash Adjustments		152,702
(Increase) Decrease in:		
Accounts receivable		2,957
Prepaid expenses		(7,330)
Increase (Decrease) in:		
Accounts payable		5,074
Accrued expenses		(6,561)
Other liabilities		6,229
Total From Operating Activities		153,071
Cash Flows From Investing Activities:		
Property acquisitions & capital additions		(6,680)
Total From Investing Activities		(6,680)
Cash Flows From Financing Activities:		
Loan payments		(8,428)
Total From Financing Activities		(8,428)
Change in Cash Balances		137,963
Cash & Equivalents, Beginning		73,719
Cash & Equivalents, Ending	$	211,682

The accompanying footnotes are an integral part of the financial statements.

Life Ties, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	PROGRAM SERVICES						SUPPORTING SERVICES		
	Rainbow	Triad	TILT Mentoring	Mary's Place	Family Engagement	Total Program Services	Management and General	Fundraising	Total 2019
Salaries	$ 368,407	$ 379,271	$ 48,567	$ 58,608	$ 37,809	$ 892,662	$ 162,332	$ 17,424	$ 1,072,418
Payroll taxes	32,918	33,886	4,841	5,809	3,873	81,327	14,523	1,936	97,786
Benefits	33,609	34,597	4,942	4,942	3,954	82,044	14,827	1,977	98,848
Computer maintenance and supplies	1,112	1,112	445	445	222	3,336	18,904		22,240
Consultants and professional fees	4,295	4,295	1,718	1,718	859	12,885	73,022		85,907
Depreciation	15,784	15,784	789	789	395	33,541	5,919		39,460
Directors and officers	3,868	3,868	193	193	97	8,219	1,450		9,669
Dues and subscriptions	2,775	2,775	139	139	69	5,897	1,041		6,938
Furniture and fixtures	1,728	1,728				3,456			3,456
Fundraising expenses						-		14,729	14,729
Insurance	13,706	13,706	685	685	343	29,125	5,140		34,265
Interest	6,590	6,590	330	330	165	14,005	2,471		16,476
Miscellaneous	6,163	6,121	1,995	218	172	14,669	759	1,405	16,833
Meetings	392	392	20	20	10	834	147		981
Office and house supplies	6,622	6,622	90	90	45	13,469	672		14,141
Postage	543	543	27	27	14	1,154	204		1,358
Printing	4,288	4,288	214	214	107	9,111	1,608		10,719
Public relations	1,148	1,148	57	57	29	2,439	430		2,869
Recreation	7,196	7,196				14,392			14,392
Rent			27,540	27,600		55,140			55,140
Repairs and maintenance-auto	1,464	1,464	73	73		3,074	586		3,660
Repairs and maintenance-general	29,416	29,416	1,471	1,471	-	61,774	11,766		73,540
Specific assistance to clients	30,862	30,862		403		62,127			62,127
Staff recruitment	1,086	1,086	54	54	27	2,307	407		2,714
Staff training and conferences	4,754	4,754	238	238	119	10,103	1,783		11,886
Summer vacation expenses	5,565	5,565				11,130			11,130
Telephone	17,004	17,004	850	850	425	36,133	6,377		42,510
Temporary agency fees	24,448	24,448				48,896			48,896
Travel	7,592	7,592	380	380	190	16,134	2,847		18,981
Utlities	13,291	13,291	665	665	332	28,244	4,984		33,228
Total Expenses	$ 646,626	$ 659,404	$ 96,323	$ 106,018	$ 49,256	$ 1,557,627	$ 332,199	$ 37,471	$ 1,927,297

The accompanying footnotes are an integral part of the financial statements.

LifeTies, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2019

1. Summary of Significant Accounting Polices

The following is a summary of the significant accounting policies of the LifeTies, Inc., a New Jersey not-for-profit corporation.

Organization

Lifeties, Inc. (the Organization) is a not-for-profit corporation. The purpose of the Organization is to provide quality care and services to youth and young adults in crisis due to abuse, neglect, sexual orientation, homelessness and various chronic illnesses such as Diabetes or Asthma.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

During the year the Organization adopted the new standards, issued in August 2016, relating to the Presentation of Financial Statements of Not-for-Profit entities. These new standards are intended to improve the presentation of financial statements of not-for-profit (NFP) entities. The Accounting Standards Update (ASU) eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of NFP financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). The ASU also requires additional information to be disclosed about expense classifications and liquidity and availability of resources.

New Accounting Pronouncements Not Yet Adopted

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires an organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration is entitled to receive in exchange for those goods or services. The standard is effective for fiscal years beginning after December 15, 2018 and may be adopted either by restating all years presented or by recording the impact of adoption as an adjustment to net assets at the beginning of the fiscal. Early application is permitted. The

Organization is assessing the potential impact this guidance will have on its financial statements.

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases-capital (or finance) leases and operating leases. Previously, accounting principles generally accepted in the United State of America has required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. The Organization is assessing the potential impact this guidance will have on it financial statements.

Contributions - In June 2018, FASB issued ASU 2018-08 *"Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made"*. The new guidance assists not-for-profit entities in determining whether to account for a transfer of assets as a contribution or an exchange transaction. The update also clarifies that a contribution is conditional if the agreement includes both a barrier (as defined) and a right of return or release. The standard is effective for transactions in which the entity serves as a resource recipient for annual periods beginning after December 15, 2018, and interim periods beginning after December 15, 2019, and as a resource provider for annual periods beginning after December 15, 2019, and interim periods beginning after December 15, 2020.

Donor Imposed Restrictions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restrictions.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Prepaid Expenses

Prepaid expenses are amounts paid in the current year which benefit future periods.

Revenue and Support Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. Donated marketable securities are recorded as contributions at their fair value at date of sale. It is the Organization's policy to sell the securities when received.

Grants receivable represent amounts committed by donors that have not been received by the Organization. Grants with donor-imposed restrictions that limit their use to long term purposes are classified as noncurrent assets.

The Organization accounts for contract and grant revenues, which are exchange transactions, in the Statement of Activities to the extent that expenses have been incurred for the purposes specifies by the grantor for the period. All monies not expended in accordance with the grant or contract are recorded as a liability to the grantor, as the Organization does not maintain any equity in the grant or contract. Additionally, funds received in advance of their proper usage are accounted for as a refundable advance in the Statement of Financial Position.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts in one financial institution. The Organization's cash and cash equivalent accounts and interest bearing deposits in banks and other financial institutions may at times exceed the federally insured limits. The Organization has not experienced any losses in these accounts. Management believes that the Organization is not exposed to any significant risk on these deposits.

Property and Equipment

The Organization capitalizes all expenditures in excess of $1,000 for property and equipment, at cost. The fair market value of donated fixed assets is similarly capitalized. Expenditures for maintenance and repairs are charged to operating expenses. Donations are recorded as unrestricted support, unless the donor has restricted the donated assets to a specific purpose. Depreciation of property and equipment is capitalized using the straight-line method over the estimated useful lives of the assets (5 to 30 years).

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Organization is exempt from federal income taxes under Section (501)(c)(3) of the Internal Revenue Code, and therefore has made no provisions for federal income taxes.

The Organization is required to file Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service and the New Jersey Charities and Investigation Form (CRI). The Organization follows the income tax standards for uncertain tax positions. This standard had no impact on the Organization's financial statements. The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income.

Functional Allocation of Expenses

The costs of providing the programs and activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses are allocated on a reasonable basis this is consistently applied based on effort or time or usage.

The Organization charges expenditures to one of seven functional cost categories, defined as follows:

a. Rainbow House - a 24 hour residential Group Home for female adolescents, ages 12-21, who have chronic illnesses such as Diabetes or Asthma, or who are pregnant or parenting. Babies live with the parenting youth up to 18 months at Rainbow. Many of the youths are victims of abuse and/or neglect. Youth are provided with life skills training, parenting classes and support, medical support, educational support and advocacy, mental health services, career services and recreational activities.

b. Triad House – a 24 hour residential Group Home for youth ages 16-21. This is a LBGTQ+ friendly home. Youth are provided with life skills training, medical support, educational support and advocacy, mental health services, career services and recreational activities. Many of the youths are victims of abuse and/or neglect.

c. Teenage Independent Living Program (TILT) Mentoring – a program for adolescents ages 14-21. The Organization recruits, screens, and trains community volunteers to mentor youth in Rainbow House, Triad House, Mary's Place and in the community. Mentors work on assisting youth with meeting their educational and career goals and exposing them to new experiences. In addition to one on one activities, the Organization also has group mentor activities as well. They also serve as role models and help establish trusting relationships with a responsible adult.

d. Mary's Place – a supportive housing program for youth ages 18-21 who are transitioning into adulthood in New Jersey. It offers efficiency style apartments as well as shared living apartments. An array of supportive services such as educational services, money management skills, recreational services, facilitation and linkages to mental and health services, career services and independent living skills are available for residents.

e. Family Engagement Program – a program for families whose youth up to age 18 are involved in the Mercer County Juvenile Justice System. Life Ties provides families with information, training and support during all stages the youth moves through the system including what to expect at hearings, probation, in the detention center and alternative treatments to the detention center. The goal is to encourage and empower the families to advocate for their youth and be involved with every step of the process to reduce recidivism.

f. Management and General – activities related to policy development, planning, design and implementation of agency programs and services; these activities include administrative, financial and personnel management functions.

g. Fundraising – activities related to agency efforts to solicit, attract and increase financial support.

Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The The Organization's policy is to recognize the cost of compensated absences when actually paid to the employees.

Subsequent Events

The Financial Accounting Standards Board has issued a standard that applies to annual financial periods ending after June 15, 2009. These standards establishes principles setting forth the period after the balance sheet date during which management shall evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements. For the purposes of this accounting standard, the Organization has evaluated subsequent events through November 19, 2019.

2. CASH

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash and investments had a book balance of $ 211,682 at June 30, 2019, which was fully insured by depository insurance.

Concentration of Credit Risk – Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash investments. At June 30, 2019, all of the Organization's cash and investments were held by The Bank of Princeton.

3. Property and Equipment

Property and equipment at June 30, 2019 consisted of the following:

	2019
Land	$ 27,200
Buildings and improvements	514,970
Vehicles	142,403
Equipment	11,099
Subtotal	695,672
Less: accumulated depreciation	(459,237)
Property and equipment, net	$ 236,435

Depreciation expense for the year ended June 30, 2019 was 39,460.

4. Mortgage Payable

On June 10, 2016, the existing mortgage was refinanced with the Bank of Princeton to lower the interest rate from 6.5% to 4.75%. As part of the refinance, $52,839 additional cash was advanced and the total loan was increased to $360,000. The mortgage is collateralized by 2205 Pennington Road, Ewing, New Jersey. Monthly payments are $2,067 through June 2041.

Future minimum principal payments are as follows:

2020	$ 8,769
2021	9,245
2022	9,700
2023	10,178
2024	11,203
2025 and thereafter	286,826

5. Line of Credit

The Organization has a line of credit with the Bank of Princeton for $100,000. The maturity date is February 8, 2020 and interest is payable at the prime rate plus 1%. There were no borrowings on this line during the year ended June 30, 2019.

6. Notes Payable – State of New Jersey

Notes payable to the State of New Jersey are pursuant to capital funds contracts for a period of twenty years. As per the contracts, the State of New Jersey will reduce the notes annually by amounts set forth in the contracts, provided that the facility is maintained as an approved facility. The Organization has agreed to maintain its facility as an approved facility for the New Jersey Division of Child Protection and Permanency (DCPP) clients for twenty years in accordance with the capital funds contracts. Should the facility cease to be an approved facility prior to the end of the contract period, the entire remaining balance of the notes will be due to the State of New Jersey immediately. These notes are non-interest bearing.

Notes payable at June 30, 2019 consist of the following:

Date	Advanced Amount	Cumulative Note Forgiveness	Note Payable June 30, 2019	Length of Contract
1996	$ 50,000	$ 50,000	$ -	20 years
1999	24,600	24,600	-	20 years
1999	29,957	29,957	-	20 years
2000	6,630	6,630	-	20 years
2000	18,810	18,810	-	20 years
2000	9,240	9,240	-	20 years
2001	9,999	9,499	500	20 years
2001	924	878	46	20 years
2006	23,541	16,477	7,064	20 years
2012	15,000	6,000	9,000	20 years
	$ 188,701	$172,091	$ 16,610	

Aggregate maturities of the notes payable are summarized as follows:

2020	$ 2,473
2021	1,927
2022	1,927
2023	1,927
2024	1,927
2025 and thereafter	6,429
Total	$ 16,610

7. Net Assets – With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30, 2019:

Youth Summer Vacations	$ 7,500
Training	3,225
Database	3,063
Pride Week	99
Facility Security Upgrades	5,000
Balance at June 30, 2019	$ 18,887

8. Leasing Arrangements

Facilities: The Organization leases space for program services under the terms of three monthly and one non-cancelable operating lease ending May 31, 2021. Rent expense for facilities was $55,140 for the year ended June 30, 2019.

Equipment: The Organization leases office equipment under operating leases with varying expirations. Lease expense for office equipment was $15,955 for the year ended June 30, 2019.

The minimum lease payments required under the above operating leases as of June 30, 2019 are as follows:

2020	$ 34,721
2021	25,740
Total	$ 60,461

9. Contingency – Contract Revenue

Grants Awarded – State of New Jersey

Under contracts with the State of New Jersey social service programs, funds are received on the basis of an initial advance and/or reimbursements for monthly expenditures as submitted to the grantor. Grant transactions are subject to audit by appointee of the State. Reimbursements in excess of allowed expenditures must be returned to the State when requested. In addition, some grants require that interest earned on grant deposits be refunded to the grantor agency.

Vested interests in grant funded fixed assets and ultimate disposition of the same are according to requirements of the grantor for the specific grant under which the assets were acquired.

The Organization has agreed to maintain its facility as an approved facility for New Jersey Division of Child Protection and Permanency (DCPP) clients for twenty years in accordance with its capital fund contracts. Pursuant to the contracts, Life Ties, Inc. has signed notes payable to the State of New Jersey in an initial amount of $188,701. As discussed in Note 6, the State of New Jersey will reduce the notes annually by amounts set forth in the contracts for a period of twenty years. Should the facility cease to be an approved facility prior to the end of the contract period, the entire remaining balance of the notes will be due to the State of New Jersey immediately.

10. Contributed Services

The use of trained volunteers is important to the mission of LifeTies, Inc. The volunteers assist with the mentoring of youth in the program as well as assist in the Life Link Program. Approximately 1,500 hours of volunteer time was worked during the year ended June 30, 2019. This time has an estimated value of $ 44,000. This estimate is determined by LifeTes, using a state average wage for volunteers, as determined by the Independent Sector.

11. Liquidity and Availability

Financial assets available for general expenditures within one year of the statement of financial position date comprise the following:

Cash and cash equivalents	$ 211,682
Grants and accounts receivable	142,227
Total Financial Assets Available for General Expenditures	$ 353,909

The Organization regularly monitors liquidity to meet its operating needs. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit as discussed in Note 5.

For purposes of analyzing resources available to meet general expenditures over a 12 month period, the Organization considers all expenditures related to its ongoing activities of providing social services as well as the conduct of services undertaken to support these activities to be general expenditures.

Ditmars, Perazza & Co.

CERTIFIED PUBLIC ACCOUNTANT

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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*

To the Board of Trustees of
Life Ties, Inc.

November 19, 2019

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Life Ties, Inc. as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Life Ties, Inc.'s basic financial statements, and have issued our report thereon dated November 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Life Ties, Inc.'s internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Life Ties, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Life Ties Inc.'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 Life Ties, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Life Ties Inc.'s financial statements are free from material misstatements, 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Life Ties Inc.'s internal control or on compliance. This report in an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Life Ties Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ditmars, Perazza & Co.

Life Ties, Inc.
Schedule of State Awards
Year Ended June 30, 2019

State Grantor/Pass Through Grantor/ Program Title	Grant Number	Award Amount	Grant Period	State Expenditures
Mercer County Department of Human Services				
JDAI Family Engagement Program	2018	55,000	4/1/18-12/31/18	$ 42,496
JDAI Family Engagement Program	2019	45,375	4/1/19-12/31/19	23,223
Total State Awards..............................				$ 65,719

The accompanying footnotes are an integral part of the financial statements.

Life Ties. Inc.
Schedule of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program Award Amount	Grant Period	Federal Expenditures
US Department of Human Services					
State of New Jersey					
Department of Children and Families					
Division of Child Protection and Permanency					
TILT MONITORING AND MARY'S PLACE	93.558	19AALC	$ 238,875	7/1/2018-6/30/2019	$ 238,875
US Department of Justice					
State of New Jersey. Office of the Attorney General					
Department of Law and Public Safety					
Victims of Crime Act (VOCA)	16.575	VA-GX-0072	192,827	1/1/2018-8/31/2019	109,884
Total Federal Awards..................					$ 348,759

The accompanying footnotes are an integral part of the financial statements.